

Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

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**Official Report  
of Debates  
(Hansard)**

F-49

**Journal  
des débats  
(Hansard)**

F-49

**Standing Committee on  
Finance and Economic Affairs**

COVID-19 study

1<sup>st</sup> Session  
42<sup>nd</sup> Parliament  
Friday 21 August 2020

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

Étude sur la COVID-19

1<sup>re</sup> session  
42<sup>e</sup> législature  
Vendredi 21 août 2020

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Chair: Amarjot Sandhu  
Clerk: Julia Douglas

Président : Amarjot Sandhu  
Greffière : Julia Douglas

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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  
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Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

ISSN 1180-4386

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LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS**

Friday 21 August 2020

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Vendredi 21 août 2020

*The committee met at 0901 in room 151 and by video conference.*

COVID-19 STUDY

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

We have the following members in the room with us: We have MPP Martin. The following members are participating remotely: We have MPP Crawford, MPP Mamakwa, MPP Khanjin, MPP Lindo, MPP Fife, MPP Coe, MPP Ghamari and MPP McDonell. We're also joined by staff from legislative research, Hansard, interpretation, and broadcast and recording.

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

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

Are there any questions?

MPP Hunter, can you please confirm your attendance?  
MPP Hunter?

**Ms. Mitzie Hunter:** Yes. Sorry, Chair. I was trying to unmute. It's MPP Hunter and I am in Ontario.

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

SNUGGLES N BUBBLES  
BABY SPA & WELLNESS

GAVCOM MEDIA PRODUCTIONS INC.

VENTURELAB

**The Chair (Mr. Amarjot Sandhu):** Now I will call our first witness of the day, Snuggles n Bubbles Baby Spa.

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

**Ms. Afnan Attia:** Hi. Good morning. This is Afnan Attia and you've got Mehnaaz Bholat as well, from Snuggles n Bubbles. Thank you, everyone, and thank you for hearing us out this morning.

Okay. We're just turning on our video so we can see everyone.

Hi, everyone. Before we jump in, we thought we'd introduce ourselves and introduce our business, and then get into the meat of the matter here. As I said, my name is Afnan Attia. This is Mehnaaz Bholat. We are both the co-founders of Snuggles n Bubbles Baby Spa & Wellness. We are young female entrepreneurs here in the Toronto area and we've just established Toronto's first-ever baby spa and wellness centre. What it really is is we provide baby massage and hydrotherapy for young infants and children in the area. This is actually a key form of therapy that's been recommended and used for centuries, but now we're sort of reinvigorating it in the current times. It provides significant benefits to babies, including muscle development, mobility, improving digestion, sleep etc.

We're here today because we started this business in mid-2019 and have invested over \$150,000—close to \$200,000—in funds to start this business. With COVID, as you can imagine, since everything happened in early 2020—we were launching and suddenly had to shut down our business. We feel that with all of the government grants and relief programs, which have been quite good to date, there has been this critical gap in what's been going on, where we've fallen through the cracks.

I would say for entrepreneurs who started their businesses in 2019 or who had done significant capital investment and had not yet launched until 2020, the issue is that several of these relief programs and grant programs have only been provided to small businesses and enterprises that have had revenue or had operations in 2019.

So the question is, for entrepreneurs who have started their businesses, who have put in significant capital—we've seen a significant decline in revenue compared to our forecast and what has been expected. There has been this gap where we haven't been able to be eligible for the Canada Emergency Business Account. We haven't been able to be eligible for the Canada Emergency Wage Subsidy. We've taken on a significant amount of debt and we've had to be shut down, obviously, for a significant

amount of time. Even with the government's funding of Futurpreneur, that is all through loans. For us to take on additional debt is severely negative to our cash flow and to our business. So this is the key concern for us right now, where we find, like I said, a critical gap in the small businesses for these entrepreneurs who have started businesses in, again, whether it was mid-2019 or early 2019, coming on to really launch in 2020, but have been hit hard by COVID.

**Ms. Mehnaaz Bholat:** I wanted to add that for the CEBA loan, unfortunately, we've applied five times, and we did see the government make amendments by making it \$40,000 of deferred expenses. We have over \$100,000 of expenses, but unfortunately, because our fiscal year-end is March 31, 2020, the CRA recognizes that as the 2020 tax year instead of the 2019 year, so when we apply for this loan, 2020 is not an option and there are no numbers for us to contact. We go to the bank and the bank tells us to contact the CRA; we go to the CRA and the CRA tells us to contact the bank. Literally, the bank has helped us apply for this loan that we still keep getting declined for. The \$40,000 loan would be really helpful for us, because it would just help us with our basic operational costs right now, since our revenues are just not there yet.

**Ms. Afnan Attia:** It's 9:07, so we've taken about seven minutes of time in terms of describing our current situation. Like I said, we're young entrepreneurs. We've really invested a significant amount. We are the first Toronto baby spa, and this is a new industry. We've seen over the last eight months at least five new spas coming up, so it's a very viable business. But unfortunately, like I've said, we've fallen through the cracks, and I think it's really a matter of technicalities, which we hope there's a simple and easy solution to resolve.

**Ms. Mehnaaz Bholat:** Yes. We incorporated on July 15, 2019, and we were supposed to open on April 1, 2020, so you can see that we were basically closed down by 15 days prior to the state of emergency. We had our employees hired. We had basically everything done before all of that, and unfortunately we just don't qualify for any of the support that has been put out there. We talked to our MP, Han Dong. We went to Vincent. We talked to our city councillor. We've been very involved. We look at the news every single day to see, "Okay, is there something new today? Is there something new today?" Unfortunately, it just doesn't help us.

So yes, that's pretty much our presentation.

**Ms. Afnan Attia:** Thank you, everyone, for hearing us out.

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

Our second presenter for the day is GavCom Media Productions. If you could please state your name for the record, and you will have seven minutes for your presentation.

**Ms. Allison McLean:** My name is Allison McLean. I'm the general manager of GavCom Media Productions. Today I'm joined by our president, Gavin Cuneo. GavCom Media Productions is a full-service audiovisual production company located in Milton. For over a decade,

we have been providing audiovisual services to clients in the greater Toronto area. Our clients include non-profits, governmental agencies and corporations.

March 11, 2020, was the worst day in our business's history. That was the day when many of our clients started cancelling their events, with most not rescheduling. The live event industry relies on the in-person connection, and without live events, our business can't thrive or be successful. We understand that health measures were required in order to contain the pandemic; however, this has had an immense impact on our business. The pandemic, the resulting shutdown and the restriction on live event attendance have been devastating. Our monthly sales have decreased anywhere from 98% to 100% every month since April.

We've pivoted to virtual and hybrid events; however, many clients are still not hosting events. Sponsor budgets have been cut dramatically and many do not feel there is an adequate return on investment if the event is not live or in person. Others are concerned because attendees are not interested in attending events in person due to the ongoing health risks. We estimate that it will take until at least 2022 before the events industry is back to its normal levels.

**0910**

Although we've been able to access a number of programs provided by the federal and provincial governments, including the Canada Emergency Wage Subsidy and the Canada Emergency Business Account, we have been unable to utilize the Canada Emergency Commercial Rent Assistance program, even though our business qualifies, because our landlord is unwilling to participate.

We are asking both the federal and provincial governments to allow commercial tenants to be able to apply directly to the Canada Emergency Commercial Rent Assistance program in order to access the funds that are available.

Companies like ours in the events industry also need additional funding through the Canada Emergency Wage Subsidy, as it's unlikely that we will even be at 25% of our normal levels in the upcoming fall and winter seasons.

We are asking for more assistance from the Canada Emergency Business Account. Although \$40,000 is a large amount of money for many Canadians, unfortunately for a business like ours with no rent assistance it is completely inadequate, and we are now looking at borrowing significant funds just to ensure our business survives through the next year.

The event industry has been hit like no other industry. Event companies like ours need your help. Without additional assistance, we won't exist when the time comes to return to in-person events. Thank you.

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

**Ms. Melissa Chee:** My name is Melissa Chee. Thank you, Chair. Good morning to the committee. I really appreciate you having me here today.

I'm the president and CEO of ventureLAB, a leading innovation hub located in Markham, in York region,

Canada's second-largest tech cluster. York region is home to 4,300 tech companies, with more than 60,000 tech jobs and one of Canada's most diverse communities. We are part of Ontario's innovation corridor, working with other hubs, the private sector, government and academia to create and scale a globally recognized tech ecosystem.

Innovation is a major enabler for key sectors to Ontario's economic recovery, including advanced manufacturing, life sciences and tech. Our organization is led by entrepreneurs for entrepreneurs, leveraging decades of industry experience in creating and scaling IP-rich companies in Canada.

At ventureLAB, our mission is to grow globally competitive tech titans that build to scale in Canada for global markets. We enable accelerated commercialization of tech SMEs that match our region's expertise in hardware, enterprise software and health. Through our programs—and focused on critical pillars for any scaling company, whether that's capital, talent, technology and IP and customers. Our innovation hub in Markham is home to over 4,500 tech companies and partners who employ over 300 people. We engage with hundreds of companies each year to commercialize products, grow and scale their businesses. For example, one of our resident start-ups is safely testing an intelligent solution for fever-screening and automated mask-wearing detection, key in keeping our communities healthy and safe.

Today, I'm going to speak to the characteristics of three gaps that affect our small businesses and tech ecosystem, highlighted by the COVID-19 pandemic: First is the gap in our local domestic supply chain in securing life-saving equipment and essential supplies; second is hampered revenue and additional working capital pressures as less investment capital is less available to support small businesses that have been tracking for rapid growth in 2020; and third is the risk in losing high-value talent employed by tech and knowledge-based SMEs who have the know-how to create an IP-rich company.

I would like to offer three ideas today to address these gaps, to help future-proof and position Ontario as a top destination for investment, domestic growth and job creation: First is the creation of a domestic supply chain that is horizontal; second, the introduction of supports for small businesses to quickly re-establish growth trajectories through the addition of made-in-Ontario products and solutions and improved access to capital; and finally, the creation of a pipeline of IP-rich, Ontario-based companies.

First, let's consider approaches to building a resilient and agile domestic supply chain. For years, we have offshored the production of critical technologies, such as electronics and sensor components, which are foundational pieces of infrastructure embedded in finished goods for medical devices, automotive, consumer electronics and contactless solutions that keep our schools, homes and communities safe. By reshoring the engineering and manufacturing of these essential, high-value electronics, Ontario can establish an agile and resilient local supply chain that can meet local and global demand peaks driven by innovation and technology and creating jobs for highly skilled talent that advance Ontario's advantage.

A robust horizontal supply chain creates opportunities for SMEs to quickly commercialize at scale to locally develop, build, test and manufacture innovative products that are used and required by Ontarians, Canadians and communities around the world. To offer an example, ventureLAB's Hardware Catalyst Initiative, or HCI, is Canada's first incubator and lab focused on commercializing semiconductor products and solutions by creating a horizontal supply chain for electronics. Semiconductors are little chips that are found in every one of the consumer electronics, clean energy, medical devices and many more. For every job that one semiconductor company creates, there are five more created across the economy.

HCI eliminates major capital-intensive barriers hardware-based companies face in scaling by providing direct access to engineering, manufacturing talent, capital and other resources. This enables these IP-rich companies to redeploy valuable investment capital and talent to focus on design, test and manufacture, and to accelerate commercialization of transformational solutions. Through the state-of-the-art lab and a global network of industry partners—including Microart, AMD, IBM, Keysight and Synopsys—HCI companies are building solutions that can be embedded into essential products, like ventilators, UV sanitation and autonomous vehicles, critical to domestic and global health, financial, agriculture, education, automotive and clean energy sectors.

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

**Ms. Melissa Chee:** My second point is the impact COVID-19 has had on small and medium businesses. At the beginning of the year, many of the tech companies ventureLAB supports had been tracking for growth by growing their teams, scaling revenue and closing private investment. However, in March, those plans were quickly put on hold. Instead, founders were found to pivot their businesses, sales were halted, investment deals rescinded and hiring plans were put on hold.

As we reopen the economy, we have three solutions or suggestions: First is incentivizing the purchase of made-in-Ontario, made-in-Canada solutions.

Second is incentivizing established organizations in the public and private sector to buy early-stage, local companies. That can have a threefold effect: First, these organizations are important customers with global reach for local SMEs to build their track records and re-establish their growth trajectories; second, this reinjects dollars into Ontario's economy; and lastly, this helps organizations modernize or digitize their own systems.

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

**Ms. Melissa Chee:** We believe that Ontario's small businesses are building truly transformational products, like virtual health, that have the ability to reach remote communities and bring health care services to Ontarians who cannot access them, or create immersive virtual labs for K-to-12 through post-secondary.

Second is the access to patient capital, where the long view to investment creates sustainable and global competitive advantages for Ontario, and rewards local investment

for local and early-stage companies through tax incentives.

**0920**

Lastly, we would like you to consider FDI strategies that attract global companies to invest in Ontario. These multinationals can be a sustainable revenue source as customers for Ontario-based tech SMEs, and help them scale and commercialize.

To close, from crisis always comes opportunity, and we believe that this is Ontario's and Canada's opportunity to build a thriving environment that supports the growth and commercialization of innovative and sustainable businesses and products here at home for global markets. Thank you.

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

**Mrs. Daisy Wai:** Yes, this is Daisy Wai. I am from Richmond Hill.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll start the first round with the opposition. MPP Fife.

**Ms. Catherine Fife:** Good morning, Chair. Can you hear me?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Ms. Catherine Fife:** Good. Thank you very much.

I want to speak with GavCom and ventureLAB for sure, because you both identified opportunities that are ahead of us, but the committee work is really focused today and throughout the summer on trying to develop recommendations on how we can be stronger going forward—not just survive, but also thrive.

GavCom, Gavin and Allison, I just want to let you know that the issues that you have shared with this committee with regard to the rent challenges and barriers to accessing rent support have been consistent for the entire time. I don't know if you know this, but the Saskatchewan finance minister has written to the federal minister, asking that provinces have the ability to do direct funding for tenants, so bypassing the landlord altogether. The official opposition has also asked our finance minister to follow suit. So that's out there. We're very hopeful—because, of course, as you know, only 10% of that federal funding for rent support got to businesses, so there's money there. We need to make sure that companies like yours have access to that.

If that happened in Ontario, can you give the committee some sense as to how big of a difference that would be, especially if it was retroactive?

**Mr. Gavin Cuneo:** I hope everybody can hear us. It would make a large difference. We are that small-to-mid-sized company, but because our revenues are down by 98% to 99% and not seeing a foreseeable scaling-up—and there is no real pivoting. Everybody wants to go online, but there is no real—I wouldn't say online events are not as engaging—because they cost almost what a live event does, and clients aren't always happy with that process. But indirectly, that would carry us for months.

**Ms. Allison McLean:** Through the fall.

**Mr. Gavin Cuneo:** Definitely through to the fall, yeah.

**Ms. Catherine Fife:** That's exactly what we need to hear.

This has been a very emotional week. Committee members have heard from businesses like yours that have invested their life savings, that really want to be part of the solution around getting our economy back. We really are trying to keep the wolf from the door until we have a next stage of recovery. I wanted to thank you for coming in today.

I want to pivot to Melissa. As the research and innovation critic for the official opposition, I agree with you that there are some opportunities here, so I love your optimism. You had mentioned tax incentives. What this committee needs to hear from you specifically is what this committee can do to foster that investment and to actually bring some hope to the whole sector, which you're representing here today. Go ahead.

**Ms. Melissa Chee:** Thank you very much. I appreciate that. Some of those tax incentives—there are global jurisdictions that have also offered these types of things to incentivize not only more foreign direct investment but to boost the local economy and the start-up ecosystem. There are jurisdictions in Singapore as well as Israel that have offered those types of tax incentives. Locally—I'm going to say locally in Canada—in British Columbia, there is a small business BC fund that offers different types of structures that have really spurred some growth.

I think there are a couple of things here. One is there are tax incentives that we want to be able to provide to potential investors as well as global companies that we want to attract into Ontario, because for small and medium businesses in tech, particularly, those are future customers and future partners. I think there are strong examples, which we're happy to share outside of this if it's helpful, in global markets that have worked effectively, that have similar size and structure in terms of the province of Ontario.

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

**Ms. Catherine Fife:** In your presentation, you mentioned that Ontario could position ourselves in a more positive light, if you will, to attract multinational investment, to allow our companies to scale and commercialize. That has been a consistent theme. What do you think we need to do as a province to actually inspire that multinational investment?

**Ms. Melissa Chee:** There are three things that I'll offer. One is a focus on specific areas of strength for Ontario. We have a very robust technical and engineering and STEM-based talent pool, both from the academic standpoint—we have some of the world's leading post-secondary academic institutions in STEM. That also brings a lot of experienced expertise. Particularly, I'll talk from our own experience and my own experience as somebody who scaled a semi-conductor company—hardware and very deep technical engineers who would be employed by multinationals like AMD, Qualcomm, Samsung.

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

**Ms. Melissa Chee:** I think being able to match the local talent pool helps Ontario in three ways:



One is, we retain that talent here and we actually stop the brain drain.

Number two, we foster a real strong cluster, which we have in York region, as MPP Wai certainly knows, around STEM-based talent. We have that across the Ontario corridor.

The third is, with these multinationals, for example, an organization like Samsung—they see us, with the Hardware Catalyst Initiative, as a strategic partner to really help bring to the fold some of their key technologies. It's not about acquisition; it's about partnership and scale and customers.

**Ms. Catherine Fife:** Those are very direct ways that we can inspire that investment.

I really appreciate you coming out today. Thank you.

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

**Ms. Mitzie Hunter:** Good morning, everyone, and welcome. We very much want to hear your ideas on how we can continue to support entrepreneurs, small businesses and new ventures in Ontario. This committee is really needing to hear your ideas and your experiences—not just looking back, but also, how do we get through the pandemic and thrive beyond it?

I wanted to say to our two entrepreneurs, Mehnaaz and Afnan, that what you're doing is really admirable: coming up with a business idea and seeing it go to market. I don't want you to be discouraged because of the timing. That was a global event. The concept of starting a business and entrepreneurship is something that we need, particularly amongst women. So I want to commend you.

I had a question about whether or not you were attached to any mentorship or business incubator for the business that you were creating. Are those resources accessible to you, whether through universities—I know, in my riding, Centennial College and the University of Toronto have incubators for small businesses and new ventures. Are you associated with that in any way?

**Ms. Mehnaaz Bholat:** We did go to Enterprise Toronto at the start for some support. Unfortunately, the support we were looking for they just couldn't provide. When it came to writing a business plan and everything like that, we both went to Schulich, so we already had our expertise on how to get that done. We needed more support on just the basics—on finding the right grants for our start-up and stuff like that, or architecture, or engineering a new space, or how to find the right space. A real estate agent wouldn't even take us on because we were just a new business; we didn't have a franchise. The landlord didn't want to consider our application to start off with. When we did find the space, we had to pay a premium for the space and also had to personally guarantee a lease for three years.

0930

I think the support is there; I don't think the support is completely there. I don't know if that—

**Ms. Afnan Attia:** Yes, specific enough. But if there are incubators out there that maybe we've missed or any associations that we could be a part of, we're definitely open to that.

**Ms. Mitzie Hunter:** Well, there are. I'm familiar with Enterprise Toronto. It's the city of Toronto's hub for information on how to get your business registered and how to start.

I'm speaking more of an incubator for where you can connect with like-minded individuals, perhaps even out of the university environment. I do know that the colleges—Seneca College, Centennial College; the universities as well: Ryerson as I said, U of T Scarborough—they all have incubators that are set up for young entrepreneurs. If you contact your MPP's office, or I'm sure your MP, Han Dong, would know how to put you in touch as well—because these opportunities for creative and flexible thinking and to launch new ideas are exactly what we need in Ontario. We don't want you to be shut down because of the unfortunate timing. It has nothing to do with you. You can power through this in some form and launch your business idea. I really want to encourage you to tap into those resources and keep your idea alive. There is a market there for you, so congratulations on that.

I want to shift over to ventureLAB. I know that the tech space—I would imagine that there is a lot of opportunity in tech and for Canadian tech talent. I love what you said about reducing brain drain and talent retention. I wondered if you are seeing any brain gain in the tech sector on the ground, given how Canada has managed the pandemic and just our position in the tech sector. I wondered if you could comment on that in terms of what you're seeing in your prospects for growth in terms of people engaged in the tech sector in York region and beyond.

**Ms. Melissa Chee:** Absolutely. Thank you very much, MPP Hunter. I appreciate that question. There are a couple of things—

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

**Ms. Melissa Chee:** Pardon?

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

**Ms. Melissa Chee:** One minute; okay. I think there are lots of opportunities. Ontario's tech ecosystem is very robust. We're globally recognized. We've actually seen retention of very specific engineering talent, and I think it's a very positive direction. It's highly skilled, these chip designers who would be employed by companies like AMD. Nuvia, which is a leading Silicon Valley company, is actually part of ventureLAB's hub. They raised \$50 million in the US. They were founded by some ex-founders from Apple and others. They have actually been furiously hiring, because Canada, and Ontario in particular, has these type of engineers: experienced and also coming out of our post-graduate. I would think what COVID-19 has allowed us to do is to—

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

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

**Mrs. Robin Martin:** Thank you to all the presenters. MPP Coe, I see your hand. You're going second on this round of questions. Thank you.

I guess I just want to go back to ventureLAB to finish what you were saying. One of the things you mentioned was that in your presentation—you can finish up what you

were just saying to MPP Hunter as well, but you were talking about the three ideas you had to fill the gaps in Ontario, which I thought was very proactive: giving us some ideas of where we could go.

One of the big problems always in new ventures, as it were, is the commercialization of our products. I know you know quite a lot about that, so I was just wondering if you could elaborate a bit on that and how we can fill gaps to use this as an opportunity to succeed more.

**Ms. Melissa Chee:** Thank you. I think that we have an opportunity in Ontario to really focus on that commercialization aspect. We have amazing research. We have, I'll say, amazing early development. Our biggest opportunity now is to really double down on the commercialization. We want to be viewed in Ontario as not an exporter of talent and research, but an importer of commercialization and products. The three kind of high-level examples that we gave, or solutions or suggestions, really focus on the commercialization aspect.

I think there are opportunities to really focus and look at the types of products, and not look necessarily at the finished good that we are creating here; to look at how technology—again, I'll use the example of an electronic or a chip—actually goes into multiple different products that are both demanded locally in Ontario, domestically across Canada, and globally. A good example would be ventilators, because I think that's topical. They use a lot of different sensor technologies inside, and one of those opportunities is that we can create those here, right? We have the talent, we have the commercialization expertise, and that's not just research. That's being able to build it here, manufacture, test and then export it to the global market.

I hope that answers that. That's one opportunity, I think, that we really have to capitalize on.

**Mrs. Robin Martin:** Thank you, yes. That was very helpful. It's always good for me if you can bring a real-life example like a ventilator, and I'm also connected with the Ministry of Health, so that's a particular favourite. Thank you for that. Commercialization has always, I know, been an issue, but it's hard, I think, to get a handle on what will make that happen more successfully here in Ontario, and I think your ideas are going to be very helpful, so thank you for that.

I just want to address critical gaps also mentioned by the Snuggles n Bubbles Baby Spa—from the technical to the sublime—if the founders of the Snuggles n Bubbles Baby Spa are still on. I wanted to ask them a question, because they also said that they are facing a critical gap here in the situation that the funding is not there for them. As a new company starting out and not being able to launch on their launch date in April, there was no funding, really, specifically available for them. I've talked to a number of new companies and entrepreneurs in a similar situation, and so I wanted to ask the founders of Snuggles n Bubbles if they had any suggestions for what would help them, the kind of program that could fill that gap.

**Ms. Afnan Attia:** That's great. I think for us, when we think about the gap and what has happened, the programs

that we found that the provincial government and the federal government have offered are sufficient. The issue is that we found that it's a technicality. I understand that it obviously requires strong internal controls to make sure that businesses have been operational, that they obviously have tax returns in 2019, revenue in 2019, so that you can ensure that you're providing funding to the correct businesses. The issue with entrepreneurs who have specifically launched in 2019 or had their investment and were expecting to launch in 2020—it was really a matter of a technicality.

So our recommendation is to double down and perhaps assess some of the rules of eligibility, so that if there are folks in our situation, where, as I've said, we've invested close to \$200,000 of our own savings and capital—we were expecting to launch, but we didn't have that record in 2019 to be able to apply and be eligible. The recommendation would be to address some of those technicalities for new entrepreneurs.

And then the other piece, of course, for example, as I mentioned with Futurpreneur: A lot of that funding is through loans, whereas entrepreneurs are looking for more grants, because we have leveraged up a lot more, and we're looking for perhaps more grants to support our business.

**Mrs. Robin Martin:** Okay, great. And then the last group here is GavCom Media. They're unfortunately in a sector—I don't know if they're there. I was going to ask them if there were suggestions that they have of things we can do—oh, there they are.

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

**Mrs. Robin Martin:** Our tourism development fund was made available, and I imagine that helps with some live events, but not all live events. I wondered if that \$1.5 million, I think it was, had made any difference for you. I know that our minister of tourism is out there beating the bushes, trying to make sure that live events get going. Any suggestions from you in that regard of what would help? You mentioned the commercial rent. Anything else?

**0940**

**Mr. Gavin Cuneo:** I'll let you go.

**Ms. Allison McLean:** I think, for us, we're just at a standstill until we are allowed to meet in person. Until those attendance numbers go up, we're almost just in a standstill in that sense.

**Mrs. Robin Martin:** Okay. Thank you.

**The Chair (Mr. Amarjot Sandhu):** We're almost out of time, so we'll go to the independent members now for their second round. MPP Hunter.

**Ms. Mitzie Hunter:** I wanted to perhaps pick up where we left off on ventureLAB. Melissa, I see this as a huge opportunity for Ontario when you talk about FDI and you talk about the capacity that we have here in terms of our engineering and our graduates, frankly. Our education system all the way through from K-to-12 and into post-secondary education is really well suited for the new economy. So, if you could just continue to talk about where you are seeing those opportunities in the face of even responses to a post-pandemic world.

**Ms. Melissa Chee:** Absolutely. Thank you. I think the opportunities are threefold in terms of where we need to focus the energy because we have a broad tech ecosystem. We look at tech as a competitive advantage and also a defence mechanism in terms of making sure that we are at the forefront of innovation and on the global stage.

I think further investment and further focus on, really, the commercialization aspect and what that means is not just about the research piece, which is equally important. It's how you make sure there are strategic hand-offs between academia, hubs like ours that are, in our case—the main differentiator, a big one, is that we are entrepreneurs led by entrepreneurs. My own experience is I've scaled a tech start-up, taking an exit public, and most of our team has done that. I think you need to get those deep experiences about what it takes to ship 50 million chips to LG. That was in my case. What are the hurdles and how do you connect those dots?

I think looking at even some of our post-secondary academic institutions in terms of the STEM programming, and really doubling down on—I'm a computer engineer, full disclosure. I went to McGill. But really looking at how are we training, let's call it, engineers to think about how they—what they are doing is creating products.

I'll use a few examples of how ventureLAB does this, and it is through the HCI initiative. We have a number of academic partners, but really, that was an industry-led initiative. All the different founding partners that are around the table—Microart is a leading manufacturer, from soup to nuts, in Markham. We have seven different companies that are scaling in terms of chip design and products that are used in semiconductors. By putting those two together, that's the horizontal supply chain. We've created opportunities with leading manufacturers and providers of design tools which these companies would not have been able to access without these types of programs.

If you look at the subject of AI, for example: We are transformational and well recognized globally for AI, particularly in the research. But where we have a massive opportunity—and these are the companies that ventureLAB is working with—is on the AI hardware side, because you can't just do algorithms. You need the underlying belly. I think our ability to really focus on those type of areas also provides a very strong competitive advantage for Ontario and, frankly, Canada, because hardware is typically more IP-rich. That is a big opportunity.

**Ms. Mitzie Hunter:** So, Melissa, can you talk about where you see women as part of the sector? This recession has been called a “she-cession.” Women have been most hard hit by it and, in the recovery, are slower to regain. I'm wondering about specific solutions for women entrepreneurs. All teams presenting today have women present in their leadership and women are also leaders in terms of start-ups and small and medium enterprises.

If you can unmute Melissa, please, Chair.

**Ms. Melissa Chee:** I think it's a question of pairing leading experts, both men and women, with those female entrepreneurs. We actually run a program called Tech

Undivided, which is focused primarily on that. Actually, we just brought on our second cohort of tech founders, all female-led. Yesterday, we brought them in. The value, in terms of helping not just women but in this case women entrepreneurs and female-led tech founders, is to just pair them, like we would with any other founder, with experts who have done it before. So I will address that, yes, we have seen that, I would say, not just females but other groups have been impacted more broadly outside of tech, in terms of women-led businesses being affected.

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

**Ms. Melissa Chee:** In the tech ecosystem, I think there is some of that, but I think there are opportunities certainly to leverage private sector expertise to match, to help them scale.

**Ms. Mitzie Hunter:** That's great. If you could just repeat the name of that program that you have for women entrepreneurs and ventures.

**Ms. Melissa Chee:** Tech Undivided. If you go to our website there's lots of information.

**Ms. Mitzie Hunter:** Okay. That's great. Thank you so much. I want to thank all three presenters. I just think this is the time for innovation, this is the time to birth new ideas, and I wish all of you all the best in your business ventures and in the economic recovery that is ahead.

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

**Mr. Lorne Coe:** Thank you, Chair, and thank you very much to all the presenters.

I want to go back to ventureLAB: Melissa, a very impressive presentation. Here in Whitby we have a couple of firms that are similar to yours that you're well aware of, I know, with your work, 1855 and 360incentives. They've been doing a lot of work in collaboration with the region of Durham, specifically on commercialization and deploying advanced technologies because it's, as you know already, a key value proposition of the government to attract investment going forward.

Also within that context, in addition to the region of Durham—because the region of Durham has an economic recovery plan, the work that has been done through 1855 and 360incentives has been helping to advance that. Some of the suggestions and recommendations that you have to address the gaps, as you described it, have involved partnerships, yes, with the region of Durham, but also with our universities here, Ontario Tech—I believe you know that—and Trent University as well. It has involved work with the regional innovation centres as well. Can you speak to the type of partnerships that you have prospected? And within that context, again coming back to your recommendations, what roles do you see for those partners in helping to advance that work? But, more importantly, also evaluating the recommendations that you have because, given the type of work that you've done historically, you've always built in an evaluative component as well so that you can modulate some of the initiatives going forward.

Can you speak to that specifically and, where you can, how well those partnerships have evolved and where, going forward with your recommendations, you think you can adapt some of that historical work?

**Ms. Melissa Chee:** Thank you, MPP Coe. We are very fortunate in York region to have very strong, long-standing partnerships with all nine municipalities, in particular Richmond Hill, Markham and Vaughan as well as Newmarket, and our composition on the board actually comprises that geographic reflection. With the growth that ventureLAB has experienced in the last few years with HCI, Tech Undivided and some of these other initiatives, we actually brought six new private sector board members on. These are C-suite leaders of global companies, founders.

So to answer your question, it is imperative, for scale, to have a strategic public and private partnership. We also have academic institutions, like Seneca College, who we work very closely with. I think being able to work together—for example, in Markham, we are working with Markham around intelligent communities and smart city initiatives. In Vaughan, there are collaborations with the city of Vaughan and Mackenzie Health around a health precinct. I think all of these are enabled through technology and innovation. We have been fortunate and successful, I think, to create very strategic partnerships on the public sector side.

**0950**

I have to say, I want to thank the Ontario government because the regional innovation hubs that were created almost 10 years ago would not be possible without the support of the Ontario government and their assent. That funding and that investment into Ontario hubs are essential for us to be able to do the work that we do, which is to scale companies and help Ontario companies commercialize on a global market base.

I think the flip of it is that that, I'm going to call it "seed support" from all levels of government, has allowed ventureLAB, in our particular case, to attract private sector investment. With the launch of the Hardware Catalyst Initiative, we raised over \$10 million in terms of in-kind and cash contributions. I think that is the key to success in terms of Ontario's competitive advantage. Government plays a critical role, at all levels, to really seed the germination of the ecosystem, to make sure there is core funding there to start that. But then, to really be globally competitive, you need private sector, and the market does need to dictate.

The last thing I will say is, one thing that, strategically, ventureLAB, and in part, the region—we double down on key sectors, so hardware, enterprise software and health. And that's no different than the advice we would give our founding companies: Figure out what your regional value proposition is, make sure there is global demand in terms of a customer base, and then execute from there and get the partnerships to the table.

**Mr. Lorne Coe:** Thank you very much for that answer. You spoke earlier in response to some questions about other jurisdictions and some of the work that they're doing. I'm particularly interested in—

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

**Mr. Lorne Coe:** Thank you—the work that is under way in BC that you referenced. Can you provide a little more detail about that, and how they're evaluating how well that's proceeding?

**Ms. Melissa Chee:** In BC, I believe it's a small business venture fund. To be quite honest, we've had some entrepreneurs who have really talked about that, so I think that with colleagues across the province and across the country, that was one that people have recognized to really help incentivize both local investment, to help local companies scale, but also incentivize—I think the key part here—local Canadian companies both in the public sector and the private sector that are larger to take on a little bit of that additional risk to invest and buy from made-in-Ontario tech companies. So I think those were the examples, MPP Coe, that I was referring to. I think it's—

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

**Ms. Laura Mae Lindo:** Thank you, Chair, and thank you to all of the presenters. I'm going to focus on my comments or questions to ventureLAB and also to Snuggles.

Leading up to the pandemic, I know that there was a lot of investment in entrepreneurship. We were seeing a lot of programs get launched and get more investment in post-secondary institutions to ensure that our innovation hubs across the province were provided with what they needed. But during that, there was also a load of research coming out that was saying that in order for those investments to make sense, we had to see that women entrepreneurs—getting them what they needed to thrive also became part of that competitive advantage.

I wonder if we can start with Snuggles. Can you speak a little bit to me about the women entrepreneurs that you've been speaking to? I was actually curious if the employees that you had on board were women as well, because we're hearing that women are taking the brunt of the lack of investment from the provincial government at the moment.

**Ms. Afnan Attia:** Yes, so we have attended a few events, such as the She's Next conference by Visa, a few Futurpreneur events. We also did apply and receive a few grants specifically related to the retail or the service industry and female entrepreneurs. That was quite helpful as it related to our initial investment. I'm sure there is certainly a lot more out there that we're continuing to pursue and continuing to look out to be a part of. That has been, I would say, helpful.

I would say the brunt of where we're getting, from a cash flow perspective—it's really just the fact that we are a retail space and a service space. The retail and service industry, as you know, has taken a huge hit because of COVID, and that's probably where we're coming from. But we have been able to connect with other like-minded women and entrepreneurs, so that's been helpful.

**Ms. Mehnaaz Bholat:** We also had created a retail section within our store. We connected with 15 mom entrepreneurs who basically sell a lot of their items online

and were looking for a retail distribution channel. We actually ended up doing consignment inventory with them, so we are using this space to become more of a community space for a lot of women looking just to partner up.

We're going to offer classes for, like, tax 101, just to understand your basic tax credits, or financial budgeting for new moms or new parents. We're going to basically do that based on our own expertise as financial people, and just providing people resources. And of course, we're going to make these free for them as well.

All of our employees are women employees, as well. All of our RMTs, our registered massage therapists, are women. Our receptionist is also a woman. Where we—

**Ms. Laura Mae Lindo:** I think—

**Ms. Mehnaaz Bholat:** Oh, sorry, go ahead.

**Ms. Laura Mae Lindo:** I think that this is really important to get on record, because part of what we have to do, as MPP Fife was saying, is we have to make sure that we're not just helping entrepreneurs survive, but that they thrive. You can't do that unless you actually start to invest in women entrepreneurs, like a lot of the other tech hubs have been doing.

Sorry about the time; I have to shift over to ventureLAB. I'm also in Kitchener, so I know about the tech hub that's here, the amazing work that they've been doing and the fact that the hubs talk to each other. But I'm also seeing the exact same push. There is a push to ensure that women are part of that, and there are all sorts of different programs, including their connections to the post-secondary sector here, to make sure.

I'm taken by the fact that both of you folks have said that a lot of those ventures were set to launch in 2020, and so if we don't have a program that invests in them, we're going to be pulled backwards instead of actually ensuring that you are part of the solution as we move forward. Could you speak a little bit more about that for me?

**Ms. Melissa Chee:** Thank you. A few things about us which I think will speak to that: Our leadership team is more than 60% women, and we are a merit-based and -driven organization. Our board is over 40% C-suite women. I think part of this is about just being merit-based, focusing on changing the language and focusing on helping really talented entrepreneurs who just happen to be women, helping them scale.

The key parts for any company that wants to scale are around customers and investment capital, and the number one challenge that all entrepreneurs—not just females—make is to take down private investment too quickly. What we are doing in Tech Undivided is that we run a capital investment program that's in-house. We've helped more than 100 different companies in Ontario raise over \$115 million, but we only do that when they're ready. We leverage that expertise that we have in-house for raising on capital markets and actually connect our entrepreneurs and our founders with key potential customers and help them get that revenue. That makes them sustainably more successful in the long run and more attractive, when they do want to grow, for investment capital.

I don't want this committee to come away and say that it's not a challenge. For sure it is a challenge, but I think there are very strategic ways that we can help female-led organizations, particularly in tech, and it has to be done by leaving an example in the innovation ecosystem.

**Ms. Laura Mae Lindo:** Thank you so much. Chair, how much time do we have?

**The Chair (Mr. Amarjot Sandhu):** Forty seconds.

**Ms. Laura Mae Lindo:** In the 40 seconds, I just want to say thank you to all of the presenters. I can tell you that I used to work at the Diversity Institute at Ryerson, and they've done so much research. I think this committee needs to pay close attention to the investments that were made prior to COVID and make sure that we don't leave people out as we develop the solutions moving forward. Thank you again for coming to the committee.

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

Moving along to our next group of presenters—oh, before we do that, I would like to do an attendance check. MPP Harris, can you please confirm your attendance and if you're present in Ontario?

**Mr. Mike Harris:** I am here, and I am present in Kitchener, Ontario.

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

**Mr. Mike Schreiner:** Good morning, Chair. I am present and in Guelph, Ontario.

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

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## CYBERSECURITY COMPLIANCE CORP.

CTRL V

INNOVATIVE DANCE

**The Chair (Mr. Amarjot Sandhu):** Our first presenter is Cybersecurity Compliance Corp. Please state your name for the record, and you will have seven minutes for your presentation.

**Mr. Jeff Dawley:** Hello.

**The Chair (Mr. Amarjot Sandhu):** Yes, you may start.

**Mr. Jeff Dawley:** Hi. My name is Jeff Dawley. I am with Cybersecurity Compliance Corp., a Whitby-based start-up. First of all, I'd like to thank all of you. I am a former Ontario legislative page, and I appreciate all of the work that you've done through all of this and thank you for the opportunity to contribute to your processes and policies moving forward. I am a Canadian accountant, designated in Canada, the US and the UK. I have done work with the Ajax-Pickering Board of Trade government relations committee and CIMA Canada in providing feedback to the government throughout the COVID crisis.

Cybersecurity Compliance Corp. is a very new, very early-stage company. We are Whitby-based, with an office in Aurora, and as such have seen a bit of a disparity in how

different regions within Ontario have interpreted guidance, how different jurisdictions have dealt with the challenges to their local businesses. First of all, I want to share with you our challenges as a SaaS-based IT business which has been able to continue operating but, as a start-up, has faced several significant barriers.

First of all, as the crisis started, as you would imagine, clients became incredibly distracted. We found that where momentum had been gained through several months of effort through our team, leads disappeared. Businesses closed. Not only were their budgets disappearing and their revenue closing down, but the ability to focus on business opportunities disappeared completely. That negative narrative has continued through today, and it's something I'd like to help address.

The second challenge was around managing budgets. The clearest example that I can give around this was a school board that we were dealing with in the late spring in Canada. They were looking at improving their cybersecurity measures, training their teachers, helping to provide a safer environment for children. Unfortunately, through all of the challenges of getting kids back to school, dealing with the enormous task of trying to allocate teaching resources etc. around back-to-school efforts, their budgets no longer supported moving forward with that critical element of protection. For a small business, losing those types of leads can be absolutely critical.

Finally, part of what I do, obviously, as the president of a small organization, is to try to raise capital to grow our company and to continue contributing to Ontario's environment of innovation. I would say probably within a month of March break, capital pools dried up. Whether they were larger capital pools, or small incubator-led/angel-led capital pools, the message was clear both on domestic calls and international calls of which I partook, that capital is no longer going to be available and relationship-building, rather than taking a number of months, would be years. That access to capital is preventing Ontario companies from pursuing absolutely critical innovation that will help our province for decades into the future, and we cannot let that lag.

In terms of your work as a government, I want to thank you for everything that you've done to support small businesses. We have certainly benefited from the measures that you've put in place around rent relief. I appreciate that you've probably heard from just about everybody who rents a building out somewhere that they've had challenges dealing with landlords on rent relief; I won't go into any greater detail than that, other than to say I echo the thoughts of my colleagues and found that in our two jurisdictions, there were completely different approaches from landlords that we've dealt with.

Second, while there were a lot of measures put in place for small companies and large companies, there didn't seem to be a great deal of discussion around start-ups. This is a very unique space that absolutely drives innovation in our economy across the province and contributes to our reputation internationally. In Durham region, we have a college and a university that thrive on being innovation

hubs, and yet with the lack of focus on capital and support for start-up businesses and small entrepreneurial ventures who are looking to grow and genuinely change the lives of other people, we are hurting those local economies significantly, and there is an opportunity to change that.

From my perspective, I see three opportunities for Ontario and would suggest that anything the government could do to support those initiatives would allow us to come out of this even stronger than we were before:

(1) Greater support for a business-to-business marketplace that connects Ontario businesses with each other; allows a free exchange of ideas, products and services; and genuinely fosters an environment where businesses can support one another through various trials through co-operative efforts and partnerships, as we look to move out to the greater world and bring financial contributions to the province.

(2) Capital market funding for innovation, funding for small businesses: I can't emphasize enough—

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

**Mr. Jeff Dawley:** —that we aren't going to come out of this by simply funding businesses to stay afloat. There needs to be a level of innovation that we are prepared to support and pursue, both publicly and privately, in order to emerge stronger.

(3) Finally, the most important thing that I would share with you is that I, our business and all of my colleagues need the narrative to change from one of "Wait until it's better," "Wait for a vaccine," "Wait until we're open" or "Wait until phase 4," to "We have innovated business, we have changed the way we operate and, to bring a positive message forward, we are open for innovation and we are open for business in Ontario."

Thank you very much for your time today.

**The Chair (Mr. Amarjot Sandhu):** Thank you. Our next presenter is Ctrl V. Please state your name for the record, and you will have seven minutes for your presentation.

**Mr. Ryan Brooks:** My name is Ryan Brooks. I am the CEO and co-founder of Ctrl V, the world's first virtual-reality arcade, started right here in Waterloo, Ontario, in 2016. In the last four years, we've opened over 20 franchises across Canada, the US and Costa Rica. The industry we pioneered grew a lot faster than we expected. We even licensed our concept to IMAX and Cineplex.

Five Ctrl V locations have closed in the last month: all of them in Canada, four of them in Ontario, and all of them because of insufficient relief programs that would have saved them. I'll go into detail. I think the primary one is the rent relief. I think we all know what most of the issues are, but I don't think they have been emphasized enough, because they still haven't changed. It was the last major relief program to launch, it can only be applied for by the landlord, and in all of the locations that closed, their landlords are not participating in this program.

The same is true for us at head office. Our landlord refuses to participate, and so we have been forced to give up equity in our company now to pay for rent. We've bootstrapped this entire thing. My mom took a mortgage

out to open the first location. We have taken no investors, and now the first time we're going to have to do that is to pay for rent. That's because we can't get access to that rent relief program that is available. There's money allocated for this, and we just can't get it. We qualified, like so many other businesses; 40% of businesses qualified, who had a 70% drop in revenue or more in the period that this covers, and only 2.4% of those eligible actually applied.

Moreover, the program only offers a static 50% coverage. Whether you had a 70% drop in revenue or 100%, like us—we weren't able to pivot. We're a destination location. There is no other ability for us to generate revenue. So 50% of the rent would be covered either way; where are we supposed to find our 25%, even if our landlord had participated? Taking another loan, right? That's really the only other option we've been given. It's really hard to justify taking on more debt when we can't even anticipate what we're in for in the next three months, six months, one year.

#### 1010

The other major issue is the moratorium on evictions. It came way too late. It went into effect on June 17. This should have been the first thing put in place by the government in light of having any answer to the funding challenges that we're now facing. It went retroactive to May 1; imagine if you were a business owner that got evicted May 1st. A month and a half later, you're now told, "Actually, you couldn't have been evicted," but you've likely let your staff go, cancelled utilities, sold off equipment and ruined the relationship with your landlord, even if you were in good standing before that. You're likely going to expect you're going to be evicted again. This was really too little, too late.

The last big problem that most businesses are facing right now is not even a financial one; it's a communication issue. We have had very little information offered in advance and by our government. We are finding out days before stage 2, stage 3 go into effect. We don't even know who is part of those stages. Most other provinces have had that outlined for months and we find out the day of or the day before what's going to be a major impact to us. We can't prepare for reopening. We couldn't have done that. So we've been over four weeks now and it's very frustrating because even now, five and a half months into this pandemic, we still don't know what's next. We don't have a clear indicator of when the next shutdown is coming.

The one thing we've learned from this pandemic is how susceptible our businesses are to the whim of the government that doesn't even understand our business. We are classified as a casino/water park. There was no ability for us to classify it differently. There was no ability for public health to come out and assess and not say, "You have to be closed," but rather, "You can open with these stipulations." We are at 100 square feet per customer. We are very different than many other businesses.

Regardless, the issue is, the communication isn't there. We still don't know if we are going to reverse the stages. Who's going to be closed first? What is the trigger? How many cases do we have to have? We're over 100 again;

how many weeks of that is going to cause us to revert? We don't know, and that's the biggest difficulty for us in being able to plan or take on more debt. If we can't anticipate how long we're going to be doing this for, it's very difficult to justify any more debt.

The recommendations are pretty straightforward. The rent relief program needs to be accessible to tenants, and if you can't change the sector program because it's federally run, then take the \$240 million that you put into it, take it out and make it an Ontario-based tenant-focused program.

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

**Mr. Ryan Brooks:** We need to be able to apply for this, and it has to be proportional to the damage done. It's running out August 31, maybe? We didn't find out that it was being extended into July until June 30; we didn't find out it was being extended into August until July 31. We have no idea if it's going to be extended again. We cannot plan if we don't have this information further out and we can't even get access to it. For most businesses, that doesn't even matter at this point.

The moratorium on evictions needs to be extended until the end of the year while you figure out how to fix that program. The rent relief is the biggest contingency for most businesses' survival.

Lastly, we need clear communication on what is the next trigger point. Plan out scenarios and have the action plans that are going to be informative and versatile. I will work with you on developing those. I have a ton of ideas, and I'm sure most businesses do, of what information would need to be available to help us plan, to know that taking on more of this debt, even though they're favourable loans—the CEBA, the RRRF, they're favourable; they're still debt that we have to repay, and it's all for damage that has been incurred because we complied with the government's request to help mitigate the spread of this virus.

The last thing I would ask is that you consider—it hasn't been talked about—I'm calling it a walk-away policy. We face personal liability. If our business goes under, whether it's a lease, a loan, or our taxes, we have personal liability on that.

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

**Mr. Ryan Brooks:** This is going to follow me because the programs available, I can't get access to. That's really hard to justify. We've invested everything we have into this and we are now going to face the repercussions of that because our business was killed by the lack of support. There was no ability for us to combat this. We had to comply with what was being done and we were fine to do that, but the programs need to be vastly improved to preserve what we've built. Thank you for your time.

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

**Ms. Carolyn Bristowe:** Hi, there. I'm just trying to get my video. The host stopped it. Okay.

My name is Carolyn Bristowe and I am the director and owner of Innovative Dance. I am located in a rural town

outside of Kitchener-Waterloo. We have 200 students that walk these halls every week and consider Innovative Dance as their second home, and their friends like family. I'm honoured to be here to address you on behalf of the small business owners of arts and youth programming.

I want to read an e-mail that I received from a parent last year: "Miss Care, my family went through some rough times a couple of years ago, and had it not been for Innovative Dance, specifically the teachers and staff, I know that my daughter would not be where she is today. It got her through a very tough time and I know that for a fact. So thank you and your team for being there for us."

I receive e-mails like this several times a year. Our youth programs, and specifically the arts programs, are an integral part of the mental health of our youth. One in five children struggle with mental health challenges and Canada has the third-highest youth suicide rate in the industrialized world. The last six months have invoked fear, sadness and inconsistency for our children. Our communities need these programs to provide an outlet for the physical and mental well-being of our youth.

I want to quote the government of Ontario's Think, Feel, Act report on strengthening resilience and mental health in children. Resilient children "have the emotional, social and behavioural skills" to navigate life's challenges successfully. "Meaningful extracurricular engagement, social connection, skills to build openness to experiences, and gratitude ... enhance resilience in children."

If there is no assistance for these integral programs like dance studios, karate, arts studios, we are going to be unable to keep our doors open. On March 15, our studio closed for what would be an endless five months. I felt blessed to have to the assistance of the CERB benefit to assist my family as I worked to navigate keeping our doors open. However, the way that our business is set up, we were one of the businesses that fell through the loopholes.

I am an incorporated business, in which I receive dividends, and our faculty are all subcontractors. My business is ineligible for the wage subsidy and I wasn't able to take advantage of CEBA until the changes went in effect on August 5, five months later.

Our landlord did not participate in the subsidy program. I will add that my landlord has worked with me independently over the last few months, which I know several fellow studio owners did not receive. I am very blessed. However, he needs me as much as I need him. We struck a compromise—not as good as the government deal, but it helped, and I was able to ride out the closure.

On July 24, stage 3 began and we were able to open our doors—months after provincially recognized sports could open in May.

Since I'm speaking to the finance committee and I know numbers are your thing, here is a breakdown of what we are looking at from the business. Due to the pandemic, we have lost over \$100,000. Not only did we lose five months of regular income at \$56,000 while carrying our overhead costs, we lost three weeks of our camps and intensives. Because of the restrictions, we could barely cover the costs: a loss of \$13,000. We lost five of our events this year, accounting for \$20,000 in revenue for our

studio. These cancellations also cause a ripple effect, from the performers who put these events together, the staff in the theatre, the hotels in which the performers and their families stay, the restaurants that count on the foot traffic from those events. We have lost a total of \$121,000 in revenue.

But this is not what scares me. What scares me are the projections for next season. Our cost of cleaning and maintenance has increased by 300%. Sanitizing time between classes has cost us six hours a week of class time, an extra \$18,000 of revenue in our program. Class sizes have been reduced by 30% to account for social distancing. We may not be able to run any events this season to cover our off-season expenses. We have \$19,000 in credits to return to clients, my rent is still \$7,000 a month, and our costs have only increased—and so has our debt.

As we work to open our doors once again in September, we face many unknowns and a tremendous amount of debt and expenses to be recouped. We are preparing for a second wave. We are preparing to pivot our focus and keep momentum forward. Many of us will not be able to weather that storm alone.

Help support the arts community. I recommend expanding the government programs to assist sole proprietors with fixed costs that are unable to take advantage of the CEWS program or the rent subsidy program. I want to be clear on what that would look like for a business like mine: For example, allowing us to put our faculty on payroll this season after the March 15 deadline and allowing us to apply for CEWS would give our small business assistance.

#### 1020

If I can give you these numbers: We are projecting a minimum loss of 30%. My faculty fees are at \$9,000 a month. Based on the 1.2 multipliers, I would receive a subsidy of 36%, up to a maximum of 75% subsidy. This would put me between the \$3,000, \$6,000 and \$7,500 mark. Many of these businesses have been able to take advantage of all three programs. There is a tremendous imbalance in these programs. We need our government to expand them, to reach the businesses that need them the most.

My second recommendation is for Ontario to fight to classify children's arts, dance, drama and visual arts in the same educational category as music—

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

**Ms. Carolyn Bristowe:** —and provide HST/GST-exempt status, retroactive to January 1. This is petition e-2683, supported by Scott Simms from Newfoundland and Labrador. This small step could quickly and positively impact the arts community that was hit so hard, and give the ability for parents to involve their children in more of these vital programs.

As an artist, teacher and business owner, my business is not monetarily driven. It is from the heart. Our only goal is to inspire, support and build our youth. I fear for the survival of innovative dance in our family that we've spent the last 10 years building, and the many other youth programs set up like mine. Our communities need these programs. Our youth need these programs.



I encourage you to reflect on your childhood. Remember that one teacher or coach who impacted your life? Where would you be without it? Please support our local businesses that help shape our leaders of tomorrow. Thank you.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll start this round of questions with the government. MPP Harris?

*Interjection.*

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

**Mr. Mike Harris:** I'm trying. I can only go as fast as the host.

Listen, thank you, everybody, for being here today—a few familiar faces in the audience. Ryan and Carolyn, I'm really glad to see you here. I know, Ryan, that we're going to have a quick chat, I think, after we wrap up the deputations here, but it's really great to see a lot of representation from Waterloo region with MPP Fife and MPP Lindo on here, as well.

I guess my first question is for Ms. Bristowe. We've had a chance to get to know each other pretty well over the last few months. I wish it was under different circumstances, obviously. I will always open lines of communication, really trying to figure out how we can try to move things forward in a really plausible and expedient way, but there was one thing in your opening comments that you highlighted, and that's the importance of the mental health aspect when you're talking about arts and culture, and what that ultimately brings to rural Ontario. I was hoping you could maybe expand a little bit more on how your business, your organization, has become kind of a community hub over the last few years and what it means for the community to have you back open, fully functioning and staying open.

**Ms. Carolyn Bristowe:** I would love to, thank you—and thank you for taking my endless phone calls over the last six months. You've been super-great.

In regard to the community impacts: We're from Baden, Ontario, and we serve all the rural communities around, from Wellesley all the way to Stratford and Kitchener-Waterloo. I've been here for 10 years. I've been a staple in this studio. I have dancers who spend upwards of 10 or 15 hours a week, so they're here more than they are at home. These relationships outside of the house—you know, home has been hard for the last few months. I know my seven-year-old son is feeling that. They need that break from not only home life, but they also need that ability to let their emotions go, to let their feelings go. We also know that physical activity increases endorphins, which leaves children and youth just feeling happier, and that's a lot. It's been missed in the last six months. Our youth have been left behind, and we've been navigating that as parents, but they need support in our communities.

We won't last this if there's another wave. We won't last. There needs to be some direct support for these programs.

*Interjection.*

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

**Mr. Mike Harris:** Again, waiting on the folks back at Queen's Park.

So what does that mean to the community, then, to have only 30% of the folks who would want to be able to take part in your programming, to have to be on—I suppose a wait-list, probably, is what you've got going on right now. How are you navigating that, and what's been some of the feedback?

**Ms. Carolyn Bristowe:** So I put out a survey to our community about who is comfortable sending their children back to these programs, and it was a whopping 90% of the community who want their youth in this program. If I have wait-lists, that's wonderful for me, but at the same point, there are so many kids in this area who have an inability to find an outlet. The financial aspect of things is a large part of this right now, too—that parents can't afford it. Our fees have gone up due to the pandemic, obviously, and our break-even costs have changed a lot. So those students who can't participate in this are going to be left behind, and it's hard to say no to a student, especially when you're in the position we are in, where it's about the kids.

I hope that we are going to be able to get more students in our class, but we are at full capacity in classes, and we've lost so much time because of the breaks that were required to be put in between. I will add just on top of that, we are trying to get—there are 550 studios that have been working together to try to get approval on our guidelines.

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

**Ms. Carolyn Bristowe:** So direction for that, from government, will also help us navigate with our parents the comfortability to be in these classes again, that their students are safe, that we are doing everything above and beyond to get them in a program that is safe for their kids to let their mental health get better—because it's not good right now.

**Mr. Mike Harris:** Thank you.

I will just quickly pivot to Mr. Brooks. I know we've only got about a minute and a half left here, but I know some of the things that we've talked about over the last little while are the differences between what's happening here in, say, Ontario versus what's happening in Alberta. I was wondering if maybe you could quickly highlight some of the differences that your businesses have faced with regard to the differing regulations in each province.

**Mr. Ryan Brooks:** Thanks for the opportunity.

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

**Mr. Ryan Brooks:** I think Alberta has had—they were able to open about a month earlier than us. Now, their cases were obviously different than ours, but they did have a more regional plan as well. Things happened regionally in Ontario very late relative to Alberta, so some of our Alberta locations were able to open sooner than others. They've been doing okay. They still have the same problems with the federal programs that we have here, but they have had better regional support that way than we had in Ontario. Most locations right now that have been opened—they have been for about eight weeks now—even after are only about 40% to 50% of what they were doing at this time last year.

**Mr. Mike Harris:** Thank you very much. I think that ends our time.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. You're almost out of time, so we'll move to the opposition now. MPP Fife.

**Ms. Catherine Fife:** Hello. Thank you to all the presenters. It's been a long week, Monday to Friday, 9 to 6. Businesses have been coming to this committee and sharing very painful stories, because this has been a very challenging time.

Ryan, Ctrl V: We've been in constant contact, I think, throughout this entire pandemic. Your frustration is real and I just want to say it's validated. The fact that we are now almost at the end of August and the rent support has still not been available to you because the CECRA program is fundamentally flawed—we know this. This committee knows this.

The recommendations that we're going to be fighting for—in fact, I just wrote the finance minister yesterday. Even in a province like Saskatchewan, their finance minister has done exactly what you asked for, in that she wrote to the minister—now we have a new finance minister federally, fortunately. She asked that the remainder of the funding that has not flowed through the federal program—and that's only 10%, let's remember that; only 10% of that money went out to businesses—that the remainder now be distributed provincially.

We've been advocating for a made-in-Ontario program that is not landlord-driven, where the tenants can apply for the funding; and that the revenue threshold, of course, shouldn't be 70%. We listened to a business this week that—she lost 62% of her funding and she didn't qualify. So the rent support: That change needs to happen and it needs to happen quickly. That's something hopeful that I hope that my PC colleagues on this committee will take to heart.

1030

The eviction prevention, so the ban that's going to end at the end of August: We need to extend that. We agree with you. Can you give us some sense as to what will happen to your business in Waterloo region and others if that eviction ban is not extended?

**Mr. Ryan Brooks:** Yes, and thank you for to the opportunity, Catherine. Thanks for your support in the past couple of months.

I think it's very clear what's going to happen in Waterloo. Like I said, we've pulled all the levers that we have. Literally as a last-ditch effort, we said, "Will you take equity?", because we have nothing left. There's nothing else for us to offer. And all of a sudden he said, "Oh, yeah, okay. I'd be interested in that." I don't want to give up equity. That doesn't seem to make sense to actually have to do that. That's not a sensible solution when we know there's funding available and we just can't get it. That's what we're going to be forced to do here, but most of our locations don't have that ability. Nobody is interested in a single franchise's equity. They don't have that same ability, so they will be forced to close. As I said, the ones that have been closed already are the ones whose landlords have not participated. I'm just wondering, when that runs out, how many more of my locations are going to close.

I know we're small and I know we're not an essential business, but it doesn't mean that their investment is any less real than any essential business. That's really what we're facing, that that's going to follow us. If that moratorium doesn't extend until we can figure out a better solution for rent relief, then that's what you're going to be seeing, just a ton more small businesses closing.

**Ms. Catherine Fife:** Okay. With COVID-19, the Commercial Tenancies Act and the rights that tenants have and do not have have really been exposed through this pandemic. We're seeing here in uptown Waterloo, and we heard yesterday from Toronto businesses, that landlords are asking them to sign non-disclosure agreements. They've increased their rent by up to 30% during a pandemic. They're increasing ancillary fees for security and cleaning.

This is an opportunity for us to take this knowledge and possibly update the Commercial Tenancies Act of 1990. Do you think that there is a role to play here in levelling the playing field between tenants and landlords? Because that power imbalance has been so profound during this time frame. I mean, there have been some landlords who have stepped up and who have recognized that we all have to share the pain, but can you speak to that a little bit?

**Mr. Ryan Brooks:** I think we've been relatively fortunate. I have no ill will towards my landlord. I don't think that his reaction to anything we're asking or what we're trying to accomplish is wrong. I think that he's in a tough spot as well, and I think that many landlords are in a tough spot, but I think some of them are choosing to take advantage of the situation for whatever reason if they have the ability.

Like I said, with my landlord specifically, even though he is demanding that we start repaying all of the past rent on September 1, he's now also saying, "Well, I'll take that in equity." That means he doesn't need the funds. This is a make-or-break for us, and I feel like a lot of landlords are probably in that position. So yes, the power imbalance there is really scary because—

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

**Mr. Ryan Brooks:** —we're just going to be living on the edge. Even if we are able to repay rent in September, we still are in default for all these other months, so what's to stop him from just kicking us out? As long as that moratorium ends, we are just living on the edge as to when the hammer drops.

**Ms. Catherine Fife:** Yes. But you've also made the case, then, for the provincial government to step into that gap. There's no denying that the federal rent relief program has been a complete failure. If Ontario recognizes this, and if the federal government releases the remainder or Ontario takes the remainder of that funding that was not distributed, we should accelerate that rent relief, because it actually benefits both landlords and tenants, and can be seen as a stabilizer, as well, going forward. Can you just speak to that?

**Mr. Ryan Brooks:** That is the most critical component. If all of our locations that are currently still open can get access to that funding, we can recover from this.

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

**Mr. Ryan Brooks:** That is the key difference—

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

**Ms. Catherine Fife:** Thank you.

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

*Interjection.*

**Mr. Mike Schreiner:** I think you're doing the same thing to me that you were doing to MPP Harris.

Thank you to all three presenters for coming here today. All three of you talked about how the rent program doesn't work. We've heard it from presenter after presenter after presenter. We've been hearing it since way back in the early days of this committee, in the spring.

I want to first focus in with you, Ryan, really quickly. I actually heard you on Guelph Politico—I'm the MPP for Guelph—and you did a great job. I've been corresponding with Joseph here in Guelph. You've outlined, I think, really specific recommendations for how to fix the program, and I support those. We'll continue to push the government to support those. I'm not going to be belabour the point; I think you've made it very clear.

The one thing I will say is that the commercial eviction ban—that's provincial jurisdiction. The province brought that ban in. I thought it was important that they did. I'm hoping it helped your business. We've heard from other businesses that it did help them. The province could extend it. We could come back right now and do it. I'm just wondering why we're having to go through some of these extra steps to try to fix the federal program. I agree with you: Let's just make it a made-in-Ontario program.

Can you speak to the importance of extending the eviction ban while we're trying to fix the rent relief program?

**Mr. Ryan Brooks:** Yes. It was really clear early on in March and April that, without this program in place, any sort of rent relief talked about at that point—that should have been the first thing, because that was the biggest vulnerability for businesses with the uncertainty: Are landlords going to play ball, like Premier Ford had been asking them to, or are they going to kick us out? I think we've seen a pretty good mix, and I think the longer that we get towards this not being able to rebound yet—we only have four weeks behind us now of trying to earn revenue. How will you pay for five months' worth of rent? That's impossible.

That moratorium—I hate it, actually, because I like my landlord. We have been in good standing since we started here. I don't like hiding behind that. I don't like that we have to hide behind it. I wish that I was able to just pay him. We need it, but we don't want it. We have to have that in place until we can get access to the rent relief.

**Mr. Mike Schreiner:** Yes, I think you make a very good point there. I was a long-time small business owner myself, and obviously all three of you have very successful businesses. I know Jeff's is relatively new. You all have been able to pay your rent, and you all want to pay your rent, and it's unfortunate that we're in this situation. I know you've said you're not an essential business, but every business that employs people and contributes to our

community, as far as I'm concerned, is an essential business. So the least we could do is protect you from being evicted right now out of something that's completely outside of your control.

My next question I'm going to direct to Ryan, and then, Carolyn, I'm hoping you can come in as well. I've had a lot of businesses talk about the lack of clear communication and guidelines, and the fact that your business could operate safely. We hope there's not a second wave, but the health experts are saying there's going to be. If there is a second wave and we have to lock down again, could you explain to us how important clear communications and clear guidelines are, related to your business's ability to safely operate and be open?

**Mr. Ryan Brooks:** Yes. I think that in the support material I supplied I give an example of what that would look like. If a region has a 14-day streak of less than 10 new cases per day, then you can stay in stage 3, if the stages stay the same as they are now. And then, beyond that, if there's a seven-day average of more than 10 cases, it goes back to stage 2. Something like that needs to be outlined. Without that, we're just waiting. We're waiting to hear what's going to happen to our business, and we can't follow along with the numbers. The numbers are being reported daily, so we should be able to adhere to those and forecast—

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

**Mr. Ryan Brooks:** —which direction this is going.

I think that there are very simple things that could be created and offered that would allow business owners to follow along with the government on where we're headed.

**Mr. Mike Schreiner:** Great. Carolyn, do you want to add your perspective?

**Ms. Carolyn Bristowe:** I would love to. I think it's really imperative that that communication is with us, because we're also direct into the community in getting that information across.

Our biggest concern moving forward is: What if there's an outbreak at one of the local schools? Are we then required by government to shut down, and how long do we shut down? What phase of procedures of cleaning—much like if you go to a cruise ship. When you go in, they have phase 1 cleaning, they have a phase 2 clean, they have a full phase 3 lockdown where the whole ship gets wiped. This would allow us to run our business accordingly and protect the community, but also instill confidence in the surrounding community to still participate. Because, like I said, the biggest thing is fear right now in our youth. If parents have the information, and if we have the information to communicate with them, we're going to get just a safer and more supportive community, and we can also prepare in those actions versus being reactive. I'd rather be proactive.

1040

**Mr. Mike Schreiner:** Do you feel that the communication and guidelines from government to date have been clear enough for your business to operate successfully?

**Ms. Carolyn Bristowe:** In all honesty, no. I have worked with public health in our region directly, and then you have other studio directors who are working with a

different public health who is receiving different information. If there was a standard protocol that we could get the information, it would be consistent across all businesses, versus us just guessing and hoping it's okay.

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

**Mr. Mike Schreiner:** Yes. Thanks for that.

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

**Ms. Laura Mae Lindo:** Thank you so much, Chair, and thank you to all the presenters. I'm going to direct my questions to both Carolyn and Jeffrey.

I'll start with Carolyn, because it's kind of going to play off of what Mike was saying. Nice to see you here. We've actually had a number of dance studios come to committee. Throughout all of the different sectors, they've found ways to make sure to be here. We've heard over and over again that the protocols that you folks as the experts in your field have put together have not yet been agreed to or okayed by government.

We've also heard that part of the challenge is that there's not a standardized public health message, I would argue, that's connected to the sector or to the industry. So if you had something like, "Public health says this about dance studios," then that would help. Just yesterday, I believe it was—I know for sure it was this week—we received a copy of those guidelines. I'm wondering if you can speak again of the importance of the government okaying those guidelines so you can start to do that mental health work that you do for youth across this province.

**Ms. Carolyn Bristowe:** Yes, 550 dance studios have banded together and have worked with health professionals to get these guidelines together. If we were able to group ourselves into youth-organized activities and have a set goal similar to gymnastics, similar to karate, that would create consistency. Every kid would then have expectations of what they would walk into. They would be prepared and they'd be able to handle, you know, "My teacher is going to be covered in a mask, and I'm a three-year-old, and I'm coming in and it's kind of scary." They're prepared, because they're getting it in all sectors of the business. So if we could get those guidelines approved, let alone for an entire sector, that consistency would help with those kids. It would really just help bridge the gap right now, because no youth has had any programs; it's only been through a screen. So it's hard.

This document that we sent through—I'm so glad—is exactly what we're doing in our dance studios, and we've all agreed that that's how we're going to run, until we get that final authorization and hear of required changes. So that document is critical for us moving forward.

**Ms. Laura Mae Lindo:** Thank you again for that, because I'm in Kitchener Centre and I'm hearing from dance studio owners here. They're primarily women owners of these studios. We're hearing that they're at risk. They're holding on by a thread to navigate a potential upcoming second wave. You're working collaboratively to try and offer solutions to keep people afloat. I would argue that that is literally the space—it's like you folks are doing the work that government should be doing so that

you can keep focused on your particular industry. So I just want to say a big shout-out to you and thank you for holding it down for our little people.

Because of time, I have to move very quickly to Jeffrey. Thank you for your presentation. There were three big things that stood out to me: One, I literally wrote in my notes, "Wow!" I didn't realize that some of the school boards were having that kind of issue, where they were first looking into cyber security. I would argue now, because we're doing so much digitally, that that is a necessity for them, but now, because the reserves are having to go to other safety precautions as the schools reopen, they now don't have that cash. That was one thing I just wanted to make sure that I reiterated.

But the two pieces that I'd like you to speak to: One is that you said we need to find innovation, which we keep hearing over and over and over again, not just in this set of sector hearings, but literally throughout the hundreds of hours that we've spent speaking to folks in this committee; and that the lack of capital for start-ups and entrepreneurs is actually hurting local economies. Especially coming from Kitchener, where we've got this tech hub and a lot of these start-ups, I know how important that is. Could you just spend some time talking to us about what that looks like and what it is that you need?

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

**Mr. Jeff Dawley:** Yes, definitely. In terms of innovation, I really think Ryan is a great highlight, where he is struggling to see an end to what's going on. We don't have an end date, and nobody can provide an end date or how long things are going to last, when it might return. That's challenging. A lot of businesses are facing that who don't need to. With appropriate support from local innovation centres and incubators, there are new ideas that can come to the table to change business models, to support a long-term change to service delivery and relationship management.

My gosh, we've had to move dozens and dozens of marketing events and real, genuine interpersonal connections to grow our business into online calls like this where you're talking to a two-by-two-inch square on the screen, trying to form a meaningful relationship on the sales side or the fundraising side. That is next to impossible with the weight of a shutdown hanging over you.

In terms of what businesses need in order to foster a stronger environment for growth, especially on the small, innovative start-up/entrepreneurial side, I can share with you one of my challenges. Durham region is, again, fantastic, like so many of our corridors around tech. Durham College and the Ontario Tech University work so closely with the local community to drive innovation and support collaborative efforts to innovate and create opportunities.

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

**Mr. Jeff Dawley:** But those schools now find themselves under siege, trying to just keep service for their students any way that they can. There isn't enough focus on changing business models going forward, engaging with the community, creating private-public partnerships

that genuinely are going to allow businesses to deliver their services under new models.

Yes, there are some rework costs. There is some research to be done. There is work to be done that can really transform large swaths of this economy into a hybrid model, which we've done with schooling, that will allow small businesses like ours and others—

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

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

**Ms. Mitzie Hunter:** Jeff, carry on, because I wanted to ask you about those new models. Tell us some of those new models. We've got to prepare for how we survive this pandemic, but also the post-pandemic world, so I would be interested to hear your perspective on that.

**Mr. Jeff Dawley:** It's a lot about experimenting. That's one of the biggest challenges. When everybody is feeling under siege and doesn't have that safety of being able to pay rent and keep their space open, it's really difficult to innovate. My two colleagues on here today are providing valuable services to the mental health of all of our communities and, my gosh, they're struggling to have terrible conversations with their landlords and just keep the lights on and keep professionals engaged to deliver their service. That's not okay.

I spoke to somebody in the martial arts industry, and they actually spent a solid month and a half at the start of this trying to come up with an online delivery model that would allow them to teach and engage with their members, with their clients, with their students, and keep them engaged through different initiatives. They ran out of capacity to do that, because they were back into the weeds of keeping the lights on.

Don't misunderstand: When I say it's important to innovate and create these new models, the accommodation of online and in-person, the high-school model of rotating classes in and out—you could do something very similar with many businesses, where you rotate classes from online to in-person. You could really drop your physical capacity, but then create an online complementary experience.

I don't say this callously; I've spent my career adapting in a financial capacity for large and small companies. This takes capital and time and energy and a positive outlook, and a degree of knowing you're safe and are protected on the back end.

1050

Again, to Carolyn and Ryan, my gosh, I would love to tell you that I could give you that safety so that you could work at changing your service delivery model, adapting what you do, creating an environment where you can keep all those clients engaged without having to see them all in an enclosed space that doesn't subscribe to social distancing rules.

**Ms. Mitzie Hunter:** Thanks very much.

I wanted to shift to Ryan. I was very interested in the conversation you've been having with us today and your frustration in terms of the last-minuteness of everything. It

seems to me that you believe we could do a better job at planning, preparing and making some predictions, like, "If this happens, then this is what you can expect." Do you think that we need to do a better job of preparing our local small businesses in particular for what will likely be some sort of interruption from the virus in the fall, whether it's a second wave or if it's just outbreaks in specific areas?

**Mr. Ryan Brooks:** Yes. Thanks for the opportunity again to shed more light on this, because I really do believe it is a free thing that the government can do that is going to save a lot of businesses. I really believe that businesses should be involved, right? Again, a simple solution for this would have been and should have been, many months ago, creating a portal for us to submit, "What happens if?"

We have very little input into that. There doesn't seem to be a lot of opportunity for us to get involved with that conversation. We have this moment, and I feel like this—I appreciate this opportunity—this is really late in the game. It was unprecedented in March; it's not unprecedented now. There are plenty of countries that have recovered from this. We could have been using a lot of what they've done to outline our scenarios and how we react to them.

I think that's been the most frustrating part, just playing reaction throughout this entire ordeal. It's very difficult. It's not how we run our business. It's not why we've been able to grow to 20 locations. We have to have things in line. It has to be planned and have plan A through Z available so that we aren't just reacting. Most business owners who are successful know that, and I think that's the frustrating part, that's out of our hands. We are at the mercy of whatever's happening in the government and whenever we get that information delivered.

**Ms. Mitzie Hunter:** Maybe using your VR technology as well, and doing scenario plannings and—

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

**Ms. Mitzie Hunter:** Go ahead, Ryan.

**Mr. Ryan Brooks:** You say using our technology towards that? Yes, I think that could definitely play a part as well, but it's something as simple as—it's got to be accessible for all businesses, right? It has to be something that they can get involved with, because I think we all have a lot of the same questions.

Again, that portal would have been, and still can be, valuable moving forward to plan out the next 12 months, because this is far from over. We're still at a very early stage. We haven't seen the second wave yet. We believe that's coming in the next couple of months. What is happening then? Why would I take another loan? I don't want any more personal liability than I already have. Why would I do that? That's really hard to justify right now when we're just kind of aimlessly drifting forward.

**Ms. Mitzie Hunter:** Right. I certainly want to confirm the very strong position on commercial rent relief as well, as MPP Schreiner said, putting a moratorium on commercial rent evictions beyond the time that is currently set right now, which does not give small business the consideration of getting back up to speed before those amounts become due. It's the same thing with other types

of deferrals that the government has put forward, whether it's WSIB premiums and other things that have been deferred: We need to recognize that small businesses have not had a chance to get their cash flow back and are really struggling with liquidity personally at this time, because that's how, oftentimes, small businesses get started. It's their own personal capital and friends and family. So I definitely understand that.

I do want to give Carolyn a chance to jump in here because she's been nodding vigorously throughout all of the—

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

**Ms. Carolyn Bristowe:** Yes, the rent subsidy—it's hard, because I see these businesses that are different brackets than what we are, right? Because we're—

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

We'll move to the government side. MPP Ghamari.

**Ms. Goldie Ghamari:** Thank you, everyone, for your presentations. It's been really informative. I've been taking notes for the past hour here.

I just wanted to follow up with you, Ryan, on some of the comments that you just made, if you could provide a little bit of clarification. You seem to suggest that you wished that the government had provided an opportunity for businesses to submit ideas or proposals or things like that. Are you aware of the Ontario Together initiative that the government of Ontario—

**Mr. Ryan Brooks:** Yes.

**Ms. Goldie Ghamari:** Yes? So I guess you must be aware, then, that we actually created the Ontario Together initiative on March 21. I see you're nodding your head yes—sorry, just for reasons of Hansard, we have to report that. Have you actually been on the Ontario Together website and submitted your thoughts or comments or proposals?

**Mr. Ryan Brooks:** Yes. I've used everything that is available to date to try and get my message across, and much to the chagrin, I'm sure, of many members of government, they've had to hear from me repeatedly through all sorts of formats just to get the message across. What I'm fearing is that we still don't have it. It's not working. It's there, but I still don't know what's happening next month, so I don't believe that anything that is available has been effective yet.

**Ms. Goldie Ghamari:** Would you agree with me that everything that our government has done, essentially, in terms of the decisions and the phases, and every single decision that we've made with respect to COVID-19, is based on medical advice from the Chief Medical Officer of Health of Ontario? Would you agree with me on that?

**Mr. Ryan Brooks:** Yes. That's what it sounds like.

**Ms. Goldie Ghamari:** So, then, would you agree that given the fact that this pandemic is so new and it's constantly changing, and the information and the science behind it is constantly being updated, it's difficult at this point for not just politicians, but doctors, to predict what the situation is going to be like, let's say, a month or two from now? Would you agree with me on that?

**Mr. Ryan Brooks:** I would not. My background is physics and math, and I'm an elementary teacher. I did that for six years. I would agree that the virus is unpredictable and where we are headed is unpredictable. I would agree with that. I would not agree that the plans we have available also need to be unpredictable. You plan for multiple scenarios and you outline those, but when you make a—

**Ms. Goldie Ghamari:** But isn't that what we've done? For example, with education, back in June the Minister of Education outlined three possible scenarios and he told the school boards, "These are the three possible plans based on a scenario or what outcome it might be. Please prepare for any of the three scenarios, and then closer to September we will have a better understanding, based on the advice from the Chief Medical Officer of Health of Ontario, about how we're going to move forward."

**Mr. Ryan Brooks:** That sounds like heading in the right direction. Now they came out last month, which is way too late. This is the problem. These scenarios should have been—

**Ms. Goldie Ghamari:** Well, the three possible outlines—the minister announced those back in early June, actually. He said that at the end of the summer, that's when school boards have to submit a proposal.

**Mr. Ryan Brooks:** Yes, but they've changed. So again—

**Ms. Goldie Ghamari:** And that's based on the advice of the chief medical officer.

**Ms. Ryan Brooks:** Right, but there should have been 30 plans, not three. This is the problem; there should have been 30.

**Ms. Goldie Ghamari:** The three plans were a combination of either schools are closed, schools are open five days a week or a hybrid model.

**Mr. Ryan Brooks:** But then how did we end up at a fourth scenario right now?

**Ms. Goldie Ghamari:** What's the fourth scenario that you're speaking of?

**Mr. Ryan Brooks:** It's none of those three. They've shifted, right? There have been a ton of changes to those scenarios that weren't outlaid.

**Ms. Goldie Ghamari:** I'm a little bit confused. Can you describe what you mean by the fourth scenario?

**Mr. Ryan Brooks:** There is \$500 million in additional reserves that were not part of those scenarios that have become available to the school boards. There are changes now to staggered start times for certain school boards. There are a ton of things that were not part of those plans, so I don't think that's a good example of what we're looking for.

**Ms. Goldie Ghamari:** Because what we did is we gave the school boards the flexibility to determine what works best for them based on the advice that they get.

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

**Mr. Ryan Brooks:** I don't think you're making the point you think you are. I think you're reinforcing what I'm saying, which is that it's not enough. There has not been enough. It has not been soon enough. The schools

were closed in March; why did it take until June to get those three plans? Why were there not a ton more plans and why was it not involving more of the interested parties?

Again, I'm only taking from what I've been able to get access to through the media and through the government. What I'm hearing from the unions, from the teachers—I am a teacher. I know many of them. I know how afraid they are. They don't have what you believe they have.

**Ms. Goldie Ghamari:** So you haven't been aware of the fact that not just the minister but all of us have been having local consultation meetings with not just teachers and educators and parents, but also with small businesses and enterprises, getting that feedback?

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We've had these online portals, and not only that but right at the beginning, when all of this was happening, our government committed \$17 billion of support to businesses.

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

**Ms. Goldie Ghamari:** In fact, we are the only province who didn't have a budget. Instead, we had an economic outlook and update, because we realized that COVID is going to impact us in a way that is completely unpredictable. So that's why we actually put off our budget, because we knew that at this point, we have to spend money. We've spent \$3.7 billion to support people in jobs—

**Mr. Ryan Brooks:** I know the numbers.

**Ms. Goldie Ghamari:** We've lowered hydro rates. We've provided as much support as we can in various ways. I know Minister Fedeli and Minister Sarkaria are continuing to work with the new federal finance minister, I guess, now, to bring these programs and work together collaboratively to pool our resources, so that we can help businesses in that way.

I know that there have been issues with the federal programs, but ultimately if that's what the—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. The time has come up. That concludes our time. Thank you to all three presenters. We appreciate your presentations.

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

**Ms. Suze Morrison:** I'm muted.

**The Chair (Mr. Amarjot Sandhu):** We can hear you.

**Ms. Suze Morrison:** Oh, perfect. I'm here and present in Toronto.

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

**Mr. Joel Harden:** Good morning, Chair. This is MPP Harden. I'm in Algonquin territory in Ottawa. Nice to see you.

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

TORONTO SYMPHONY ORCHESTRA

DMZ VENTURES

MR. PAUL RAYMOND GOULET

**The Chair (Mr. Amarjot Sandhu):** Our next presenter is the Toronto Symphony Orchestra. If you can

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

**Mr. Matthew Loden:** Thank you. Now I'm able to unmute.

Thank you very much for the opportunity to be here. My name is Matthew Loden. I'm the CEO for the Toronto Symphony Orchestra. On behalf of the board, the musicians and the many volunteers and staff, thank you for giving us a second opportunity to present in front of this committee. A lot has happened at the TSO in the eight weeks since I was last here. We ended our previous fiscal year in June. Thanks to hard work, advanced funding from government agencies, emergency cuts and support of loyal donors, we were able to end the year with a deficit of only \$675,000, which is slightly better than the deficit of \$1 million that we projected two years ago.

I mentioned last time before this committee that, prior to COVID-19, the TSO had undertaken an incredible financial recovery. In fact, we reduced our accumulated deficit from \$12 million to \$2.6 million in about five years, thanks to new fiscal policies, growing subscriptions and incredible donor support. Without this achievement, we would not be here today.

On July 6, we announced the cancellation of our entire 2020-21 subscription season after two years of planning and after significant investments in the launch of our new music director, Gustavo Gimeno; this was to be his first season. We were one of the earliest orchestras in North America to make this difficult decision to cancel the entire season, but we wanted to stay safe and give clear options to our patrons to create enough time to reimagine the musical possibilities that COVID was presenting to us.

We're now working with public health restrictions so that we can offer a new set of concerts and programs with smaller groups of musicians performing for smaller audiences throughout the GTA, and we're working with teachers and school boards about how we can provide musical content for silenced band and orchestra students. This gives us a lot of opportunity to be creative in different communities, but the bottom line is that we won't reach the audience of 270,000 people that we usually do.

Financially, this means that our income will be nearly cut in half, with a \$17-million budget instead of a \$30-million budget. To make it through next year, we've negotiated a one-year contract with our musicians who are collectively organized. This cuts their aggregate compensation by over 35%, and these are some of the world's most sought-after and accomplished artists who are taking this kind of hit. We recognize that they're lucky to have a job in the first place; all of us feel that way. We've also made cuts to the staff salaries, we organized work requirements and reduced all contributions to staff pensions. Even so, we project having to fill at least a \$2.3-million revenue gap in this year's budget through donor and government support. We recognize, again, that we're lucky to still be in operation and to even reimagine a redesigned season while many of our colleagues in the arts and culture sector are now unemployed and grappling with the total loss of their livelihoods.

All of Ontario is now in stage 3, which allows us to present performances of up to 50 people indoors. For most sectors, stage 3 has been positive. As the Premier said last week, employment in Ontario has returned to 90% of its pre-COVID levels. However, success varies by sector. Culture and recreation has had the second-lowest employment recovery, behind accommodation and food services, which we all know has uniquely struggled. Both of these sectors are deeply linked and need each other for the recovery. The year ahead is precarious. I'm hoping that we don't have to ask for more cuts when we go back to the bargaining table with the musicians and when the wage subsidy supporting our staff diminishes in September.

Before I move on to our recommendations, I want to briefly reinforce two important challenges that we face. I've said previously that our normal financial paradigm assumes being able to sell a hall of at least 1,500 seats or more. Roy Thomson Hall, which is our main home, seats 2,600. Every concert we produce this year will be significantly beneath this threshold and will lose money. There's just no question about it. That's not the way our business model was ever imagined. Even if we were allowed to have more patrons in the hall, it's still an open question whether enough people would feel confident and safe enough to purchase tickets.

We will record and stream a few concerts next season, for sure. MPP Schreiner asked a great question in our last conversation about the impact of our digital efforts. We worked hard to garner two million views on all of our channels since the pandemic started, but we have captured no money in direct earned revenue as a result of those two million views. It's important to remember that while charities and non-profits are included within the small and medium enterprise category, we really do require a different policy approach.

Let me move into the recommendations now.

Our first recommendation is to provide stabilization funding for arts and culture to help artists and arts organizations maintain core activities during public health restrictions. I'm glad the committee noted that loans are a challenge for non-profits in the second interim report, but I want to add that the same is true for tax deferrals as well. To help with cash flow, many non-profits need loan guarantees. Our line of credit is secured by our donors and through our endowment and we have a guarantee from the city, for which we're very grateful. However, charities and non-profits can't repay debt now with profits later.

Equity is also a priority here. One of our incoming TSO board members also serves on the Black Opportunity Fund, which is asking for a significant multi-million-dollar, multi-year investment to address systemic and anti-Black racism. This is such important work that the TSO supports wholeheartedly. We know access to stabilization funds is doubly important for groups that were left out and unsupported before COVID-19.

Our second recommendation: Provide incentives for donations that support operations by establishing a short-term three-year matching program. Our donors are why the TSO has survived. Their generosity secured our

financial recovery before COVID-19 and it got us through the fiscal year we just finished. Now we need their trust and support to fill at least a \$2.3-million revenue gap for this year. We want the government to stand side by side with us as we ask our loyal supporters to help keep us going. A matching program will show a collective faith in our value and our service to our numerous communities.

Our third recommendation: Working with the federal and municipal governments, we ask the province to invest in infrastructure. This investment has two parts: support existing cultural facilities to ensure they're as safe as possible, and equip cultural venues for digital content capture.

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

**Mr. Matthew Loden:** Our final recommendation: Sustain and increase investments in arts and culture through the Ontario Arts Council. This helps us to continue to perform for and serve Ontarians, and it helps us to re-establish Ontario as a destination for people beyond our borders when the time is right. To repeat what OAC leader Carolyn Vesely said previously, every grant dollar that the OAC invests is leveraged to generate \$16 in earned revenue from the private sector.

I'll end by thanking you all again and emphasize that investing in the arts and culture and growth are going to be a key part in making the debt-to-GDP ratio go down again in Ontario. We really appreciate everything that you're doing for us. Our sectors have incredible challenges ahead of us, and we hope the province will continue to be with us as we face these challenges together. Thank you.

**The Chair (Mr. Amarjot Sandhu):** Thank you. Our next presenter is the DMZ/DMZ Ventures. If you can please state your name for the record, you can get right into your presentation.

**Mr. Sherif El Tawil:** This is Sherif El Tawil.

Hello, and thank you to the Chair, members of the committee and committee staff for having me today. I am Sherif El Tawil, the senior director for programs and partnerships for the DMZ at Ryerson University. My role is responsible for setting the strategic direction of programs extended to our entrepreneurs. Joining me today is my counterpart, Jelmer Stegink, who leads our operations at DMZ Innisfil.

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Since opening our doors in 2010, the DMZ has helped nearly 500 tech start-ups raise more than \$870 million in capital and create over 4,000 jobs. Ranked as the top university-based tech incubator in the world, the DMZ is proud to provide start-ups with access to capital, customers, coaching and community. Our connections span across the globe, but are rooted in the heart of Ontario.

Last year, we launched two intensive programs in the province. Last fall, Ryerson, Spark Niagara and the city of Niagara Falls teamed up to establish the Niagara Falls Ryerson Innovation Hub. This cohort-based incubator leverages DMZ's proven model to help the next generation of tech entrepreneurs in the Niagara region advance their innovative ideas and scale their business. This past spring, we launched another regional partnership



with the town of Innisfil to create a new ground for entrepreneurship and innovation. DMZ Innisfil helps its growing start-up community by providing new start-ups amenities such as workspace, access to regional customers, investors and infrastructure that allows founders to receive virtual access to programming and mentorship provided from DMZ's headquarters in Toronto.

In July, Minister Sarkaria invited DMZ to attend this committee, to share perspectives from our members and organization on the government's response to COVID-19. This was one of many occasions where the minister engaged our organization to intake feedback on government policy, and we're extremely grateful for his continued support. To ensure that all our founders had an opportunity to share perspectives, we reached out to parliamentary assistant MPP Donna Skelly to chair a round table with those interested to intake feedback. MPP Skelly graciously and expediently accepted our invitation, and the data obtained through this engagement forms the basis of our report to you today.

The round table was held virtually on August 7 and featured nine Ontario-based companies, ranging from start-ups like the Toronto-based SPOT app and some of Ontario's fastest-growing companies, such as Ottawa-based DLS Technology and Toronto-based ThinkOn. Following the discussion, seven key recommendations were determined. The first recommendation pertained to the challenge of working from home, particularly for those companies operating in rural Ontario. As Premier Ford has stated, reliable Internet is no longer a luxury but is needed to help create better opportunities for families, farmers and small business owners in rural and remote areas of this great province. Our recommendation is that the province continues to invest in this area, working expediently with the government of Canada to make use of allocated funding to expand the availability of high-speed Internet in rural Ontario.

The second challenge identified was associated with doing business with the Ontario government. Members of the round table spoke of experiences where the province prioritized doing business with US counterparts before Ontario-based ones. The round table also agreed that the Ontario Together initiative was a good one, but needed to be leveraged more by the broader public sector. According to the round table, the broader public sector seemed hesitant to leverage the catalogue to its full potential, opting instead to utilize existing vendors of record and procurement processes.

The third challenge identified is related to labour. Companies seeking employees have been having a hard time connecting with those looking for work, despite the wide availability of Ontario-based technologies that assist in making these connections. Ontario can do more to connect workers and employees, and should consider engaging with Ontario companies operating in this space to assist.

The fourth challenge is the ability for companies to filter through and apply for programs available to Ontario companies during the pandemic. Overall, while the round table was encouraged and appreciative of the variety and

speed of the programs offered to them by the province, the challenge was finding and then applying for ones that matched their needs. The province could look at a single-sign-on approach, an omnichannel for companies or Ontario citizens. This would enable better tracking of the programs that they applied to and the status of their applications.

The fifth recommendation is related to cyber security. With many Ontario companies now in work-from-home mode, the province needs to consider the new threat this poses from a cyber security perspective. Working from home has greatly expanded the attack surface of Ontario-based companies, and many of these companies are not aware of the risks or mitigation techniques. Ontario should assist companies with better education around cyber security threats or funding to assist them in implementing the proper security controls.

The sixth recommendation pertains to electricity costs. The companies were extremely appreciative of the initiatives introduced by Ontario to reduce electricity costs for their operations, so they would like to see the province continue in their good work in this area, as it was providing real financial relief for their operations.

The seventh recommendation pertains to the rent subsidy program. This program is eligible to companies who do not pay more than \$50,000 in rent a month. Companies who did pay more than \$50,000 a month were in need of assistance, but could not access the program due to the location of the facilities, such as downtown Toronto. It was also suggested that the 70% drop in pre-COVID revenues is an all-or-nothing proposition. Further, the program relies too much on opting-in of landlords. The province should deliberate ways to incentivize landlords to get more involved in the program.

Lastly, from a DMZ perspective, we recognize the immense talent and drive of the Ontarian tech community. The economy is digitalizing, and we believe that the government has a great opportunity to support the growth of Ontario's entrepreneur community. We encourage the province to continue to fund programs through the Ontario Centres of Excellence, such as the SmartStart program—

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

**Mr. Sherif El Tawil:**—and explore the possibility of reintroducing grants for non-profits promoting youth entrepreneurship. In our view and experience, these programs provide an excellent stimulant for fostering start-ups in Ontario.

I want to finalize by thanking the committee for your time today, Parliamentary Assistant Donna Skelly for her time during the round table, and Minister Sarkaria for his tremendous support in the start-up community in Ontario. We hope that these recommendations assist Ontario in evaluating the response to COVID-19, and we'd be glad to take any questions you may have.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll start this round of questions with independent members. MPP Schreiner.

**Mr. Mike Schreiner:** Thank you, Chair.

**The Chair (Mr. Amarjot Sandhu):** Oh, sorry. We have a third presenter. Right?

**Mr. Mike Schreiner:** We do have a third presenter.

**The Chair (Mr. Amarjot Sandhu):** Sorry. I apologize. They're on the second page. Sorry about that.

We have a third presenter as well—my apologies—Paul Goulet. If you can please start your name for the record, and you will have seven minutes for your presentation.

**Mr. Paul Raymond Goulet:** Thank you. My name is Paul Raymond Goulet. I'm the founder and CEO of Little Ray's Nature Centres, and I thank everyone very much for taking the time to allow me to speak today.

As a brief overview, Little Ray's Nature Centres has two locations, one in Ottawa and one in Hamilton, Ontario. We are the largest exotic animal rescue in Canada. We are an accredited zoo with Canada's Accredited Zoos and Aquariums, and we are recognized as a leader in the field of natural history education and exhibits. This was recognized last year with our nature centre winning Canada's Accredited Zoos and Aquariums Baines award for outstanding achievement in exhibit design and the Oakes award for outstanding achievement in education. We're actually the first organization in the over 40-year history of CAZA to take home the top two awards.

Our organization is a key partner with the SPCA, municipal, provincial and federal authorities across Canada, including Ontario. We work with the SPCA in Ontario, and are now working with the animal welfare services Ontario with the placement of seized and unwanted animals. In this case, we are the last resort for many of these animals in our care. We certainly appreciate the stresses that all small businesses that have been affected by the pandemic are under. We have this extra layer of stress, being the last resort in caring for over 800 animals currently in our care with potentially no future homes if we're not able to weather the storm.

As a business, we have been in business for over 25 years. In the last five years alone, we have employed as many as 117 people in a year, both full-time and part-time. We've paid out over \$6.5 million in salaries and over \$2.3 million in taxes, and we have been growing exponentially over this period, over the last five years.

Leading into the pandemic, we are open to the public as a nature centre. We offer educational programming on-site and in locations for schools, daycares, libraries, private events, retirement homes, but a large part of our business and growth is in large-scale museum exhibits, which we have delivered in Canada for over 12 years and we have expanded into the United States.

Over the last five years, we have been growing into the US. We have been growing extremely quickly in both profitability and revenue, and invested quite a bit into our company prior to COVID-19, with the majority of this growth actually being in the US and providing exhibits and consulting services to museums and zoological organizations in the US.

Prior to COVID-19, we'd been working with partners in Asia, Europe and Australia to expand and tour our exhibits overseas. Obviously, this growth has been halted due to the pandemic as the museum industry recovers

globally. The good news for us is that large-scale museums, the ones we work with, are going to survive. The Boston Museum of Science, the Field Museum in Chicago, the Canadian Museum of Nature: These organizations aren't going anywhere, and they are going to need exhibits like ours which drive attendance and revenue.

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We are currently working on developing online video curriculum content for school boards for Ontario and across Canada. It has certainly been very tough to navigate with limited revenue coming in. We were cut off by 95% in the first four and a half months of the pandemic. We have a little bit more revenue coming in now, but we're down about 90% year over year at this point in time, which is, needless to say, putting a financial strain on our business. I am proud to say that our care has not changed when it comes to animal care, so we still hold the same standards that we did prior to the pandemic. Our staff are still getting in, our animals are still being fed, but we have limited resources right now. We need to be creating new content.

The good news for us is that we did get the Regional Relief and Recovery Fund loan, which is a federal program which will help us with our expenses through the year. That money is not designated for creating new programs, so we're not using that for new capital. That money is designated to be covering our existing expenses, but certainly we're going to be good through the year.

I'm sure everybody understands that businesses, all businesses, can't simply borrow money until businesses return to normal. I was extremely happy to see Science North receive \$7 million in funding. They're a wonderful organization that has incredible programs and is very deserving of those funds. I know that funding was to help them support their ongoing operations and administration, helping them develop exhibits and online content and make it through the pandemic themselves. They are an exceptional organization. Certainly when I saw that, it gave me some promise as well, because this is the industry that we live in as well. That is what we do, and we are very similar organizations. We are a zoo first and foremost and they are a science centre, but we both service other museums and science centres, both domestically and internationally.

I would like to see the rent program for businesses like ours that have been catastrophically shut down extended. It is something that I'm hoping is considered. We are using wage subsidy programs right now, which is a federal program—

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

**Mr. Paul Raymond Goulet:** Thank you. And the rent program in Ontario—I certainly would like to see Ontario support an extension to that based on criteria.

The other thing which is critically important for me—not personally, but for friends and other entrepreneurs—is no-fault bankruptcy. I know multiple businesses right now whose owners have been served notices and have been issued or received demand letters for repayment due to personal guarantees. In these unprecedented financial

circumstances, there are people's lives that are being destroyed because of personal guarantees. I know that there are already precedents set in the UK. Alberta right now has tabled or passed legislation to remove this liability from these business owners—

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

Before we go to the questions: MPP Andrew, can you please confirm your attendance? Press \*6.

Okay, we'll come back to her. We'll go to MPP Schreiner from the independents.

**Mr. Mike Schreiner:** Thanks to all three groups—excellent presentations. I feel like there are so many questions I have and so little time, so I'm going to do the best I can here.

Paul, first of all, congratulations on your international awards and the great work you're doing. I wanted to give you an opportunity to finish the thought you were making. I can tell you, as a long-time small business owner who put the house and things on the line at times—if you could just finish your thought on no-fault bankruptcy and what that means for small business owners, particularly in their personal life and how their business is connected to their own personal finances and well-being. I thought that was an important point.

**Mr. Paul Raymond Goulet:** Yes, thank you. I really, really appreciate that opportunity. What I had written was just that, in these times, small business owners—I'm dealing with a great deal of stress, as many are. I have a family; I have three children. I have animals to feed. But even for me, if we are not able to navigate this over the next year, I signed personal guarantees to grow my business, believing in my business. That was in my control. My wife and I stand to lose everything we have worked for in the last 25 years. We will lose our house, and it will push us into personal bankruptcy. I know so many businesses—and I obviously would have never signed a personal guarantee or even made the decision to try to continue to grow our business over the last year, if we had reasonably predicted what is probably going to be the largest financial crisis in the past 100 years. That is outside of our control. Personally, I know three people right now who have received demand letters for personal guarantees with their businesses closing. It is crushing. It is probably my largest stress at this point in time, between the animals and the business part, but we are personally liable right now if our business closes due to this.

**Mr. Mike Schreiner:** Thank you for making that really important point. It has been touched on a few other times, but you're the first person, I think, who has really explicitly pointed out how important that issue is.

I want to shift over to the TSO for just a quick second. Matthew, congratulations on all the pivots you're making—wow! I wanted to ask you—the Ontario Non-profit Network was here earlier in the week asking for a \$680-million stabilization fund for not-for-profits of all sizes, from the smallest little community sports team all the way to large non-profits. When you talk about stabilization, would you support the ONN proposal, and

do you think the \$680 million seems like an adequate amount?

**Mr. Matthew Loden:** Thank you for the question. Again, thanks to the committee members who are so incredibly engaged in these conversations. I know it must be amazingly exhausting to hear so many people talk with such detail and so quickly within a seven-minute period of time, so thank you for all your attention.

You've asked a terrific question; I'll try to be nuanced in my response. I think that if the amount that was requested is granted, that would be extraordinary. Would I like to see additional funds? Of course. Do I understand at this juncture how it might trickle down to the arts and culture sector in Toronto, to the eight largest organizations that I'm most closely affiliated with, that I know the most about from an operational standpoint? What I hear us all wrestling with is an extraordinary concern for really the next three years. We're not going to be out of this any time soon. Even though we can rack up debt and hold on to something that feels at least operationally almost normal over the next year and a half, we're still going to be in a pretty dire financial situation. So the support that we can get from the Ontario Nonprofit Network as a result of their advocacy would be terrific.

**Mr. Mike Schreiner:** Another important point I think you made was infrastructure funding for cultural organizations. Oftentimes, we think of infrastructure funding as transit, roads, bridges and things like that, but cultural infrastructure is vital as well. Can you talk about just the importance, particularly around—I think you were talking about building renovations, to make them safe for the public.

**Mr. Matthew Loden:** Absolutely. In Ontario, when a building or a concert hall is created, no one ever assumed that social distancing and isolation and something like a pandemic would be considered for 2,600 people at a concert hall. So there is no existing infrastructure to actually figure out how to move a large number of people into a live-music setting at that volume of patronage. If you look at the way in which the front of house has been restructured, how backstage areas—when you have 100 musicians in an orchestra who are supposed to be rehearsing backstage or warming up backstage, if they don't actually have the physical space to do that, we have to make investments in creating opportunities for people to stay safe.

1130

There are a whole host of cleaning procedures that now have to be considered that all add to the bottom line. When we think about what some of the devastating expenses are going to be going forward—

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

**Mr. Matthew Loden:** —in order to keep people safe, having governmental support to accommodate those new things would be incredibly important for us all.

**Mr. Mike Schreiner:** Right. I think I'm almost out of time, but Sherif, I wanted to thank you for the detailed recommendations you provided, and also just your

highlighting of the importance of the innovation hubs. I was worried when—

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

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

**Ms. Andrea Khanjin:** I just had a few questions. I want to thank Sherif and Jelmer for being here today. MPP Coe and I had that tour at the DMZ way back when, and it's amazing what you're doing there at Ryerson. But what's more exciting for my community of Innisfil is that we actually have a satellite location of the DMZ that just started in Innisfil with Innisfil's accelerators. I just wanted to ask you both about the significance of that and expanding that footprint from places like the GTA to other places in Ontario to really seize that talent. COVID, as much as it has been a disastrous pandemic, has also presented an opportunity to seize on other talent in other parts of Ontario.

**Mr. Sherif El Tawil:** Thank you very much for the kind words. Hopefully we'll welcome you in the space once we're able again. It's really important to note that the traditional start-up epicentre is no longer in metropolitan areas. We're working to connect urban hubs with rural areas where entrepreneurs are growing and thriving, and what we want to do is reduce the need for rural communities to move into urban centres to pursue a scaling-up of their businesses.

Perhaps Jelmer can expand further on some of the examples that we've already seen in just the short time we've had.

**Mr. Jelmer Stegink:** Absolutely. Thank you very much. We launched officially in the middle of COVID, really, like mid-May. We've so far been able to attract 15 tech start-ups into our accelerator program. The start-ups, to date, have raised \$750 million in a very challenging climate and created 19 jobs. I think it's a testament to a shift we're going to see in Ontario where being in cities is not always feasible, especially not for founders who are building early-stage companies.

What we're doing is trying to bring an alternative to having to be in the city to take advantage of a world-class ecosystem and world-class acceleration support that the DMZ provides, and matching that with a different quality of life where life is more affordable, where there's more space, along with great talent, and other advantages for being a little bit out of the city. I think there are absolutely opportunities to scale this model as we prove it out to other areas that are popular destinations where people heading out of the city, particularly millennials, are relocating to at this time. Thank you.

**Ms. Andrea Khanjin:** Thank you as well. Innisfil is an example of just that. It is the example of the lifestyle people move towards: more outdoors culture, more rural. There's a farmers' market that happens every Thursday and another farmers' market every Friday. It's really the culture that is the town of Innisfil.

But as you know, we've done a lot of outside-the-box ideas, like how Uber is our main source of public transportation, which gets gas tax revenues from the

provincial government and, of course, is subsidized by the town. That's going to be a very good complement with the DMZ.

And of course, just recently, the provincial government announced over \$27 million in the SWIFT program—that's just for Simcoe county. That's not obviously for the whole province, but for Simcoe county. I know you spoke in your opening remarks about the importance of broadband, and clearly this \$27 million announcement in Simcoe county is going to be really big. How do you think that plays out with the future of the DMZ location in Innisfil?

**Mr. Jelmer Stegink:** I think access to high-speed Internet is vitally important for tech entrepreneurs. At this point, it is available in some places in our region, but I think expanding the network into more rural nodes would be very beneficial. The same goes for office space. For example, our accelerator hub we operate out of here doesn't have access to the same Internet that we would have in Toronto if we were there. We're making it work, but I think managing the costs and increasing the availability is going to be a huge selling point for us to be able to attract the talent—out of Toronto, mostly—that moves up here, and then either brings their own job to be able to work from home or they're starting companies and they need to build teams.

**Ms. Andrea Khanjin:** In terms of talent retention, I remember something that MPP Coe and I learned about when we were at the DMZ is that sometimes there are barriers to entry, like people want a BA degree or they want an engineering degree, and when it comes to the DMZ model and brainstorming talent and ideas, you've sort of broken down those barriers. Can you talk about what the thresholds to entry at the DMZ are?

**Mr. Sherif El Tawil:** We've really built our programming to suit entrepreneurs from the very early stage to the scale-up stage. What's most important is having those ideas fostered in a very inviting community, paralleled with coaching. Coaching is very important, bringing experts and investors to support the entrepreneurs as they scale their businesses.

What's also really important is the funding environment. Investors typically want a return on their investment at a very early stage, and in parallel with one of our recommendations is supporting innovation programs such as SmartStart, where investors actually co-invest—

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

**Mr. Sherif El Tawil:** —through those investment vehicles.

**Ms. Andrea Khanjin:** Can you just confirm that you don't really need a university degree or college degree, that if you have an idea, the DMZ will hear it out and potentially fund it?

**Mr. Sherif El Tawil:** Absolutely. There is no barrier or requirement for a certain level of education to take your idea and to grow.

**Ms. Andrea Khanjin:** Wonderful. Thank you very much for your time, and I look forward to seeing you in Innisfil one day.

**Mr. Sherif El Tawil:** Looking forward to it.

**The Chair (Mr. Amarjot Sandhu):** We'll move to the opposition side now. MPP Harden.

**Mr. Joel Harden:** Thank you, Chair. Just before I begin, I wanted to ask the technical staff if they could inquire about MPP Andrew's microphone. I understand she's having some difficulty unmuting.

**The Chair (Mr. Amarjot Sandhu):** She has to press \*6 to unmute.

**Mr. Joel Harden:** All right. MPP Andrew, if you can hear this, the advice is pressing \*6 to unmute when the time comes. Thank you, Chair, for that, and thank you, staff, for that.

Mr. Goulet, it is a real pleasure to see you here. I'm a big fan. My kids are big fans. For folks who don't know about your Ottawa operations—I haven't been to the Hamilton operations, I confess—they're first-rate. I think of what you're doing—you spoke eloquently about animal welfare and the 800 animals in your care who are rescued from folks who took on a responsibility they were not fit to follow through on.

But I also think, when I've been in many of your sessions and benefited from hearing the interpretation, a lot of what the guides who work for you are doing, certainly for me and for our children, is sensibilizing them to caricatures of animals and what animals are actually like, and breaking down some of that stigma. I'm wondering if you could elaborate for my friends in government's benefit about what that does, particularly for children, in sensibilizing them to the natural environment around them.

**Mr. Paul Raymond Goulet:** Yes. For us, over the last 25 years, there's been a real—kids are spending less time in the forest; they're spending less time around animals. Kids in cities don't seem to have the same opportunities. Our goal from the beginning was to be able to present meaningful, impactful educational programs to children that kind of dispel myths and misconceptions about animals and make kids love the natural world. That's not to say they have to be going to Costa Rica, but getting out in their backyard and finding animals and really debunking myths about animals.

We had two children—we're doing private tours right now; we're not fully open to the public, just because—Joel, you know how we operate. It's really hands-on and interactive. Our goal is ultimately to make kids think about animals and conservation and inspire them to take action. We live in a time where animals are under a lot of pressure and the natural world is under pressure, and we want kids to feel like they play a role in that, and teach them very proactive things that they can be doing in the hope that we can create stewards of the environment in the future, and talk to kids about animal welfare and what that means and responsible pet ownership. I hope that we've made a difference in guiding people's choices in terms of if they might want to have a pet. But a lot of our stuff really is about the natural world and empowering families to make a difference in the hope that we'll have a brighter future when it comes to the natural world.

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**Mr. Joel Harden:** I can certainly tell you that for our two elementary-school-aged children, Mr. Goulet, you've done that; you've done that in spades. So we thank you for it. I think you make a very viable case for significant investment in the kinds of work you're doing to sensibilize kids to the natural world. Just so you know, what you've said around direct help for tenants, help around the bankruptcy process, real attention, as you spoke in heartfelt terms, about the impact on you and your family should we not see significant provincial help—we've been hearing that at this committee, so I just want you to know that. If you have any specific Ottawa-based needs, I want you to not hesitate to follow up with our office in Ottawa Centre, okay? There are a lot of people who love you here.

I just want to turn quickly over to you, Mr. Loden. On a similar note, one of my heroes, Jeremy Corbyn, has said that he would love every British child to be able to play a musical instrument at the end of elementary school. When I heard you talking about the pivot, among the many pivots you're trying to do, I'm wondering in a similar vein to what I was asking Mr. Goulet: Would significant provincial investment in cultural industries like yours not facilitate perhaps some of the interaction that you're trying to do and are doing, particularly for disadvantaged youth, to be able to understand music and the power that it offers them?

**Mr. Matthew Loden:** Absolutely. There's no question that that would be a critical component of how we're moving forward. About a year and a half ago, we began an internal strategic planning process at the TSO where all of our stakeholders identified a different way of doing business for our organization that first and foremost found ways to get us out of the concert hall and to get us to engage with places, different communities and with students in particular. In a normal sense, we would easily reach 40,000 students every year with concerts by bringing kids in to us. Now we're in a position, through digital technologies, where we're already taking ourselves out to the kids, particularly as teachers are wrestling with online content needs in classrooms as everyone is socially distanced.

We've already put up on our website a whole series of videos designed for K through fourth-grade kids learning how to play an instrument. Individual members of the TSO basically spend 20 minutes showing you how to put a flute together, how to play long tones, how to actually create instruments at home while you might be in quarantine with your family, so that the teachers and parents even have resources that are readily available so that they can address having every kid in Ontario know what it means to play a bassoon or something. It's an incredibly important component to who we are. It's the audience of the future for us, and we're very committed to finding ways to continue to have close relationships with all of the school boards to make an impact.

**Mr. Joel Harden:** Good on you, Mr. Loden. Thank you for that.

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

**Mr. Joel Harden:** Did you say 30 seconds?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Mr. Joel Harden:** Okay. Well, I just want to acknowledge, before handing the next round over to MPP Morrison, Chair, that my colleague MPP Andrew is having trouble pressing \*6. When she does that, she's getting a message saying that she's still muted. So if our friends in technical staff, who do amazing work, could look into that for her, that would be much appreciated. And thank you to all of the committee members for your time. Sorry, Mr. El Tawil, that I didn't get to you.

**The Chair (Mr. Amarjot Sandhu):** Thank you, MPP Harden. The staff is working on it. We'll go to the government side now. MPP Wai.

**Mrs. Daisy Wai:** Thank you very much, Mr. Chair, and thank you very much to all of the three presenters. In fact, to all the presenters, my heart goes out to you as well. I know that you're going through a very, very tough time. Our government understands this, and small business is the backbone of Ontario's economy. A lot of you are not even small businesses. My heart goes out to Paul when you share the awards that you just received and also that you were on the verge of expanding and everything and now you've put everything on the line. I just want you to know that this is a pandemic, and our government realizes that. We are being as nimble as we can to support all of you. I know that when we're going through these kind of tough times, five months is a long time and not understanding what is coming down the pipe is very difficult for us. But I just want you to know that our government shares your frustration, shares your concern. We're here to work with you.

I just want to respond to Sherif: Thank you very much for outlining the few things where you see that our government can be of support. You're asking for broadband, you're asking for business with the Ontario government, you're asking for the labourers; all the things that you've listed, I have already put it into the note and we will definitely be sending it back to the different ministries.

You know that we have already started, let's say, for example, the broadband; we already started. We understand the rental program that all of you are facing with that challenge. We are actively discussing this with our federal counterparts as well and with the new financial minister. Hopefully, there are a lot of new things that can come from that. We have heard a lot of suggestions about just doing it from the Ontario side. We're working on all of that. We heard all these concerns and we will be doing that.

I just have some questions, for further understanding, for Matthew from the TSO. Thank you for giving us a few recommendations. I want to understand from you, what have you done so far with the recommendations that you're asking? Have you already started the application? Have you expressed this concern to anyone? Where are you at, like with funding, with expressing about working with the municipal government and sustaining the investment? Can you elaborate a little bit more on that, please?

**Mr. Matthew Loden:** Sure, yes, and thank you very much for the question. We've been working very hard on

the advocacy front through a number of different channels. As I mentioned before, the eight largest arts and cultural institutions in Toronto—that includes the ballet, the opera, the AGO, the ROM and others—we have regular meetings to find ways that we can coordinate, leverage the strength of our stakeholders, but also to make sure that we're coordinated in what our requests are.

In large part, the four things that I asked for of this committee are essentially the same four things that I had spoken to previously to the same committee. In terms of what we have seen happen so far, we have had some funding advanced from various places, but to date, there has not been a significant, specific kind of investment in the arts and cultural sector at the federal level in particular. But at the provincial level, there is an awful lot of recent activity to understand what the plight is and to be willing to figure out ways forward. We've appreciated some advanced grants that have come from the Ontario Arts Council, but there hasn't been a clear infusion of support that will allow us to plan as much as we would like to.

**Mrs. Daisy Wai:** Thank you very much that you acknowledge that the Ontario government is working with you. I also want you to realize that Minister MacLeod has been very actively working with the tourism sector, as well as the arts and cultural sector. In fact, they were doing something like joint marketing together. Perhaps you can lean on each other and do something differently. Have you been in touch with them?

**Mr. Matthew Loden:** Minister MacLeod is essentially on speed dial with me. We work very closely with her, and I've really appreciated her availability. It's been extraordinary.

Yes, we have had conversations about marketing—and I think that that would be very important as both tourism and arts and culture start to open up again—finding ways that we can support marketing initiatives that will encourage people to be re-engaged and spend some money.

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

**Mrs. Daisy Wai:** Thank you very much, and you know that we are here for you. We will continue to work together with you. Especially for you, Paul, we know how challenging it is for you. We will have your back, and we will definitely—

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

**Mrs. Daisy Wai:** —try our best to work with you. Thank you very much. I wish all of you the best, and thank you very much for expressing your concerns with us today.

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

**Ms. Suze Morrison:** I'm going to start with Matthew. I know that my colleague MPP Jill Andrew is having technical difficulties so she actually emailed me a question that I'm going to read from her. She says she's very sorry that tech difficulties prevented her from hearing your deputation. However, thank you to the TSO for their extraordinary efforts during this time, which have included management and employees taking significant pay cuts. Can you speak to the significance of additional OAC

funding, a temporary three-year donor matching program and greater marketing support from this government to the TSO to help get through the COVID-19 recovery? Again, MPP Andrew passes on her apologies for missing your presentation and thanks you for being here.

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**Mr. Matthew Loden:** MPP Andrew is a wonderful supporter, and we always enjoy the time that we get to spend together with her. She's been terrific for the TSO, so thank you for that.

The reality is that one of the biggest challenges for an organization like a symphony orchestra, where we usually lock down the seasons three years in advance with international artists and with our own planning with tens of thousands of subscribers, for us to actually know what kind of financial situation we're going to be in so that we can issue contracts and hire people based on that is critically important. One of the biggest challenges has been trying to guess what the next three, six, 18 months are going to bring for us. Operational funding that might come directly from the Ontario Arts Council—which understands the complexity of our business model and understands who we are—just direct cash funding in advance that would allow us to understand what kind of foundation we're working with would give a different kind of stability to how we plan. Our 100th anniversary season is coming up in 2021, so we want to be able to actually bring people together all over the GTA to celebrate that.

There's also a lot of work that we want to do, again, with education and school outreach. Unless we know how much is available for us to create those initiatives, which take time to develop, we can't do it, because there's already too much financial risk in front of us for us to keep operations stable.

**Ms. Suze Morrison:** Thank you so much. Again, I just want to thank you for being here today. I know the really important role that arts organizations play in our communities, not just in terms of culture, but socially. I fully credit my ability to exit out of generational poverty to the music programs that I was able to attach to at Etobicoke School of the Arts as a cellist. Thank you for everything that you do.

I want to direct a few questions to the folks from DMZ. Welcome. As your local MPP in Toronto Centre, it's good to see you folks. I know in one of your recommendations you spoke a little bit about the issue of cyber security, particularly for start-ups. That's a topic I'd love to learn a little bit more about, and it's quite an interesting one. Can you speak a little bit more to the challenges that start-ups are facing in terms of protecting their IP and what role the government can play in doing that, particularly with, as you mentioned, more folks working from home and the different challenges that present from an IT perspective?

**Mr. Sherif El Tawil:** Thank you very much for the question. Our start-ups are competing globally: They're competing for their IP; they're competing to grow great jobs in Ontario in our cities and townships. The reality of the cyber security challenge is shifting. Pre-COVID-19, most of IP was perhaps in offices protected by enterprise

grid security, by network IT teams. Now, with the prevalence of working from home, residences don't have the complicated network security that is prevalent in the office environment. A lot of it starts with education: education in spying, perhaps phishing attacks, where emails could be spoofed from a bank, or may look like they're from a bank but they're actually designed to steal credentials and confidential information. So education is the first layer of support.

Beyond that, the government of Canada has also ramped up cyber security surveillance as well, which is very, very good and helpful for our companies. However, the attack surface has really broadened, and the residential infrastructure is not necessarily designed to protect IP that used to be within the office and enterprise environment.

**Ms. Suze Morrison:** Do you have a sense of the financial impact on the loss of IP for Ontario companies? If you only have federal numbers, that's fine. I know that, particularly when we look at the tech start-up space, when it's attached to our universities, it's public investment that's going into the universities in a lot of cases to develop this IP, and what is the economic loss—

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

**Ms. Suze Morrison:** —financially to these companies that are receiving public investments, for example?

**Mr. Sherif El Tawil:** In terms of a specific number, I'd have to sort of engage our research group and get back to your office, and I'd be happy to share that. Really, the focus is on education to hopefully lower that number significantly and make sure that our IP is protected.

**Ms. Suze Morrison:** Thank you so much. I know we've probably only got about 30 seconds left, so if there's anything you'd like to add to your presentation or any additional asks you'd like to make to the government, please feel free.

**Mr. Sherif El Tawil:** Thank you very much, and thank you for the continued support. From our end, we recognize that it is an unprecedented time, and from the lens of the round tables and the committees, we really appreciate the quick response that the government has had in terms of the Ontario Together initiative and other initiatives that really were a lifeline for tech start-ups and small businesses across the province.

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

**Ms. Mitzi Hunter:** I want to say thank you to all the presenters today for the work you're doing, and in particular, Paul, I'm going to get to you before the end of the time that I have because I want to hear more about your strategies for surviving and thriving beyond the pandemic.

I have some quick questions, and I'm going to start with Matthew. In your opening presentation, you said that a matching program would help the philanthropic sector that organizations like the TSO are dependent on. Were you speaking about individual philanthropy and that being matched by government dollars? What do you envision with this program?

**Mr. Matthew Loden:** Yes. Thank you for the question. It's good to see you. There's a very successful federal matching program that puts money into our endowment,

so we've been able to actually expand significantly the size of our endowment because it's matched sometimes at 100% by the federal government, and that's extraordinary for the long-term health of the organization.

In the short term, when everyone is so cash-strapped, what I am speaking about is the incredible power that the provincial government has with the kind of stamp of approval for arts and cultural organizations by saying, if the donor gives \$100 to the TSO, to the ballet or to whatever, they will match at 100% or to some percentage that same contribution, and it goes directly to operations for the real needs that we have right now: keeping the lights on, making payroll, taking care of those fixed overhead expenses. That would be an extraordinary sort of mutual and collective investment in what we feel like is something that's a very resource-strapped sector right now.

**Ms. Mitzie Hunter:** Okay. I get it. It's very targeted and it's helping with some of the operational losses that have happened as a result of everyone being shut down and you not being able to operate in any meaningful way. It's also an opportunity to bring new dollars into the sector as well, so I think that's definitely something we can support.

You also mentioned the recognition of underrepresented groups, Black, Indigenous and other artists who, historically, have not even qualified. Can you talk a little bit about what you're seeing there—hoping to accomplish?

**Mr. Matthew Loden:** Absolutely. We all know that there is, importantly, a very different kind of worldwide attention on this issue. One of the things that I began about two years ago when I first came to the TSO are conversations about the way in which we wanted to shift our own culture internally, to make sure that—while we do reach across a number of important constituents, we're still not doing nearly enough. So we've put together all kinds of initiatives that remove barriers, that pay attention to what it costs to go to a concert. What can we do that is just of service to the community, and what can we do that doesn't require people to actually show up into the downtown economic core, because just getting here to Roy Thomson Hall in the first place might be a challenge?

What we would love to do with funding, were it available, is to continue those initiatives, to continue work with DEI that is so critically important to expand the way in which we have the voices not only around the board of directors and our volunteer leadership, but to continue making sure that our staff and the people who are making decisions for our organization represent the most diverse possible voices that the GTA has to represent. The more we can do, the better.

**Ms. Mitzie Hunter:** Thanks very much.

I do want to jump to Paul, who just really shared what it's like being a small business owner and how you put everything on the line. It's your passion, it's your dedication and your commitment, and your family and everyone's financial exposure as a result. I would like to hear about the ways in which the government can aid you in your operations, and small businesses like you.

We talked a lot about commercial rent relief, that that program needs to be fixed, and it's something that I know we called for as well in terms of more support from the provincial government. I know the Quebec government has done that, where they've provided additional support to businesses. Can you talk about what we can do to ease the burden and the pressure right now so that you can see your way through and operate beyond this?

**Mr. Paul Raymond Goulet:** I think one of the challenges that lots of businesses are facing—we're such a unique business because of the animal element of our business, but the concept of businesses pivoting—

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

**Mr. Paul Raymond Goulet:** It takes money to pivot. Certainly there is a concern about borrowing money in the hopes that—there's a limitation for how much money we're able to borrow as a business. I think that looking at the percentages that businesses are being affected by this and the likelihood that the industries are recovering—I know that for us the museum sector is a very secure sector; it will return. There are going to be museums and science centres, but they need to recover, they need to get back to normal and they need to get people in their buildings.

Some type of bridge financing support programs for those organizations that do have a reasonable future, whether it be by way of continued wage subsidy or the rent program, based on the percentage that businesses are shut down, that properly reflects—and extra funds for trying to create online programming, access to funds to help us grow new programs—

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

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

Seeing the time on the clock, this committee stands in recess until 1 p.m.

*The committee recessed from 1203 to 1300.*

**The Chair (Mr. Amarjot Sandhu):** Good afternoon and welcome back. We're meeting for hearings on the small and medium enterprises sector as part of the study of the recommendations relating to the Economic and Fiscal Update Act, 2020, and the impacts of the COVID-19 crisis on certain sectors of the economy.

Before we go on to our next presenters, I would like to do an attendance check. MPP Begum, if you can please confirm your attendance.

**Ms. Doly Begum:** Hi. This is MPP Begum from Scarborough Southwest.

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

TRILLIUM AUTOMOBILE DEALERS  
ASSOCIATION  
MR. JOHN BEERS  
TECHNATION

**The Chair (Mr. Amarjot Sandhu):** Okay, we'll start with our first presenter this afternoon, Trillium Automobile Dealers Association. If you can please state your



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

**The Clerk pro tem (Ms. Tonia Grannum):** He is just—

**The Chair (Mr. Amarjot Sandhu):** Trillium Automobile Dealers Association, if you can please state your name for the record, and you will have seven minutes for your presentation.

**The Clerk pro tem (Ms. Tonia Grannum):** He's still connecting.

**The Chair (Mr. Amarjot Sandhu):** Should we move to another one?

*Interjection.*

**The Chair (Mr. Amarjot Sandhu):** Okay, we'll move to the second one in the meantime.

Our next presenter is Jay9 Dance Centre. If you can please state your name for the record, and you will have seven minutes for your presentation.

**The Clerk pro tem (Ms. Tonia Grannum):** Is Frank back? Check the—

**The Chair (Mr. Amarjot Sandhu):** All right, so we'll go back to Frank?

**The Clerk pro tem (Ms. Tonia Grannum):** Yes.

**The Chair (Mr. Amarjot Sandhu):** We'll go back to Trillium Automobile Dealers Association. If you can please state your name for the record, and you will have seven minutes for your presentation.

**Mr. Frank Notte:** Great. Thank you. Good afternoon. I'm Frank Notte, the director of government relations for the Trillium Automobile Dealers Association. Trillium represents over 1,000 new car dealers across Ontario of every brand and franchise. Our association is also proud to produce the Canadian International AutoShow every February in downtown Toronto, which is Canada's largest consumer show.

To give you a sense of our sector's economic impact, a PwC study released early in this year showed TADA members generated and supported 85,300 jobs. We're responsible for one in 20 of all retail jobs in Ontario and contributed \$13.9 billion in GDP.

I want to commend Premier Ford and Ministers Fedeli, Mulroney, Sarkaria and Thompson for their leadership on key issues concerning the auto retail sector during this time. Each of them was eager to listen to how the province could help mitigate the negative effects of COVID-19 on our sector. The following are issues or major decisions where each of those ministers helped play a key role to mitigate the negative effects of COVID-19, including:

—understanding and forwarding our concerns to the federal government, particularly with the federal wage subsidy and our advice to increase it from 10% to a higher number;

—designating auto repair and maintenance facilities as essential in order to ensure the public could keep their vehicles in working order. This decision was also important for provincial and municipal fleets, such as police, fire, ambulance, hydro and others, to remain operational and continue to provide the key public services we all rely on;

—helping to ensure that many ServiceOntario locations remain open to help auto dealers and their customers license and register vehicles; and

—despite the closing of the Canada-US border, designating the supply chain as essential. This helped to ensure parts were available to auto dealers as well as our manufacturers, to minimize the impact of building vehicles in Ontario.

The March 25 announcement to defer WSIB payments for up to six months, providing five months of interest and penalty relief for the majority of provincially administered taxes and allowing for property tax deferrals, were all welcome steps to help small businesses address cash flow and allow more time to plan out for the future.

There are some lessons to be learned having gone through COVID-19. Restrictions placed on businesses highlighted some shortcomings under the Motor Vehicle Dealers Act, the main piece of legislation that regulates our sector. In some ways, it shouldn't come as a surprise. The act was passed way back in 2002 when mainstream Internet use was pretty much in its infancy compared to today, and the iPhone was still five years away from coming to market.

For example, auto dealers were not able to open their showrooms to the public in April, but because the MVDA says that we must conduct business at our dealership, we were unable to transact business off-site, whether it be at a person's home or office. This is one example where the MVDA could be modernized. Soon, our association will be approaching the Ministry of Government and Consumer Services to propose amendments to the MVDA for consideration.

Along with those amendments to the MVDA, I would also ask the committee to consider the following two requests to help Ontario's auto retail sector emerge strong.

Number one would be to maintain a focus to keep business costs low. I'm sure you've heard it before, but entrepreneurs appreciate certainty as much as possible. At this moment, any tax increase or severe spike in other operating costs out of our control would put us further behind the eight ball. Things like taxes, energy costs and other provincially mandated items should be frozen at this time.

Secondly, Ontario's support for a federal scrappage program: Our national association, the Canadian Automobile Dealers Association, is advocating for the federal government to offer a financial incentive to get rid of older, more polluting vehicles and replace them with newer, more fuel-efficient ones. Specifically, they are suggesting an incentive between \$3,000 and \$4,000 to replace vehicles older than 10 years with newer vehicles that are two years or younger.

The United States introduced a similar policy in response to the 2008-09 financial crisis. By some estimates, nearly 700,000 older, more polluting vehicles were taken off the road. The program's initial budget was \$1 billion. They expected it to last about six months; however, the program was so popular, the funding was exhausted in just two weeks. Congress then authorized another \$2 billion to keep the program going, showing its

massive support among consumers. In the end, a scrap-page program has three main benefits: a cleaner environment, stimulating the economy, and putting newer, safer vehicles on the road.

I will share more details with the committee through our written submission. That concludes my presentation, and thank you for the opportunity.

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

Our next presenter is Jay9 Dance Centre. If you can please state your name for the record, and you will have seven minutes for your presentation. Unmute, please.

**Mr. John Beers:** Hello there. My name is John Beers. I am the coordinator of the Crossroads of the Danforth BIA, and I am the owner of Jay9 Dance Centre. What I'd like to do is just give you a brief rundown on some of the things I've experienced with businesses in our BIA, and then tell you a little story about our new business.

Over the past five months, I have seen hair salons that have been closed for three months and still expected to pay the rent while they were closed. They had no income during that time, and while they were busy for the first month or so, they are now finding that their salons are quiet again. With fewer people going to work or going to weddings or such, fewer people are needing their hair done, and this is already getting really rough on them.

We have restaurants that didn't have the means for takeout or delivery when all of this started and have tried to catch up, and they're struggling to catch up, but they are. But still, very few people are sitting in their restaurants at all, and they're not able to pay their rents. At the same time, the cost of food is going up. Now, our restaurants are concerned that people who are doing the takeout or who are going to a restaurant, at some point, are going to have a breaking point in terms of how much their food is going to cost.

I have a travel agent who told me back in May that there's no sense in going back to her office until at least November or December. She's been paying rent and utilities for this whole period of time, but there's no sense in going back.

We have long-standing business owners who are now retiring early because there's so much uncertainty. They can't catch up with the times, and like I said, there are fewer people frequenting their businesses, so they're just retiring. That's leaving gaping holes in our neighbourhood. As you can understand, a main street can't have those holes. We need to attract people and have them walk right down the street and have all of these businesses there for them.

I was just talking yesterday to the owner of a pizza shop, and he's done quite well over this this period of time. He hasn't had to make many changes. In April, he tweaked his hours a bit, but overall, he's been okay. But now he's really concerned with CERB ending soon because he sees how many people are living off CERB, and even just buying food, like pizza, every once in a while. He's concerned that once that ends, he's not going to have as much business.

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I know business owners who have had to use CERB themselves to pay for the rent for their business. I know

some who have had to use the CERB to pay for their commercial mortgages, because the banks are not allowing—or at least some of the banks were not doing anything for people with commercial mortgages, just residential mortgages. As far as I know, CERB is supposed to be for looking after your living expenses, so these people are using the thing that's supposed to keep them in food just to keep the rent for their business.

This is one of the things with small businesses that we sometimes forget, that small business owners are dealing with two huge problems: They're dealing with keeping their home intact and their business intact at the same time. If they're a mom and pop, the whole family is depending on that home and on that business.

I just want to tell you briefly about my new business I started up with my girlfriend. She's a dance teacher. We started up a dance studio just last July. I would not recommend opening up a business just before a worldwide pandemic. But we started it last July. We didn't expect to make profit for a number of years. That's how you do it. We knew that, but we did leverage things in order to start this business, including our house. We have literally been living off of a line of credit to get the business going.

Over the eight months that we were open, things were going well. We were happy with our progress—certainly not making money, but we were happy with the progress. Of course, the world shut down in March, and we have had zero income since March. That's really hard, because we have the expenses of a studio and the rent. We have the expenses of utilities, and the utilities have not stopped over that whole period of time. We were very lucky to have the landlord do the rent reduction program for us, but still, 25% is really tough when you have zero income. Our business itself is not like retail or restaurants where—

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

**Mr. John Beers:** Oh, sorry—you just open the door and people can come back in. We rely on the confidence of parents to send their kids back. It's just like school.

We also rely on commitment. Kids sign up for September classes to go until June. Right now, with the uncertainty in the world, we don't have either of those things. And this is not just businesses like us. It's martial arts, it's music schools—anything like that at all. Our recruitment comes from the community and the community events. We haven't had any of those all summer, so we have very little commitment to even people coming in. In August, we set up for dance camps. We've only had two kids sign up for one week of dance camps. That's it. And that is our bread and butter in the summertime, so we've had none of that.

Quickly, I just want to say, some things have worked out for us. To the point: Like I said, the CECRA has been useful to us, but it's troubling that the last two months have been announced on the last day of the month. CEBA has not worked for us and is not working for a lot of people just because it's much more challenging for a sole proprietor to apply for that, and quite frankly, for the people who have, \$40,000 is not really enough now that we're going into six months of this. The moratorium on commercial

evictions, I know hit a lot of businesses hard, but it was way too late, and we've lost businesses because of that.

Basically, I just want to say, small businesses need more help, and we need it now. We're going into a completely different season in the fall, and I don't see many people surviving without a huge amount of debt. That's really where I'm concerned. Businesses right now are trying to survive and just racking up the debt. Thanks.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll move to our next presenter, TECHNATION. If you can please state your name for the record, and you can get right into your presentation.

**Mr. Nevin French:** Okay. Excellent. Hi, I'm Nevin French, vice-president of TECHNATION, policy.

Mr. Chair, members of the Standing Committee on Finance and Economic Affairs, it's a privilege to be here today on behalf of TECHNATION. As the national technology industry association, we represent over 300 Canadian companies, innovators and entrepreneurs, including home-grown small and medium-sized enterprises, which I'll refer to as SMEs, as well as multinational tech leaders. Our members work every day to create a prosperous, responsible and secure digital economy across Ontario and Canada.

Today, I'd like to outline for members of the committee our industry's experience during the COVID-19 crisis and thoughts on next steps to consider in rebuilding the Ontario economy in a safe, competitive and efficient way.

Undoubtedly, the COVID crisis has shaken the way the tech industry does business. Like all industries, tech companies quickly transitioned to remote work, and demand for many products and services shifted dramatically. The shutdown of the economy resulted in a sudden loss of sales revenue and a complete disruption of global supply chains. This said, our industry and in particular SMEs have supported the economy through this difficult time. As all industries transitioned to online, it was our Canadian tech companies that provided the teleconferencing, the data-sharing and the connectivity to work from home. The crucial application of contact tracing and virtual health has contributed to Ontario's fight against the virus. It will continue to do so for the long-term.

It's undeniable that Ontario's tech industry, including and especially its SMEs, are at the heart of the province's coronavirus response. However, I'm here today to urge this committee to consider the role of tech SMEs in the economic recovery and growth. As such, we offer three areas of recommendation to the committee on policies the government of Ontario can deliver to both support the tech industry and grow the broader economy.

The first is digital government and procurement. The biggest customer of technology in Canada is the public sector at all levels: federal, provincial, municipal. Yet public sector procurement processes for IT products and services have long been acknowledged as a barrier that limits SME participation and slows deployment of tech that could improve services to citizens. They will stifle innovation adoption and increase costs for both government and industry.

We commend the government of Ontario, and in particular the work of the President of the Treasury Board, Peter Bethlenfalvy, on their leadership in transforming the process already, including the introduction of smart digital procurement and supply chain centralization. We believe the COVID-19 crisis offers an added and vital opportunity for the government to leverage purchasing power to improve services to Ontarians and stimulate home-grown businesses.

TECHNATION has shared our innovation adoption program with the government of Ontario, and we would be more than happy to disseminate it to the committee members. In it, we encourage all levels of government to think about tech procurement as a key pillar of the economic recovery plan. The program should involve four main components: define needs, dedicate funding, transform procurement, and execute projects. The best way government can support tech SMEs is to be a smart, prudent customer. SMEs need sales to both stay afloat and to grow. The end result should be a modernized, service-oriented digital government, but by improving procurement, the side benefit will be supporting Ontario tech SMEs.

Secondary is virtual health: This is an example of the power of the provincial government to leverage SME tech in the long-standing conversation on virtual health care. For decades, industry has called on government to work with health care professionals to provide the highest level of health care to Ontarians through modern technology. With the rapid implementation of virtual health care during COVID-19, we now have evidence that this can be done and done very well.

To help stimulate the SME community and to provide the highest level of care to Ontarians, TECHNATION calls on the government of Ontario to continue these practices post-COVID, well into the future. This has massive potential, for example, to help keep seniors in their homes as long as possible and out of long-term-care facilities, as well as the essential ongoing role it can play to prevent future pandemic outbreaks.

Finally, workforce development: SMEs across the industries often struggle to find the talent they need to help them migrate to the digital economy, and COVID has exacerbated this challenge as the demand for some qualified professions has increased with the explosion of remote work and digital services. As such, TECHNATION calls upon the government of Ontario to work closely with industry to identify workforce gaps, identify and communicate low-friction learning and career pathways that can help displaced workers explore the potential of tech, and leverage existing career and employment services to help assess and guide displaced workers into these pathways.

The investment in high-speed Internet infrastructure to rural communities can also help local economies thrive. SMEs in rural communities have been hit particularly hard as a result of the pandemic. While there's a potential pool of talent in these communities, they have limited awareness of the opportunities to train for and be better employed in tech work or remote work.

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We call on Ontario to continue to work and push the federal government to expand high-speed Internet to rural communities, work with rural SMEs to identify opportunities to expand their ability in the digital economy, and to conduct outreach and work with academic institutions to identify remote opportunities for those who have been affected by COVID-19 to re-skill, upskill into remote work opportunities—

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

**Mr. Nevin French:**—while remaining in their communities.

In short, Mr. Chair, members of the committee, COVID has drastically reshaped the way all businesses work, in particular, small and medium businesses in tech. As part of the recovery plan, Ontario should leverage its purchasing power to invest in digital government services and develop tech infrastructure. This is a time for bold action. It's a time to invest in Ontario businesses and tech. It's a time for the province to demonstrate leadership and vision to further enhance Ontario as a global leader in tech. We're ready to help—

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

*Interjection.*

**The Chair (Mr. Amarjot Sandhu):** Oh, sorry. First, I would like to do an attendance check. MPP Oosterhoff, can you please confirm your attendance?

**Mr. Sam Oosterhoff:** Yes, I'm here in Niagara.

**The Chair (Mr. Amarjot Sandhu):** Thank you. MPP Bailey? MPP Bailey, are you there? Can you please confirm your attendance?

**Mr. Robert Bailey:** Yes, I'm here in Petrolia, Ontario.

**The Chair (Mr. Amarjot Sandhu):** Thank you, sir. All right. We'll start the first round with the opposition. MPP Fife.

**Ms. Catherine Fife:** Can you hear me?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Ms. Catherine Fife:** Hi. Thank you very much. Thanks to all presenters for sharing your expertise with this committee. As you know, this committee is tasked with making recommendations to the government on a go-forward basis to ensure that the government has all the information they need to actually put programs and policies in place.

Nevin, I actually want to start with you. I hail from Waterloo; I'm the MPP. I'm also the research and innovation critic. Our local Communtech think tank and sandbox are actually trying to recruit talent from California and Boston. They've taken out massive billboards because they really want to make sure that the start-ups have the resources and the talent that they need. You made this one of your three pillars, recommendations for this committee. I want you to expand upon what you think specifically the Ontario government can do to ensure that (1) we have the talent, and (2) that that talent gets to the jobs that actually exist. There are 2,000 open jobs right now in Kitchener-Waterloo. Please go ahead.

**Mr. Nevin French:** Excellent. Thank you. I'm very glad you mentioned K-W. But to build on that, I think it's

also important to think that the tech is—so often we hear about K-W and Toronto and Ottawa as tech centres. Tech is not just a good-news story in those ones; it's throughout the province. I think it's always important to think about that wide lens of the impact. Certainly K-W is such a global leader.

The tech talent attraction: We have such a unique opportunity to attract some of the best-of-the-world talent due to, shall we say, the political situation of our neighbours to the south. This could be a once-in-a-lifetime opportunity. I commend the government of Ontario for launching their tech attraction immigration stream. I think that emphasis on that is very important and emphasis in terms of the communication with industry, looking at what these workforce gaps are to look at filling. In what areas do we need the absolute top talent in the world? And in what other areas is the industry able to upskill to help fill other gaps? Throughout this, it's not black and white, and in a lot of these areas, a certain amount of training can really help move the dial in certain areas.

I think what I discussed in terms of that upskilling and re-skilling can be very important in terms of looking at filling those gaps, and especially looking at this remote work. This can be such a game-changer, that those in other parts of the province could potentially help fill positions in K-W, even though they may be living in northern Ontario. I think that the openness that employers are finding to remote work creates a huge number of opportunities, so those should definitely be explored.

**Ms. Catherine Fife:** The other thing that I wanted to touch on is the procurement piece, because this has been a common theme, and there is a way for government to be very much hands-on around accessing the talent in this province. I think that what you proposed is essentially a win-win situation. The government is not known for being on the cutting edge of technology—I think that's well understood—and the ability for us to perhaps parallel and match government needs with the needs of businesses across the province has really not been well done to date, and so this does provide an opportunity for us to potentially improve upon this.

Just as you point out that tech is provincial, there are towns across the province, including those rural and remote communities—

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

**Ms. Catherine Fife:** It's about matching them up, so please be specific for the committee on the recommendations around procurement, because we do want to put forward a progressive policy on this.

**Mr. Nevin French:** Excellent. I want to flag the Ontario Together website that was done during the pandemic. I think that was an excellent example of the government looking at doing basically a grand challenge to industry, saying, "We're dealing with a pandemic. What can you do to help?" I think more and more of these kind of challenge-based opportunities, keeping them lean—if traditionally government RFP processes will result in a 200-page RFP, SMEs will simply not apply.

**Ms. Catherine Fife:** Yes, we actually heard that yesterday—in fact, not only that; it's that the response is

delayed, it's administratively burdensome and, even if you get the contract—

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

**Ms. Catherine Fife:** —you don't always get paid. We actually had a small start-up say, "Can the government please pay their bills" to us yesterday, so—

**Mr. Nevin French:** Those 200-page RFPs are such a barrier to SMEs even looking at this. It's something that governments really need to look at, how quickly this turnaround—I wanted to flag a specific area, and that would be cyber security. If a traditional RFP process takes, say, 18 months or two years, that is completely useless if you need a cyber security solution today. They have to get very nimble. They have to get quick. By doing it that way, Ontario can tap into the technology in your backyard, and I think that that helps everyone.

**Ms. Catherine Fife:** Very good. Thank you so much for that.

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

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

**Ms. Mitzie Hunter:** I want to say thank you to all the presenters who took the time to come before the committee today. It's really important that we hear from you and that we provide recommendations that will help you and also others in your industry.

One of the things that we've heard consistently is the burden of rent. John, you went through a whole list of things that you found challenging. Can you talk about whether or not extending the moratorium on evictions, which is in the province's ability to do, is something that would be helpful, as well as perhaps working to make the provincial contribution to commercial rent relief more substantial, particularly for small businesses?

**Mr. John Beers:** Well, absolutely. Now, for the moratorium on the evictions to work, you're right: We need the other thing. We need the support for the rent as it is. I know of very few businesses who are making right now what they should be or what they planned to be. Unless you're a bank or a grocery store, you're just not doing that. Even at restaurants, where people are now allowed back into restaurants, there are way fewer people than before. We need that rent support that we have been receiving to continue. We need it probably more than what it is, and we need it on a consistent basis.

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Like I said, the last two months, the federal government have announced that they are going to continue it on the last day of the month. So those tenants who have to go back, hat in hand, to their landlord again for both July and August after they went through it back in April, May and June—that's really tough.

We need it consistent, and we need certainly more of it, so people are not having to use the money they're living off of to pay for the rent.

**Ms. Mitzi Hunter:** Yes, and I hear you.

**Mr. John Beers:** Sorry. I just wanted to say, too, you're right: The moratorium on evictions should be stronger. More landlords and property owners need to understand it, and

it needs to be forced—I guess not forced, but at least encouraged more, let's say.

**Ms. Mitzie Hunter:** Enforced.

**Mr. John Beers:** Enforced, yes. Absolutely.

**Ms. Mitzie Hunter:** And respected. For sure.

**Mr. John Beers:** Yes.

**Ms. Mitzie Hunter:** Thank you so much.

Frank, what about your dealer network? Would it be also helpful to have more generous supports from the province for commercial rent relief, as well as the moratorium?

**Mr. Frank Notte:** It really hasn't been a big issue affecting our dealers or, if it has, they haven't told us about that. I think most of them are fortunate enough to either own the land that they operate on—so it really hasn't been a big burning issue in regard to rent relief.

**Ms. Mitzie Hunter:** Okay. That's good to know. And what about you, Nevin, in terms of the tech ecosystem that you've so well described?

**Mr. Nevin French:** Thank you. For us, it's hard for me to answer that because of the range of the tech. I'm here on behalf of our members, and there's no one easy answer looking even at how all SMEs did. Kind of throughout the tech ecosystem, basically as soon as lockdown and crisis hit, you saw a shutdown in sales, and so, for sales to begin with, in terms of general commerce. You then saw an incredible takeoff of sales around some things such as, say, virtual networking and that sort of thing. So for some of our members, they had suddenly incredible demand during this. For others, they saw their entire sales and their entire revenue shut down basically, so it's really, from our members, tough to get an overall sense.

I think, more than anything, or an important thing to look at—

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

**Mr. Nevin French:** —is what transpired was once in a lifetime and no one could have predicted this. However, if there's a second wave coming, both industry and government have now gone through the first and there needs to be serious lessons learned in terms of looking back. Industry right now will be taking a look at what happens in the fall and getting ready for that, and we expect government to be doing the same.

**Ms. Mitzie Hunter:** Certainly; good. I agree with you. What are some of those things that you think perhaps we can take lessons learned away from? This morning we heard, for instance, that businesses, especially small businesses, need a lot more lead time to understand what constitutes a lockdown and what constitutes qualifying for re-opening, because if you just tell them overnight, they lose a lot of time just in getting ready to be able to come back safely. Do you have any thoughts on that? And if we run out of time, we can come back in the second round as well, Nevin, so just jump in.

**Mr. Nevin French:** Sure. Clarification as best government can in terms of what the rules will be, to try their best to eliminate grey areas: There will always be grey areas, but do your best in terms of, say, what's allowed to be open and what's not allowed to be open. The remote working, I

think, has been a real game-changer, especially for government and how the government can prepare for that in terms of keeping the focus on providing service to citizens, and if that's going to involve remote work, then get that into place.

I'm an ex-civil servant. Remote work was frowned upon because they wanted you in your cubicle; that's how you were going to work. Well, in today's world, someone can serve the citizens from home if they're properly set up and supported. Taking that into account and keeping the focus—

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll come back to you in the second round. We'll move to the government side now. MPP Crawford?

**Mr. Stephen Crawford:** Thank you to all three presenters for your great presentations—very informative. I'll start with the Trillium automotive group. I guess, first, a comment, and then a question. It's refreshing to know that a lot of our government policies which were initiated very, very quickly, because of the quickness of this pandemic, had a positive effect on a lot of the auto dealerships, whether it was the WSIB relief or some of the tax measures that we put into place to defer the taxes. It's good to hear that.

I just wanted to get a sense in terms of your industry and the magnitude of the decline—I recognize, probably in March and April, you probably had a pretty massive decline in sales. I just want to get a trend line as to how they've been over the last two to three months. What's that trend line looking like? Because I'm just trying to get a sense on the trajectory of our economic recovery and how much your industry is really affected. So if you could enlighten me on that, please.

**Mr. Frank Notte:** Absolutely. March 15 was the first announcement of the lockdown, I believe. The sales numbers for that are probably not exactly what you're looking for because the sales for the first half of the month were pretty much normal.

In terms of April, across the country they were down about 80%. What we do is we take about 40% and figure that out as Ontario's portion. So, that was a huge dip. I believe it was the single largest one-month decline in history.

In July, the sales were only down 5% from July of 2019. So, remarkably, we're seeing that pent-up demand almost come back to where we were a year ago. Obviously, it's a little bit lower. But just about every auto dealer I talk to is amazed at how quickly the sector is bouncing back from that, so we're almost at full recovery.

**Mr. Stephen Crawford:** Okay. I'm very pleased to hear that. That's good news. That would lead me to my next question, then. You talked about a tax incentive. As a government, our job is really to weigh the cost benefits of each decision. I'm just wondering, if it is that strong a recovery in automobile sales, would an incentive program for automobiles really make sense? Because, again, we've got a huge deficit. You mentioned you don't want taxes increased, and neither do I. We have the highest taxes here in North America, in Ontario, unfortunately. I'd like to

reduce them at some point. But do you think an incentive on vehicle purchases, then, is a good spend on behalf of the government right now, given our fiscal position?

**Mr. Frank Notte:** What we are advocating is at the federal level. We don't think, right now, that the province could even have the fiscal capacity to do what we're asking for. With our national association and the two manufacturer groups, we're advocating that at the federal level. All indications are that a lot of money is going to be flowed at the federal level. So it's our job to make sure that we advocate for our members. I would argue, though, that if the federal government is going after a green recovery, for example, then that's where a cash-for-clunkers sort of program would work, where we get the older, more polluting vehicles off the road and then get the newer, cleaner ones on it.

**Mr. Stephen Crawford:** Yes; okay. I appreciate that. That's good for the clarification on that. One more final question: If you had one or two key red tape issues for your industry that the government can eliminate which will help your industry, what would those be?

**Mr. Frank Notte:** The first one has already been taken care of by the government. They announced that this spring they would roll out a program to let auto dealers license and register the vehicles they sell. It's a private member's bill from MPP Harris, Bill 50. Obviously, with the pandemic coming, there was no way that was going to roll out in the spring, so that's totally reasonable. Whenever we get around to that will be great. That was number one.

And number two, I would argue that the inability to transact business off-site from a dealership is a piece of red tape—

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

**Mr. Frank Notte:** —that we would like to see go away. For example, if I was an auto dealer and MPP Crawford, you wanted to buy a car off of me and my showroom was closed, I cannot come to your house, do the deal and then deliver the car for you. So it's a bit dated, and we think that that's a good piece of red tape that should be cut.

**1340**

**Mr. Stephen Crawford:** Fair enough. It's just like we have drive-throughs today and things like that. The world has changed, so that would make sense. That's something we should look at. Thank you.

**Mr. Frank Notte:** Thank you.

**Mr. Stephen Crawford:** I'll move my next question to Nevin. We're definitely singing from the same song sheet in terms of digital government. That's something that I have been involved in. You're correct: Minister Bethlenfalvy has been leading some change there, whether it's virtual health, tech procurement. I'd definitely like to hear more from you when we have time off of this.

I did want to just ask a question with regard to tech SMEs. Canada is a great tech nation—

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

**Mr. Stephen Crawford:** —but there's more we can do, and I want to keep our talent in Canada. This is maybe a bit of a side question, but is there anything we can do from

a capital formation point of view for small and medium-sized tech businesses to get under way in Canada? Because the government can't finance tech companies to the—we need private capital. There have been a lot of obstacles. I just wondered what your thoughts were on that, quickly.

**Mr. Nevin French:** Again, the tech adoption, there may be some areas that Ontario can work with the federal government in terms of incentives for larger-scale industry to also do a better job of adopting tech, and then those sales will help drive enlargement of the SMEs. I think that that's really important. I also think that the remote work that I brought up earlier, in terms of keeping talent in Canada, could be crucial as well. In terms of the actual talent, like this idea that someone is going to go down to Silicon Valley and—

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

**Ms. Mitzie Hunter:** I'm going to go back to Nevin to finish our conversation. Actually, let's roll it into what you're talking about with respect to the talent base. We obviously have a very deep talent pool in tech, and it's broad. We want to see the growth and the adoption of technology coming out of the pandemic, but we want to see it in a way that gives people opportunities as well, and women in technology also. Maybe you could just talk a little bit about some of the ways in which we can do that.

**Mr. Nevin French:** Absolutely. There's such a demand, looking at—before the pandemic, almost every day or every week there was a story in terms of how well the Ontario tech sector was doing as a complete global leader. Many of our large members, such as Google, IBM, and Microsoft setting up shop in Ontario—if they weren't already here, they're looking at working with Ontario companies as well.

In terms of talent development, that kind of work between the large-scales and the small-scales, I think that much more you're seeing back and forth where you'll have people in tech who do not want to work for one of these big companies their entire career; they will want to go off and become entrepreneurs themselves. However, knowledge that they've learned from working in some of those big companies is great for their career.

Also, my fellow presenter talked about how rules need to change to keep up with technology. That's, I think, also very important around, say, student learning. We had some of our members flag things like apprenticeship. Traditionally, when you think of apprenticeship, you think of hard skills, carpentry and plumbing and that sort of thing. But we could look at modernizing some of those to look for apprenticeships within tech as well as a way to get people experience in the lower end and then they can move up very quickly.

The tech sector is looking at people, because of this talent shortage, in terms of a really diverse background, not just geographically in terms of outside of the K-W and Toronto area, so looking to rural areas, but also looking to underrepresented members of society as well. If you look at the computer tech labs in most of our members, they

tend to be fairly diverse racially: a lot of new immigrants. It looks great. I would say our boardrooms have some work to do in terms of catching up.

And gender is the big issue in tech. We really need to get more women in the workforce, and there are lots of opportunities and lots of programs. It's an area that I think is very important and needs pushing more.

**Ms. Mitzie Hunter:** And given the post-pandemic world, technology will continue to play a role. I mean, you talk about that in relation to work from home, but I would imagine it's going to be disruptive in many ways and that we should start planning on and preparing for it, so all of the segments that you just described can find opportunity in a post-pandemic world in technology.

**Mr. Nevin French:** Absolutely. I think in and around video conferencing and that sort of thing, it's going to be in new areas. Things like cyber security will have to be beefed up for more and more of this, and new ways of looking at it. It'll be interesting in terms of the impact to traditional brick-and-mortar offices and this sort of thing.

I think that this has really been an eye-opener in terms of using tech and not just doing business, but also tech in terms of, during the pandemic, how families have stayed together and this sort of thing. I think it has been a major eye-opener. Some of these solutions have their own challenges—

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

**Mr. Nevin French:** —but it's an area where I think a lot more people are embracing the opportunities.

**Ms. Mitzie Hunter:** And segments, as well. You talk about families, but looking at the school system and how they're utilizing those technology platforms, are you concerned at all about the unevenness with the geography aspect of it? You did raise that that was important. We have heard from a lot of small businesses that they just aren't able to participate in all the opportunities because of the lack of broadband access, for instance.

**Mr. Nevin French:** Yes, certainly across the board in the tech sector, it's that rural broadband in Canada and Ontario. Ontario is a big province, and there are these dead zones. It does create an uneven playing field. It's something that we call on industry to work with the tech industry on in terms of what solutions can be brought to the table to try to get universal broadband access to everyone, and that can open up a number of opportunities in terms of being connected to the web and being able to do business.

Also, in terms of SMEs shifting to the online world and having to get their products online, that has been very rough for some. Once it's done, as I mentioned—in terms of a second wave, hopefully people have now gotten ahead of that. But it also will look at—again, I mentioned cyber security. There's much more in terms of online commerce. That's something that all sectors of the economy need to be aware of, to ensure that their cyber security is up to date.

**Ms. Mitzie Hunter:** Canadians and Ontarians are pretty strong technology adopters, and that's something that we rely on and we depend on—

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

**Ms. Mitzie Hunter:** Thank you. Another time.

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

**Mr. Jim McDonell:** Yes, thanks very much. I'd like to ask Frank a question. You mentioned your yearly car show, and I've enjoyed attending that over the last number of years. It's a great show of technology, and sometimes I'm surprised with just how quickly some of the technology has gone right across the industry, like the back-up cameras, for instance. Any challenges? What are your plans for next year? Is there a thought that it can be back to Toronto during February?

**Mr. Frank Notte:** We knew last year that we just got our show right before the pandemic was hitting North America. We were fortunate in that regard, but we realized very quickly that the 2021 show would look and feel very different, so over the course of the spring and summer, we were considering all our options and weighing the in-person show versus a virtual show. It's going to be a big challenge, but we've come up with a solution, I believe, that will be a virtual show. It was reported in Automotive News Canada today that that's what we're planning on. We're still not 100% sure if there can be some sort of in-person aspect to it, but I think people will be wowed by what we put together for 2021, at least. It is going to be a big challenge, absolutely.

1350

**Mr. Jim McDonell:** Okay, interesting. Anyway, I wish you good luck on that.

Back to Mr. French. Small businesses certainly have had a challenge. I come from the telecom industry, and I know some of the rural broadband connection—and even in some cases with urban broadband, we've had quite a few calls where people have had issues trying to get a connection for this video conferencing that's really taken over Canadians and the people of Ontario, for sure.

We've had a couple of large programs going out, and we've added quite a bit of money through SWIFT and EORN contracts and some northern Ontario programs to put out more broadband. But, really, coming from the industry, I know there's a lot of challenges with the CRTC and some of the regulations that were developed 50 years ago around the placement of fibre. As an example, telecom industries can't cross exchange boundaries built for copper networks with fibre and provide combination telephone and Internet services.

Have you had any experience with discussions with the feds as far as trying to address this system? We're negotiating now and looking for some help, I guess, from industry to say how important this is.

**Mr. Nevin French:** Yes, absolutely. We're working with the feds on that. With broadband, some of that challenge is just the sheer geography of our province and country, how big we are, and then others are those policy areas—that it's updated, that it's from the past technology, and the sheer pace of government to update this takes a while.

The focus should really be on that service delivery to citizens. At the end of the day, that's what matters. Rather

than tweaking some of those policies to make things a little bit here and there, in some areas it needs to go back to the drawing board because the tech has just changed so much. So there's no real easy answer.

They also have to be very careful in terms of new policies, because if it's attached to the tech of the day, all of a sudden, rather than the 50-year-old outdated policy—

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

**Mr. Nevin French:**—even if it's five years, but we have a game-changer technology that no one has heard of, that could be out of date right away as well.

So we look for updated policies that are often principle-based rather than tied to the tech of the day. That will allow it to be more flexible as the technology changes. But that kind of back and forth needs to stay engaged with industry to know what's in the marketplace right now, what's coming in the marketplace and what's leaving the marketplace, so you're not tied to any of that.

**Mr. Jim McDonell:** As an example, I was quite surprised to receive fibre to the home here last year. I'm out in the country. I have neighbours just following the next exchange, but they can't get it because it crosses an exchange boundary—a classic example of how we have some black holes where there's really nothing, not even wireless. They're 200 metres from a unit and can't get it.

I've had the privilege of going out to some of the science shows, and I was amazed by some of the young talent they have out there and the full range of products. I know we're trying to encourage, going back through the Minister of Education—to give more facilities for young people to learn coding, something that wasn't in our courses before, even starting in early elementary. Some of these projects I've seen are actually from grades 6 and 7, which is amazing. It's children having the ability to practise these things and get in, in terms of—I know we're in a big shortage of young people with these skills. Any comments on that and where we go, and maybe what the market is for these young children if they actually are able to hone their skills?

**Mr. Nevin French:** Oh, absolutely. I think, again, in terms of—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. The time has come up now. I will go to the opposition. MPP Begum. Unmute, please.

**Ms. Doly Begum:** Thank you, Chair. Thank you to all of you for your presentations and for taking the time to tell us all of the things that you're facing, as well as what you need, as we head towards recovery, hopefully.

I'll start off with Jay9 Dance, as well as Crossroads BIA. I know you're putting on two hats today. John, you mentioned quite a few things that folks are facing in the Crossroads BIA, as well as yourself, when it comes to rent, as well as utilities. It seems like there are solutions that we have proposed in the past that can still be useful, even right now, including rent support. You mentioned the hospitality industry. You mentioned arts and culture. You mentioned restaurants. So we've got a whole bunch of different groups of people, entrepreneurs that can actually benefit



from this. Tell us a little bit about what the government should do going forward.

**Mr. John Beers:** Well, sure, and I want to point out, I'm talking about those mom-and-pop businesses. I'm talking about the hair salons, but also think of your florists and think of the dry cleaners and the tailors. No one is taking their clothes in for anything right now, right? You go a little farther and you think of the different sort of businesses, like trophy businesses, costume businesses. Those guys have got no work right now.

These are the mom-and-pop businesses, and you mentioned utilities. Right now, those mom-and-pops are getting two Enbridge bills. They're getting the Enbridge bill for the business they're not using and they're getting the Enbridge bill for home, and they can pay neither of those bills. Our hydro has gone up over this period of time. When you have your shop closed and you're working from home or whatever, or you have no income coming in, our hydro bills have come up. We need to do something to either stop some of these bills or get money from the government to help us pay these bills. But it's really rough, and like I said, two bills for that mom-and-pop. It's the same with the rent.

I mentioned the tailor and the dry cleaner. How many of us are getting our clothes maintained right now? They are sitting there and they have huge expenses. These are the cornerstones to our main street. These folks are people who, when we walk down our streets—whether it's Kingston Road and Danforth or any main street in a small town, these are the people who are keeping it together, and we need more support from this government, for sure.

Getting into details is hard because each business is different, but those basic needs about more of a rent subsidy, either stopping the utility bills or helping us pay them—and we need to do it really soon.

**Ms. Doly Begum:** Yes, and I absolutely agree. One of the things we proposed was a utility freeze, as well as rent support.

I want to go a little bit more in terms of some of the businesses that are obviously not able to access the traditional way of getting funding support from governments. Just earlier in committee, we heard from another Scarborough small business. It was a new business, and she applied five times for the government loan and still did not qualify. We know it's the same thing in terms of getting the rent subsidy. There were a lot of problems in terms of getting access, and they were at the mercy of their landlords. We still know there are a lot of folks who don't qualify or were not applying for those. So tell us, from your experience in the BIA, are you seeing a lot of people who did not get access to the rent subsidy, as well as the loan?

**Mr. John Beers:** We are seeing people, but first and foremost, that first thing that's stopping them, really and truly, is just the know-how to do it, if that makes sense, or the ability. When this first started, I myself had to type out a letter for a restaurant owner. I had to type out a letter to his landlord [*inaudible*] commercial landlord and his residential landlord, because he didn't have a computer and the means to do it himself.

The restaurant guy, the chefs—they know how to cook. They don't necessarily spend time on their computers. If they're the mechanic, it's the same thing. For the hair salon, it's the same thing. They don't have the technology, or necessarily the time to even embrace the technology. That's the very first thing. So when you're starting to apply for something as complicated as some of these, they get discouraged right then and there. That's part of when they start to say, "Okay, CERB was the easiest way to get money. I'll sign up for that and then pay my business expenses with that, if that makes sense." We definitely need an easier way for people.

**1400**

CEBA 3.0, as I guess some people have referred to it, where it was a little easier for sole proprietors to apply for the loan, is still very complicated. To be honest with you, I know very few who have even done it, for those reasons.

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

**Ms. Doly Begum:** And to add onto that, now we're seeing that soon the payments that were deferred will start back. I think MPP Crawford mentioned the WSIB deferral; that's going to start again. And there are a few things that were not frozen, just like we mentioned the utilities. Do you think there are steps that government can take right now to help small businesses like those mom-and-pop shops?

**Mr. John Beers:** If it's more of a moratorium, then that's what we need to do. I know it's a little challenging, because some of these things move up into the federal world, but like you said, it's not just the commercial businesses where things are stopping. The moratoriums that were on residential mortgages are coming up, so we're back to, again, paying for our rent and paying for our mortgages at home. The government itself needs to step in and provide more money and support, really. It needs to be very basic funds, I think, is the best thing to say.

**Ms. Doly Begum:** Thank you very much. I wanted to go to Nevin next, but I think I'm out of time.

**The Chair (Mr. Amarjot Sandhu):** Yes, sorry. You're out of time. I apologize.

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

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

**Mr. Michael Mantha:** Yes, I'm here. I'm at my constituency office in Elliot Lake.

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

GREATER NIAGARA  
CHAMBER OF COMMERCE  
KIT KAT RESTAURANT GROUP  
OFFICEINC!

**The Chair (Mr. Amarjot Sandhu):** Our first presenter is Kit Kat Restaurant Group. If you can please state your name for the record, and you will have seven minutes for your presentation.

**Mr. Kevin Stauch:** Hi. My name is Kevin Stauch. Actually, the person who is supposed to be doing the presentation is Rick Hugglestone, who has unfortunately been slightly delayed. Is it possible—I was told we could have a presenter before us.

**The Chair (Mr. Amarjot Sandhu):** Yes. We'll go to the next one in the meantime: the Greater Niagara Chamber of Commerce. Please state your name for the record, and you will have seven minutes for your presentation.

**Ms. Mishka Balsom:** Mishka Balsom, with the Greater Niagara Chamber of Commerce.

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

**Ms. Mishka Balsom:** Good afternoon, members of the standing committee. My name is Mishka Balsom, and I am the CEO of the Greater Niagara Chamber of Commerce. With a membership of approximately 1,500 businesses and organizations, we represent about 40,000 employees across the Niagara region. We are grateful to be here today.

Before I begin, I would like to thank you and, by extension, the government of Ontario, not only for holding these hearings and listening to the needs of small and medium-sized enterprises, but for your leadership during this time. One clear lesson that can be learned from the varied responses around the world is that the role of government in this crisis cannot be overstated. Your response has kept businesses afloat, preserved jobs and saved lives, and we thank you for that. We know that you want to continue this work and have come seeking suggestions for how you might offer further policy solutions to this crisis and improve existing ones. It is in that spirit that I would like to offer you our input.

The single most common problem businesses are facing now is liquidity. Revenues have declined, and often sharply, with more than half of small businesses reporting a loss of over 20% in Q1 revenues and almost a third of larger enterprises reporting similar losses. However, many costs have remained the same, and businesses have depleted reserves and gone into debt. Almost one in every three Canadian businesses requested additional credit from the financial institutions in March, and the proportion was even higher for SMEs: up to 40% of those with five to 19 employees. Loans and credit have been offered, but these need to be extended as the crisis continues, with more forgiveness options included for businesses that will not recover in time to repay.

Not all industries have been impacted equally, and we believe that there should be supplemental and special assistance programs to sectors such as tourism and food services. Before the crisis, tourism contributed \$25 billion to the provincial GDP, employed more than 360,000 people—or one in 20 Ontarians—and exported \$6.2 billion. Most of this is now gone. Revenues for tourism association partners are down by 61% to 95%; hotel bookings are down between 70% and 90%.

We recognize that fully reopening tourism may not be practical for some time. Therefore, we propose that longer-term loans be extended to the sector with loan interest and payment-free periods. Where possible, we would also like to see grants extended, as the full return to

the 2019 numbers may be a long time coming, as some estimates indicate not until July 2024. Extensive loans might only postpone a cash flow crisis, rather than avoid it.

In addition, future funding needs to be earmarked for tourism promotion, which, fed largely by revenues from the tourism sector itself, is also now greatly diminished. When tourism returns, Ontario has the opportunity to be at the forefront.

I also want to bring to your attention interprovincial trade, particularly in beverage and alcohol. Last year, the government of Canada cleared the way for truly free interprovincial trade, leaving it up to the provinces to establish a framework. Please do not delay doing so.

This has also been a time when businesses have been forced to cut all non-essential expenses. Even before the COVID-19 crisis, Canadian firms invested less in training their workforces than their American or European counterparts. That funding level will now fall further. Newer and less-experienced entrants to the labour force will be disadvantaged, and in the long term, so will our economy. We hope that you will make more incentives available to firms to retrain workforces, especially for the post-COVID-19 economy.

Almost from the beginning, we recognized that there was going to be a crisis for small business and paying rent. The Canada Emergency Commercial Rent Assistance program was a response to this. In our province, 90% of SMEs rent their premises, which adds up to about 1.2 million independent leases. Only a fraction of small businesses are taking advantage of this program. Almost \$3 billion was budgeted for the program, but as of July, the federal government's fiscal snapshot showed that only \$221 million of that has been used. This is an opportunity for the federal and provincial governments to take the unused money from CECRA and find a way to get it directly to commercial tenants either through an extension or change of the program or a new program altogether.

This brings me to one of the main fears that businesses have now, and that is the future.

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

**Ms. Mishka Balsom:** Even though we lack permanent health care solutions, things seem to be under control for now, at least in Ontario. But we have received repeated warnings of a second wave, and businesses accept that things can change and that the future is inherently uncertain. But uncertainty paralyzes investments, consumer spending, growth and hiring. Public knowledge of what the government's reactions will be to various second wave scenarios would help. We ask that credit and relief programs be prepared as contingencies and, furthermore, that those programs will be shared with the public.

There's also a measure of uncertainty around child care. The pressures, even prior to COVID-19, were high. We urge the government not only to introduce a contingency plan for this eventuality but also to invest more in Ontario's daycare infrastructure.

I hope that some of these suggestions are useful to you in forming your future policies. We appreciate your attention to these details and your dedication to supporting the

business community in Ontario. Please know that the GNCC is willing and ready to support you. Thank you for your time.

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

Our next presenter is Kit Kat Restaurant Group. Please state your name for the record, and you will have seven minutes for your presentation.

1410

**Mr. Richard Hugglestone:** My name is Richard Hugglestone, representing Kit Kat Restaurant Group. I believe Kevin Stauch is also in this meeting.

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Mr. Richard Hugglestone:** Yes?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Mr. Richard Hugglestone:** First of all, I guess I'd like to start by thanking everyone for what they've done so far through this pandemic in providing, or at least choosing, health over finances. I think that that's a great start.

My particular industry is the restaurant industry, and what Kevin and I will be talking about today is mostly restaurants, not fast food. We're talking about actual restaurant seating, which is a little different than the fast food industry. Our industry has seen a horrific loss in revenue, as I'm sure you are all aware, down probably, industry-wide in Ontario, close to 70%, 80%. There are a lot of restaurants that have not been able to exist under these current conditions.

Our industry is monopolized, largely, and under-regulated as far as watchdogs that should be appointed for our industry for things like the LCBO and the Beer Store. These are the only two places we can go to procure product, yet we're paying more than the average consumer for that product. I'm not really sure; I've never really been given a clear answer as to why that is.

We have produced several documents. Hopefully you have read some of these documents. It's called RISE, which is restaurant industry sustainability, in which we've had pathways, or provided pathways, to federal and provincial government leaders, ministers, in order to help our industry sustain long-term. We feel like this is probably going to take another 18 months to two years to return to any kind of normalcy, regardless of whether the pandemic is still with us or not.

What we find is a reticence of customers, understandably, wanting to come back into restaurants. We have rent costs that are coming due in September. A lot of the landlords haven't done the subsidy or the rent relief. I think you're going to find a real shock in the next couple of weeks if the evictions aren't stayed for another couple of months.

We have an insurance problem, folks, that we really need to address because not only are we mandated to buy business insurance—it's a product that you require to go into any business—but the very time that we need to use that product that we're mandated to buy, we're told we can't. We're told that COVID didn't shut us down; the government did. And now, when we go to renew our rates, they're anywhere from 20% to 140% increases. I myself just got quoted a year ago as paying \$8,000 for business

insurance; I just got quoted \$15,000 in a time where revenues are dramatically impacted by a reduction of sales. I'm doing maybe 15%, 20% of my sales than I was normally, and I've got an insurance industry telling me, "That's the price. Take it or leave it. If you don't have it, you're shut down, and if you go shop it, we'll cancel you." These are blatant practices that go on in our industry on an on-going basis.

The payroll subsidy has been helpful, but certainly not perfect, not that we're looking for perfection here. But I think what we are looking for is sustainability. Right now, we're finding it very hard to sustain in this climate. We're hoping that the provincial government can step in and do things like give licensees a reduction from the LCBO to purchase product. This has been done in British Columbia, so I don't know why we can't do it here.

Uber and Skip, who control most of our delivery industry, are charging 30%. New York and California have legislated them down to 15% during this pandemic; I'm not sure why we couldn't do that to help restaurants increment their revenue. These are things that don't cost you anything, necessarily. These are things that would increase our level of sustainability.

Utilities are rising at an alarming rate. Our industry is in desperate need. There are some forecasts out there that say that within six to eight months, 30% of the businesses in the restaurant industry will go down. I've got to tell you, ladies and gentlemen, that I think it's more like 60% to 70%. This is serious, and what the result of this will mean is a gigantic unemployment problem. We have seen restaurants go down with 150 to 200 workers, and—

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

**Mr. Richard Hugglestone:** —where do those people go?

This is the problem that we're having in this industry in trying to advocate. There's a reciprocal effect to all the ancillary industries around us. The musicians, for example, who are in our restaurants all the time: We can't afford to hire these people right now. I've looked for corporate support to do this, but that's not a long-term approach. We've authored papers and given them to the federal heritage minister to help us give a government grant to employ 7,500 musicians; we're yet to hear from them.

These are things that our industry is in desperate need of. We need your help. I'm a stakeholder. Kevin is a stakeholder. We are not Restaurants Canada. We are not ORHMA. We are not the chamber of commerce. We are living this. We have all hired all our employees back. It takes more people to do less—

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

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

**Ms. Deborah Foster-Stahle:** Hi. I'm Deborah Foster-Stahle. I'm the president of OfficeInc! Corp. It's an office suites and meeting facility. I'm really grateful for the opportunity to present as a witness for the small and medium enterprise sector today and provide some insights into my

experience. I'm also a past executive director, very recently, of the BNI Ontario Central North region, which is a marketing program that assists about 400 businesses in our region. I've had a lot of storytelling shared with me, so if I have time at the end I'll share some of that as well.

OfficeInc! is still a start-up business. We launched on December 1, 2017, and we were seeing incredible growth in our most recent fiscals, which started September 1. We had grown by about 27% over last year by the end of February, which was outstanding, and then COVID hit, unfortunately.

About 65% of our business is event-based business, so we do in-house hosting of meetings and catering. That was a phase 3 reopening business. About 30% of our business is full-time offices, and we had a number of essential services that were in those offices, so those were functioning, plus we offer mail services and fulfillment services from a courier perspective, so that was considered an essential service. We dropped to about 35% of revenue, which had a pretty huge impact on our business, being a start-up as well.

There have been a number of different ways that COVID has impacted the business. From an HR perspective, although CERB has been a really great initiative in terms of providing income for people, it has been very difficult from an HR perspective to get people to come back to work. That had a huge impact on myself. I ended up running a 5,900-square-foot facility by myself for two months, so I got a little tired and I was wearing all the hats.

Part of the challenge for my staff is that one is a bit more elderly and has an elderly husband who is susceptible to immune issues, and then the other has a young child at home. I was able to keep one of those staff on board doing work from home, but her role with our company is being the food services and facilities manager; that's a very hands-on role, so I ended up taking that on as well.

Some other areas that it impacted: We've had to do a significant amount of measures to mitigate for COVID-19. There's been about \$10,000 of investment in PPE, in signage, in online tools for event registration and pre-screening for COVID. It's worthwhile and it certainly is protecting our staff and protecting our clients, but it is a huge expense, and that's been on top of having lost revenue.

**1420**

We also have had impacts in terms of our capacity. You'll see our training room behind us where ordinarily, we could seat up to 65 people classroom-style in this space. We've rearranged and we've done a number of different layouts, and we max out at about 22. So our ability to earn income when we do have events booked is reduced to about a third of what we were able to do before. We'll deal with it and we'll grow, and I'm really pleased we've got three big events of 22 coming in next week with food as well. We're starting to see a lot of increase in inquiries, which is great, and starting to have events booked, which is fantastic.

In terms of the monies we've been able to take advantage of—very grateful for the CEBA, the \$40,000. That's helped us to ride through in terms of our rents.

Unfortunately, because we didn't drop below 30%—we dropped down to 35%—we didn't qualify for the rent relief. Our landlord has given deferments, but that starts to become payable in September, when we're just starting to ramp back up in terms of business. It would be very helpful to have—whether it's rent relief that comes directly to the tenants. That would be outstanding if it were a grant.

Another type of assistance that would be very helpful for small business in particular is a grant towards the offset of PPE and other measures that have had to be put in place to meet the new standards. That would be very helpful for us.

It would also be really helpful to have easier access to co-op students. I've been finding it hard to hire. It would be wonderful to have a centralized resource for co-op students to be booked, in a way. So if there was something like that, that would be outstanding.

I am aware of Digital Main Street. Unfortunately, here in our municipality, it's directed specifically to the downtown BIA—which is great for those businesses, but we can't take advantage of that. And we do have some online tools that we've developed in relationship to COVID. Having that expanded out to other businesses in the municipality would be outstanding.

In addition, in order to boost confidence in phase 3 businesses from a consumer perspective, including restaurants, including businesses like my own—

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

**Ms. Deborah Foster-Stahle:** —it's would be wonderful to have some monies go toward marketing around risk, and even toward some sort of a standardized assessment for companies like my own that says that we've met a certain standard in terms of our risk mitigation.

I would like to agree with Richard in terms of insurance. We also were denied any business loss insurance for the same reason, but we've seen a 35% increase in our insurance as of September. If there were some mitigation of those costs, that would be helpful.

If there is a second wave, and there likely will be, the way the government handled the shutdowns was really important in the first phase through. My hope would be that they would be more targeted shutdowns in certain regions if there's an outbreak in a certain region, so based on that. That would be my recommendation regarding that.

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

**Ms. Andrea Khanjin:** Thank you. It's good to see everyone, and Deborah, it's always nice to see you. I wanted to ask you a few questions today. I'm going to focus mainly on Deborah because she's from the Barrie area and I know all the work she's been doing. I want to thank you in front of everyone here today and, of course, get on public record the donations you made to the Royal Victoria hospital when they were in need at the beginning of the pandemic. Many businesses like yours made sacrifices. You also donate a lot to the community, but now it's the time when we get your back, we support you and help you as well.

I wanted to ask you a few things. On the PPE front, you were talking about helping you secure PPE. Do you find that right now it is expensive? Would it be helpful for the government to have sort of a one-stop shop, where you could go online and get PPE at a lower rate? Because the government is now bulk purchasing said equipment, and if we could bulk-purchase it, then it would make it cheaper for businesses to then buy off of a central website or what have you.

**Ms. Deborah Foster-Stahle:** That would be outstanding, to have a resource like that available. CFIB has sort of brought together on a Facebook group a whole bunch of different locally based PPE providers. I've purchased through that until now, but the prices are quite high. So if there was a reduced-price PPE, that would be great. I think, for myself, we're stocked right up in terms of what we could get in, and we probably are stocked now for the next six months, but I'm sure that there's many a small business that would benefit from lower-priced access.

**Ms. Andrea Khanjin:** I also noticed you did a poll on your social media about what businesses are thinking in terms of reactions. I'm curious to know the outcome of the poll and if you could tell the committee members about it.

**Ms. Deborah Foster-Stahle:** It's really a mixed bag. It was around confidence for the economy in the next six months. I mentioned earlier that I was the executive director for BNI, with about 400 members, mostly small business. About a third of those actually saw increases in business because of COVID—for example, an Internet service provider, because of so many people working from home, had a huge boost in their business because of the need for people to connect online—whereas others have had sort of a stable business. Then others had huge impacts because of child care issues or other things; mostly women, is what I've found. So the thoughts for the future—I'm personally cautiously optimistic. I'm always an optimistic person, but I've got some friends who are very, very optimistic about the future because of how their business has grown in different ways and how they've pivoted and grown it.

**Ms. Andrea Khanjin:** I mean, you have your opinion, but I know you talk to so many people in our community, especially given all your work with BNI. What have you been hearing, during the beginning of the pandemic and now where we are, in terms of financial advice? Would it be helpful if the government had set up something, again, sort of like a one-stop shop in terms of financial advice to help navigate all the different systems? Because some of the things I hear are that people are refinancing their personal finances to help with their businesses or they don't have access to a financial adviser for financial reasons. What have you been hearing and what's your advice in that world?

**Ms. Deborah Foster-Stahle:** There's certainly been an incredible plethora of programs available for business. I think part of the challenge is just navigating through all of that. So some sort of a central resource that documents all of those would be very helpful. I know many of the chambers of commerce have done a great job of pulling everything together into one central area. We've got some

fantastic chartered accountants in the area that have been keeping on top of things and posting on a regular basis. I'm blessed because I've worked with BDC, and BDC has got some incredible consultants that we can draw upon. I'm also connected to the HBEC, which is the Henry Bernick Entrepreneurship Centre; they also have incredible resources to draw upon. But not every community has got those resources or the same level of resources in each community. So having a grouping of resources like you've suggested, whether that's financial advisers or accountants or others to draw upon that are experts in this, would be very helpful. An HR consultant, also, would be extraordinarily helpful, because—and I'm sure that Richard would agree—that's one of the most challenging things at this time.

**Ms. Andrea Khanjin:** That's helpful to know. I know the province does have small business enterprise centres across the province, but sometimes they're not—for us, for example, where you're located and myself as well in Barrie, they're sort of far; we don't have anything local. In that case, that would be sort of a gap in the system of having those sorts of resources closer to many communities that are growing as well.

The other thing I wanted to talk to you—

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

**Ms. Andrea Khanjin:** You have lots of advice on how to pivot. Can you talk about best practices of what you've done to pivot and something that we can communicate across as a province as well?

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**Ms. Deborah Foster-Stahle:** Entrepreneurs, by their very nature, are quite inventive. What I've noticed is that those who are just very entrepreneurial by nature have pivoted very, very well. I think the closer and the more aligned the pivots are to the actual mandate of the business, the better, so getting into something completely different might not necessarily be a good thing to do.

Where I've found the most challenge is people who may have started a business, having come out of the corporate world on EI and gone through a program to start a business, who didn't necessarily have the entrepreneurial bent. They've failed more quickly through this. So specific supports for those types of business—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. We'll move to the opposition side now. MPP Fife.

**Ms. Catherine Fife:** Thank you. Can you hear me?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Ms. Catherine Fife:** I'm going to be sharing this section with MPP Begum.

I'm going to start with you, Richard and Kevin. I have to tell you, it's very obvious that there's a sense of frustration and, honestly, fear. We've heard this throughout the entire week from the restaurant sector, because with the extension of the patios and with the good weather I think some restaurants have been able to muddle through, especially once the third stage opened, but you've identified some very specific areas where we can be helpful, and I want to make sure it gets on the Hansard.

Specifically, obviously, with insurance, we've heard that there have been good insurance companies—don't get me wrong—that have lessened some of their fees or even had a hold, but more and more we're hearing that the insurance sector has taken this opportunity to push that envelope, which we need to address as a committee.

The other issue, around Uber and Skip: I have written to the finance minister on that issue. This is something that is a regulatory issue; we can actually do something about it. Then I wanted to give you a chance to talk about the swipe fees around credit card and Interac, because that also has come up, and please be specific on the rent piece, because I'm pushing hard to have a made-in-Ontario, tenant-driven model to go forward. Go ahead.

**Mr. Richard Hugglestone:** Thank you, Catherine. Please don't misunderstand: I'm more frustrated than I am upset. I'm not mad at anybody, but I'm frustrated at the lack of response to an industry that has 10% of Canada's GDP and 10% of Canada's employment and yet has basically been ignored.

What I would suggest to you about the swipe rates is that I don't know why some people would say that's a major component right now. Kevin, have you found any of that?

**Mr. Kevin Stauch:** The swipe rates are one thing. If you have a volume of business coming in there, then it becomes a problem, but what our problem is right now is that we do not have the volume of business, so the swipe rates are really insignificant.

There are other areas in which the government can certainly help us out immediately without any cost to themselves. Doug Ford stands up and says, "I'm not letting anybody gouge the little people," and the insurance industry is gouging the little people. The insurance industry, I believe, has the most amount of people who talk to the government and are involved with the government, and they're getting away with this without repercussions.

In terms of the rates for Uber and everything else, yes, that's a huge concern. People use their credit cards for that, as well.

There are other areas in which the government can certainly help us out. As Rick indicated, in BC, they've given a reduction on licensees' prices for liquor. If you look at Ontario, we are governed and we have no choice but to procure beer from Brewers Retail, the Beer Store, at an inflated price. If you stand in front of me and you buy a case of Canadian, it costs you one thing; I stand behind you with that same case of Canadian, I go and I buy it using my licence, and it costs me \$15 more. Where's the justification? Why hasn't anybody stepped in to help us and reduce these little things that are huge costs to us? Swipe fees? What I would save on one case of beer just buying at what the regular consumer buys it for is significant compared to a swipe fee.

There are many other areas where the government can help us out. We've approached the government, we've submitted programs and things to the government, we've discussed with the government, and we've got nothing back. Right now, the governments that have done anything

for us have been the NDP in BC, who have stood up and done the reduction in prices for liquor.

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

**Ms. Catherine Fife:** Thank you. I just want to go quickly to MPP Begum.

**The Chair (Mr. Amarjot Sandhu):** MPP Begum.

**Ms. Doly Begum:** I wanted to go to, actually, Mishka and Deborah as well. You mentioned child care was a big issue in terms of a lot of the small business owners, a lot of the folks who are trying to balance a lot of things. Mishka, because I have a very limited amount of time, I'll pass it to you to elaborate a little bit more on the issue that you were addressing.

**Ms. Mishka Balsom:** Thank you so very much for asking the question. In 2019 before the crisis hit, a third of families reported difficulties in obtaining daycare in Ontario. It's a huge issue that is there, and it has also restricted especially a high number of people in the workforce from actually returning to the workforce, to their employment. So it's an opportunity that, I think, is worthwhile, for Ontario to take a look maybe at Quebec as a comparison, because they have struggled significantly less with this issue than we have in Ontario. I think it's an opportunity to support families that are going to be impacted by it in September because of the uncertainty of what school looks like, as well as access to daycare. So I think it's an opportunity to look at our neighbouring province and to learn from it.

**Ms. Doly Begum:** I'll pass to Deborah to share some thoughts as well.

**Ms. Deborah Foster-Stahle:** In terms of my BNI experience, many of the losses that we had in terms of membership were women stepping away from their business activities to look after their family at home, which is wonderful to be a mom, but very challenging for their businesses. There is a lot of uncertainty when it comes to—

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

**Ms. Mitzie Hunter:** I want to say thank you so much to all of the presenters. Thank you so much for your passion and the work that you are doing on behalf of small businesses in Ontario.

I wanted to perhaps just ask—was it Richard who was speaking and talking about what are the things that the government could be doing to make life manageable for small businesses? I just wanted to make sure that we hear that and that we can provide that information and feedback to the government.

**Mr. Richard Hugglestone:** I thank you for your question. For small businesses, I think what's lost in all of this, folks, is that we are the heart of the community. Usually, we're the charitable arm of all these communities across the country. We advocate for so many different causes. We're part of a community. We are sort of the heart of it.

To us, what we'd like to see the government help us with is detangling this monopolization in our industry, to

ensure that the federal government extends this rent relief to make it—I actually had a Zoom call with Bill Morneau back in April or it could have been May, and I asked him why they didn't incent landlords to do this rent relief program. He didn't have an answer for that. If he would have just given them some kind of an incentive, they wouldn't have lost 25%.

Everyone has to take a bit of a hit here, and we're okay with that. It's just that it seems like the burden is falling on small business. All these big box stores seem to get all these breaks, but small business gets none. We would like to see an un-monopolization, if you will, of our industry; no more paying more for product. I mean, that's counter-intuitive. The more we buy, the less we should pay. That happens in every other industry. I'm not sure why it doesn't happen here.

Again, the insurance industry is the major factor right now in our industry in incrementing costs unnecessarily to our business. I don't know why anybody hasn't spoken to the insurance industry. It would be nice to know.

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**Ms. Mitzie Hunter:** So Richard, what is the message? Tell us, so we can take that back for you. In other parts of our hearings, we've heard about force majeure and how that does not necessarily apply. There are some production aspects that were at risk of not being insured, so we've raised that as a concern. As it relates to small business, what is it that you want to see changed? We will take that message back for you, and we will support you in this request.

**Mr. Richard Hugglestone:** I want you to change the infrastructure around small business. I want you to help us out to be sustainable for the next two years. I find it quite inconceivable that the government's approach seems to be that if you go out of business, someone else will rent your space. That's not so. That is just not so. It is patently false, and people who have spent 20 or 30 years in a small business deserve to be heard.

We've even authored—like, does anyone have these RISE documents? I've sent them to the committee. This RISE document actually physically details exactly how this process would operate. We also have a music component to that, to employ more people. We have tried everything to get some government to understand that if these businesses go away, you will have a huge unemployment and economic problem, and all we're asking you to do is to read documents that we've authored.

Mitzie, there's no one thing that I would like you to take away from this other than that small businesses are decimated right now. Prosperous small businesses are decimated because of the pandemic. We just need some provincial and federal help to get us through this. We don't want handouts; we want help. We've authored so many papers describing how this help could be mandated, and then every time I get in front of a committee, a minister, anyone, they tell me what wonderful papers these are, and then they go away.

I met with Andrea Horwath for two and a half hours about a month ago. She loved all of these proposals, and

yet we don't see any—I've met with Prabmeet Sarkaria. I've met with Lisa MacLeod. I can go down a list for you. I would do this for free. I would help you. It's about saving people's jobs and about saving small business. This is what this is about.

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

**Ms. Mitzie Hunter:** I agree with you. I think it is about saving small businesses, and it's about making sure that our main streets and all the character that your establishments bring to places in our province continue to operate and continue to be there, and that you don't disappear. That's what is most important here. That's the take-away. And so we've got to come forward with a concerted set of recommendations that will move the government to act, because we can't afford to lose our small businesses, for all the reasons you've said.

**Mr. Richard Hugglestone:** You're absolutely correct in what you're saying. We are the heart of the communities, and it just seems a little—

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

We'll go back to the opposition. MPP Lindo?

**Ms. Laura Mae Lindo:** Thank you for all of the presentations. I'm actually going to start with Richard as well. As the official opposition, we have also been pushing for a lot of what you've put forward in that RISE document. The challenge that we're having at this point in time is that this particular committee is supposed to be listening to everybody who comes to the hearings, who is taking time literally out of the disaster to come to speak to us, and we're supposed to use that insight and input into the recommendations. There seems to be a bit of a challenge when it comes to the recommendations that go forward, no matter how many times we say the same thing. The reason I'm saying that is because we've just spent literally hundreds of hours listening to small and medium-sized business owners say the exact same thing you're saying in all sorts of different sectors. So I just wanted to let you know that we're hearing it. The question is, in what way do we have to keep saying it to get the government to listen?

One of the pieces that I'm going to try and get you to put on record is around that web that businesses like yours have. So you were talking about the ancillary effect. The musicians you hire—if we don't invest in making sure that community music stuff can happen or events can happen, that that has an ongoing impact. Could I just get you to speak a little more about that so we can get that on record again, too?

**Mr. Richard Hugglestone:** Sure. I'd love to. Live entertainment is sort of a focal point for a lot of small business restaurants, so it goes like this: If I, on the weekend, have live entertainment, and I'm in a plaza—the convenience store is busy, Jamba Juice down the way is busy—the entire plaza picks up incremental revenue off the fact that we have music and we're bringing in people into our community. Live music itself can be sustained very simply for the next—and it really depends on the degree you want to go to, but I papered to the federal heritage minister, Steven Guilbeault, \$1.1 million for 30 bars over seven

months would then give the effect of putting 7,500 musicians to work for the next seven months. All of our concerts would be livestreamed because we still agree with the government's position to try and let people stay at home still. I'm still doing these livestreams and they're still called stay-at-home concert series; they're not called "come out to my bar, I need money" concert series. There still is a conscious public effort by all of our community to make people safe. So by simply investing some money into—go ahead; I think you raised your hand.

**Ms. Laura Mae Lindo:** Sorry; I have to raise my hand to get them to unmute me in preparation, but you keep going.

**Mr. Richard Hugglestone:** Basically, the proposal or the grant we'd like to see, as I said, would hire 7,500 professional musicians, meaning musicians that all they do is music. They do festivals, weddings, corporate events. Those are gone until 2022. They've disappeared for obvious reasons. We're trying to augment it now. We're trying to help that community out because it will help our community out, because it will make us revenue and it will pay them their full wage.

**Ms. Laura Mae Lindo:** Thank you so much for that. This is what we keep hearing. It's as though people aren't noticing what this ripple effect is going to be, because if we don't get a way to ensure that musicians have the support they need, you've got more people who are potentially facing evictions or having to be part of the homeless population because they no longer can afford where they live.

I'm going to use that to move us over to Mishka. Thank you, again. I remember getting to hear from you before in one of the other—there are so many sectors. But the piece this time that I think is so important—you had asked for scenarios to be put forward from now in anticipation of a second wave. We've also been hearing that over and over and over again. I understand in the first wave none of us knew what was happening, but we have learned now and what I'm hearing from folks that are coming to this sector to the hearings is that they want to see a number of examples of what could happen, should the second wave come. Could you speak a little more to that?

**Ms. Mishka Balsom:** Thank you very much for the question. One of the biggest hindrances to businesses' confidence is uncertainty—uncertainty of where can we grow, what does investment look like, who do we hire, how do we move forward?

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

**Ms. Mishka Balsom:** I think one of the most critical things is there's a lot of learning that has taken place, and there's also a lot of learning and examples when you look worldwide at what has happened at the same time. So I think there's really good evidence.

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But what businesses need to know is how is the government making decisions when it comes to a second wave. There's a lot of information, and we can't ignore that information anymore. We ignored it with the first wave and I think we learned from it. So how do we best prepare

businesses for what it looks like? Especially in this particular case, we also need to look at it by sector and by industry, because the impact will be different as we're moving forward. The more information can be shared, I think the more critical it is.

One of the examples where it came forward was when the Ontario government moved businesses into stage 2 and stage 3. Sometimes regions didn't know, municipalities didn't know how they could qualify for actually being in stage 2 or stage 3 in some areas of it. Even information like this would be helpful.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We will go back to the independent members. MPP Hunter.

**Ms. Mitzie Hunter:** Mishka, I'd like you to continue. You have a really important role in connecting information with lots of your members, and there should be a direct line for you to receive information about the pandemic and about the effects on various stages of reopening and recovery. Maybe that's one of our recommendations: that the government has a better way of informing organizations like yours that represent small businesses and medium-sized businesses of the information that is needed.

It's unfortunate that you don't have the information. I'm sure that many members are coming to you for the information and it's just creating that confusion.

If we could unmute Mishka, please, Chair.

**Ms. Mishka Balsom:** Thank you very much, Ms. Hunter. I appreciate the question.

I have to say that these are significantly uncertain times. Both the regional, provincial, and federal government, all three levels of government, have done a significant effort of trying to provide businesses with as much information as they can. But sometimes, when we look at the liquidity of a business—and I think Richard and Deborah could speak to that—a small-to-medium-sized business has enough cash flow for under 30 days. When the government makes an announcement saying that there is rent relief coming up, and it's a great announcement and we're pleased, and then we don't hear anything about it for two, three, four weeks—when your liquidity is at stake here, those kinds of gaps in information are terrifying to businesses. It's critical that we need to address them and we have opportunities to address them.

Another thing that we really are learning in all of this is that each industry needs to be looked at in different ways. It's not just a sector of industries; it's also the size of the businesses that are being impacted by it. Richard had spoken about live entertainment and artists. When you look at the art sector overall, critical to Niagara in attracting tourism and other areas of it, many of them, because they haven't been long enough established—if you haven't been in business for five years or more, you can't access any of the grants that the government or the federal government is making available. But they have a good track record of three or four years of growth, and it's coming to a standstill.

So we need to really, really look at more specific information, look at the data that is available to us by sectors and dive in to that aspect of it. I think we now have the



time; I think the government has the time to look at that. I know that we don't have a long record, we don't have multiple years, but we have a few months of very good information that is there that we can utilize as we're moving forward. Those plans need to be shared with businesses so they're better prepared.

**Ms. Mitzie Hunter:** That's great, Mishka. Dive into the data, catalogue the lessons learned from the months of data that we've already been able to collect and put together a sector-based plan that we can inform the business community of in advance of a second wave: That's a very specific request and one which we should be able to do in advance of changes coming in the fall.

I'm just going to move quickly to Deborah in terms of the preparations. Are you doing anything differently in anticipation of a potential for a second wave?

**Ms. Deborah Foster-Stahle:** Yes. We have certainly put mitigation in place for hopefully not having a second wave and being able to serve, but we are also developing some online programming. Office suites and meeting facilities are very much bricks and mortar.

My background is in training and development and design of programs, and I also use Zoom on a very regular basis, so we've been able to integrate Zoom into our in-classroom experience. We have a number of bookings where they have people coming inside and are also coming remotely via Zoom into the same session. We've done some pivoting like that, but—

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

**Ms. Deborah Foster-Stahle:** —[inaudible] online.

**Ms. Mitzie Hunter:** Great.

And Richard and Kevin, we've heard from you, but is there anything you're doing for the fall? Because I know patio season is going to come to an end.

**Mr. Richard Hugglestone:** I think all restaurants are in the same boat as far as when patio season comes to an end. We're hoping that patrons are a little more hopeful of coming inside. A lot of us have partitioned our restaurants. We've done all the proper PPE requirements. Kevin has spearheaded that. We're using the same broad-based spectrum sanitizers as they used in hospitals across North America.

We are pioneering new ways to bring in clientele, but there is a reticence out there. I would ask on record that the government take a more regional approach—to Mishka's point; it's very well said—to funding, because certainly what I require is a lot less than what downtown requires, but a heck of a lot more than someone up in Sudbury or Thunder Bay requires.

**Ms. Mitzie Hunter:** Do I have any more time, Chair?

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

**Ms. Mitzie Hunter:** So a more regional approach to funding is the recommendation?

**Mr. Richard Hugglestone:** Yes. That's critical.

**Ms. Mitzie Hunter:** Critical—thank you. Thanks very much, everyone.

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

We'll move to the government for their second round. MPP Coe.

**Mr. Lorne Coe:** Thank you, Chair, and thank you, everyone, for your presentations. I'd like to go to Mishka to begin. Mishka, in your presentation, you talked to several areas, but one of them was financial assistance for particular sectors. One of the sectors that you cited was the tourism sector.

You'll recall that approximately two months ago, Minister MacLeod was in the Niagara region, primarily for the reopening. At that time, she announced \$25 million as a loan to the Niagara Parks Commission to redevelop the Canadian Niagara Power Generating Station into a one-of-a-kind, made-in-Ontario attraction. Following that, there was another \$1 million that was allocated relative to tourism support. Could you speak about what you see to be the effect of that investment in bolstering the tourism economy in the Niagara region?

**Ms. Mishka Balsom:** Thank you very much, Mr. Coe, for the question. I think the investments into the industry are critical, and they are greatly appreciated by Niagara and by our region, but we have to look at a broader picture when it comes to tourism as well. The investments in the Niagara Parks Commission are instrumental and appreciated, but we also need to look at what the Ontario government is doing when it comes to the promotion of tourism that is there. How are they helping other business in the short term when it comes to liquidity?

Tourism is closely linked with restaurant services, at the same time. Most reports currently indicate that the tourism sector will not recover globally until July 2024. That's a long period of time for a business, and in Niagara, a lot of the businesses that are there are independently owned businesses. In the short term, we need to look at what we are doing to assist the liquidity of those businesses. That can be in the form of a grant that is available or additional subsidies that are being made available for them to bridge that period of time that is needed.

That period of time is not as short-term as it was in some of the goods-producing industries, as we've seen. The service industry is harder hit by that, and we need to support them more than what we have seen. Investments are welcome, but it's a small aspect of when you talk to the hoteliers and you see their year-to-date room rent, the room price that they're getting, and when you're looking at the occupancy that we see in some of the restaurants that are there.

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**Mr. Lorne Coe:** Let's transition for a moment to the part of your presentation that spoke about the importance of policy development, in particular by sector. Here locally, Whitby, that I represent, we have the Whitby Chamber of Commerce, and we've had similar discussions in virtual round tables, with myself and the finance minister in particular, and also with the minister responsible for red tape removal. Part of that discussion involves partnerships, partnerships in both this context, the development of those particular policies, some of which you spoke to, and what those partnerships could conceivably include. Here, just like yourself—you have educational institutions; I have two universities in my riding and one community college.

And we also have, just like yourself, an upper-tier government, the region of Durham.

To what extent, in the role that you have and in the services that you provide to your members, are you collaborating with partners in the course of developing policies which you would like government to consider, and what role are those partners playing by sector in collaborating with you, and how effective has that been? Because I know there's work under way.

**Ms. Mishka Balsom:** Yes, so same as you, we have in our backyard Niagara College and Brock University. When it comes to getting the workforce ready to what post-COVID-19 will look like and the needs that are there, there have been a significant number of partnerships. One of the main ones is the digital marketing needs that are there. So we have a direct partnership with Niagara College and with Brock University in actually developing those skills for businesses that are there.

We are pleased to also see that both the Ontario and federal governments have made funds available to support more businesses to move forward that way. It's critical because it will allow business to continue if there is a second wave or whatever we're faced with beforehand. It creates resilience, and I think that's the essence of all the questions we have to look at.

I think over the past 10 years, if I look at business, we've become extremely efficient at what we're doing, but we haven't become resilient. As a government, we haven't become resilient, and organizations haven't. I think that shift from efficiency to resilience, to look at what are the common threads that we are faced with—an interruption of the supply chain that is there, possibilities of health risks, possibilities of no child care—

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

**Ms. Mishka Balsom:** Looking at that, I think we have significant opportunities for partnerships.

We have partnered also with the Toronto Region Board of Trade on bringing some more services to Niagara to support those businesses. Collaboration is key. It's one of our core values, and I think it's one thing that we have learned is instrumental.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. Our time has come up, and that concludes our time for presentations as well. Thank you to all three presenters for coming and for your presentations.

MS. BETTY MCGIE

FIRE AND FLOWER

BYRNES COMMUNICATIONS INC.

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

**Ms. Betty McGie:** Can you hear me now?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Ms. Betty McGie:** All right, thank you. I want to thank you again for this second opportunity to make a presentation on behalf of resourced-based tourism in northern Ontario. I apologize if I'm repeating some of the history of our family business, but I think it's important.

Watson's Algoma Vacations Ltd. owns and operates a fly-in hunting and fishing resort that has had the privilege of being in business here in northern Ontario for the past 74 years, located 70 miles by air north of Wawa, Ontario, on Kabinakagami Lake. Pine Portage was started by my father in 1946, after he returned from the RCAF and the Second World War as a fighter pilot. He was a true northerner, born in a log cabin in the railroad town of Oba, 20 miles upriver from our first lodge location.

My grandparents immigrated to Canada from England after the First World War and settled in the north in 1919. I was born into this industry, and I've spent my entire life working for the resource-based tourism industry here in the north, both for our own family businesses but also in numerous other capacities, representing the needs and issues that face our industry.

I've always believed that there are three resource industries in northern Ontario's economy: mining, forestry and resource-based tourism. Sadly, the RBT industry has always been a loser when it comes to policies and planning, even though we are the most sustainable resource industry in the north.

As my father before me, we have seen the destruction and demise of our natural resources under the guise of progress. Remoteness is a value unto itself, and in today's world the peace and tranquility of our wilderness will become even more valuable. Ensuring the sustainability of all our natural resources must be a priority of the provincial government and should not be exploited for short-term gain.

We also own and operate a charter float air service based out of the town of Wawa, which services our lodge and other remote businesses in the area. We have operated Watson's Skyways since 1986. We have a business office located in Wawa and employ five full-time staff year-round, plus an additional 15 seasonal staff. Our season normally starts in the middle of May, when the fishing season starts, until the end of October and the moose hunt. Our lodge can accommodate 95 guests, mainly on the American plan with meals, and the balance in our house-keeping cottages. During the 110 to 120 days of our operating season, we must generate the income necessary to operate for the balance of the year, and this is replicated across the resort-based tourism industry in northern Ontario, so we are all [*inaudible*].

Over the many years of operation, our reputation has maintained our business with better than 70% repeat clientele, of which 95% are from the US. The current situation in the United States and the closure of the border has basically caused 100% loss of income to our company.

As we had anticipated, Ontario residents are not replacing this major loss of business, especially on the short term. Most of our reservations are booked months or a year in advance. Because of the situation this summer,

we did not even open our lodge until July 1 and then we only opened our housekeeping cottages, which represents about one third of our lodge capacity. This we planned on a rotation basis amid the COVID restrictions and safety. We could not afford to hire many of our past season staff and have been operating with management only.

To date, our gross revenues total \$82,628, whereas this time last year our gross revenue was \$1,646,650. Our pre-booked guest reservations for 2020 were over 1,200 people. To date, we have hosted 65 guests. Our seasonal lodge payroll is zero dollars this year. For 2019, we would have spent \$183,940 on staff payroll figures. The HST our company has paid for this time period in 2020 is \$4,765, whereas in the time period last year we had spent \$179,852. Payroll for our seasonal staff to date in 2019 was \$183,940 with \$55,324 paid [*inaudible*] this year [*inaudible*]. The numbers have [*inaudible*]. Our gross income [*inaudible*] is \$55,550, and in the same time period last year we had—

**The Chair (Mr. Amarjot Sandhu):** I apologize to cut you off. There's a lot of disturbance in your background, so we're not able to hear you properly.

**Ms. Betty McGie:** I have nothing on. I'm sorry.

**The Chair (Mr. Amarjot Sandhu):** Yes, there is a lot of disturbance. It's probably from your connection or something.

**Ms. Betty McGie:** I'm not sure. I was clear when I was tested with the—

**The Chair (Mr. Amarjot Sandhu):** Yes, it's better than before but still it's—you can carry on and we'll see how it goes.

**Ms. Betty McGie:** Okay. The numbers I was presenting are important, so I've lost part of my time now and I'm not sure where you missed hearing what I was saying.

**The Chair (Mr. Amarjot Sandhu):** You can keep going.

**Ms. Betty McGie:** All right. I'm not sure if you heard about the loss of my gross revenues for this year, and as I said, our HST as a company, we would have normally paid—in 2019, it was \$183,940 for payroll and \$65,000 in payroll taxes. The number of [*inaudible*] by our air service. Our gross income to date for Skyways is \$55,500, whereas last year it would have been \$702,907. We have taken advantage of the programs that the federal government has offered with wage subsidies for our five full-time staff, as well as the \$40,000 loan. But it's apparent that these numbers, or these dollars, will not suffice for the loss we are facing.

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For our Watson's Skyways, we had just taken on \$1 million in a loan for two air turbine engines in our aircraft last fall, not knowing that we would be faced with COVID this spring. The \$40,000 loan—

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

**Mr. Betty McGie:** —does not make one month's payment on this. Our banks have been fortunate to allow us to only make interest payments until the spring of 2021, but even these interest payments will represent \$90,000 over

that time period, which is more than our gross income for this year.

I want to ensure that the government today understands that marketing is only one line on a financial statement. My business spent over \$50,000 in 2019—

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

We'll move to our next presenter, Fire and Flower. If you can please state your name for the record, and you can get right into your presentation.

**Mr. Trevor Fencott:** Trevor Fencott, CEO of Fire and Flower.

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

**Mr. Trevor Fencott:** Mr. Chair and committee members, thank you for your time today. Fire and Flower is a technology-driven, licensed cannabis retailer. We're less than three years old and already operate 53 stores in five provinces and territories. We employ more than 550 people in the private sector and have our corporate headquarters in Toronto. We also have our research and development facility in Hamilton, where our 25 engineers produce and support our industry-leading e-commerce, digital retailing and analytics platform. I'm a proud Ontarian and proud to support the economy of our great province.

At a time when Ontario's economy is grappling with the challenges brought on by this pandemic, we should be championing, not stifling, investment in private sector economic growth in emerging industries. Our key recommendations focus on reinstituting and augmenting the tools of the private sector that enable small and medium-sized private, legal retailers to compete on a fair and level playing field to create jobs, sustainable growth and combat the illegal cannabis market, even during the turmoil of COVID-19.

By way of background, cannabis is, of course, a legal adult-use product, and consumer demand for it remains strong, so it is going to be a resilient industry. The mandate of Ontario's Cannabis Control Act is to protect public health and safety, particularly our youth, and to eliminate the illegal criminal market. The current legislated system allows for private licensed retail cannabis stores; however, it has unfortunately also created the Ontario Cannabis Store, which is a crown corporation monopoly on wholesale cannabis distribution and, quite strangely, e-commerce in the province, and we know how important e-commerce is to post-COVID recovery. The OCS monopoly on wholesale and e-commerce has operated for two years now and in Ontario, illegal actors still account for 81% of household spending on cannabis, so it is clear that the status quo has not worked.

With the onset of COVID-19, cannabis retail was declared an essential service, and this government wisely made e-commerce, including curbside pickup and delivery services, legal for licensed private retailers through an emergency order in April. This provided us the opportunity to demonstrate that, much like other provinces like Saskatchewan, where there's no need for a government monopoly on e-commerce, we were able to do the job

safely and cost-effectively for the taxpayers of Ontario. The 100 licensed private cannabis retailers in the province stepped up to the challenge, invested in and built e-commerce, curbside pickup and delivery infrastructure, and safely provided these services to thousands of Ontarians for three months without incident. Fire and Flower alone processed more than 30,000 e-commerce and curbside pickup transactions safely in that time.

In a survey conducted by Nanos in May 2020 on behalf of the Ontario Chamber of Commerce, over 70% of Ontarians felt that more options to purchase from legal retailers would reduce illegal market sales. Despite our success, public support and the financial commitment of our industry, on July 23, e-commerce, curbside pickup and delivery for legal, licensed cannabis retailers was revoked by this government. It should be noted that all other retailers, including other regulated industries such as alcohol, retained the right to continue e-commerce, curbside pickup and delivery. Cannabis retail was the only industry stripped of its ability to conduct pandemic-appropriate business. As a result, hundreds of illegal delivery and e-commerce services have popped up in Ontario according to Weedmaps, an app that unfortunately lists these illegal operations. As of yesterday, there were 28 listed as operating in my own town of Oakville alone.

A potential solution to the problem is available, though, because the Cannabis Control Act is up for its two-year mandated review in October. Mr. Chair and members of the committee, I'm respectfully asking that when the legislation is reviewed in October, the following two things happen that would allow private retailers, all of whom are mid- to small-sized businesses, to compete fairly and on a level playing field with both our government monopoly and the illegal market in order to set up a competitive, efficient market that encourages private investment. Help us take that money out of the hands of criminals and use it to create more jobs and prosperity in Ontario.

Specifically, we are asking you to (1) reinstitute the ability for licensed cannabis retailers in the province to sell using e-commerce, curbside pickup and delivery; and (2) allow private retailers to buy directly from licensed cannabis producers rather than only from the Ontario Cannabis Store. We're not asking for special treatment and we are certainly not asking for money; we are only asking for the cannabis sector to be granted the same treatment as other industries, such as alcohol, where e-commerce and delivery options have been facilitated to a substantial degree to support local restaurants, shops and retailers. Nor are we asking the government to completely dismantle the Ontario Cannabis Store. We understand there's investment and initiatives there. We are only asking to compete fairly with it without it being a monopoly, allowing us all to contract directly with legal producers to find the best prices and products on our own, producing an efficient and competitive market for consumers—

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

**Mr. Trevor Fencott:** Sorry, Mr. Chair, what was that?

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

**Mr. Trevor Fencott:** Two minutes. Okay.

According to research conducted by the Ontario Chamber of Commerce and presented to Finance Minister Phillips on July 21, the decision to end e-commerce, curbside pickup and delivery will lead to annualized losses of \$180 million for Ontario's economy this year. The lost revenue swells to almost \$1 billion over one year when accounting for the 449 privately owned stores whose licence applications are currently in progress. Neither of these figures includes the broader economic losses of job loss. Similarly, revoking e-commerce for retailers put 2,500 jobs at risk, based on the 100 stores currently authorized, and over 13,000 potential jobs now hang in the balance considering the remaining 449 stores.

On this logic, since Ontario's total cannabis retail market is estimated to be approximately 1,500 stores, up to 39,000 private sector Ontario jobs won't materialize over the coming two to three years without the ability to conduct e-commerce and delivery.

It's absolutely clear that reducing the red tape—

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

**Mr. Trevor Fencott:** —and removing the government monopoly is the key to growing the industry in Ontario.

Thank you very much, Mr. Chair and honourable members of the committee, for your time and attention today.

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

We'll move to our next presenter, Byrnes Communications Inc. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Byrnes?

**Mr. Chris Byrnes:** Yes. Good afternoon. Thank you, Mr. Chair and ladies and gentlemen of the committee. My name is Chris Byrnes. I'm president of Byrnes Communications. I own and operate three FM radio stations in Ontario, including in Woodstock, Niagara Falls and Fort Erie. These radio stations employ professional broadcasters who get the importance of local, providing local news, entertainment, and talking about what really matters in our community.

It was Mark Twain who famously said, "The reports of my death have been greatly exaggerated," and that's certainly true when it comes to radio and the amount of listening that's going on. Commercial radio reaches almost 90% of Canadians each and every week, and they're spending in excess of eight hours listening. Tune-in to my three radio stations has actually gone up during COVID-19 as more people work from home and are looking for local information and companionship.

Like many small and medium-sized businesses across Ontario, my radio stations have been impacted significantly by the COVID-19 pandemic. By late this year, my stations will be unable to continue operations if we cannot find new sources of revenue. Across Ontario, there are 231 radio stations, which employ over 2,800 broadcasters. Unless we get some relief, some of these radio stations will do what many newspapers have already done: shut their doors and go out of business.

We provide live coverage during major elections, whether they're federal, provincial or municipal, and we

have reporters on hand to interview the winning candidate. Oxford county MPP Ernie Hardeman can certainly attest to that, as we have been interviewing him after each of his wins since 2006, when we launched the radio station.

**1520**

Radio is often the only local media able provide immediate and time-sensitive information during an emergency. I'm sure we can all remember where we were during the power blackout of August 2003. It was local radio that stayed on the air 24/7, keeping everybody informed. It's local radio that is usually the first to report on severe weather warnings, major accidents, road closures, school bus cancellations and anything else that impacts the listeners in our region.

Politicians also get the importance of using the reach of local radio. Premier Doug Ford has been live on our radio stations a number of times over the past few months, as well as several ministers, who want to get their messaging out to listeners and explain what it means to the average person.

We actively look to make a difference in our community beyond just the hard news. For example, we recently helped raise \$20,000 for medical expenses for a little three-year-old boy by the name of Hunter Weston, who's currently battling cancer. We helped with the fundraiser for 18-year-old Brandon Killam, who's living with cerebral palsy, and his parents need to renovate their house to accommodate his condition. We run annual radio-a-thons to purchase much-needed equipment for local hospitals. We provide thousands of public service announcements and community interviews, both on the air and via our websites.

Over the last number of years, the ad agencies that control Ontario government advertising have moved millions of advertising dollars from Ontario-owned radio stations to pay for ads on the American platforms of Google and Facebook. By repatriating some of these funds from foreign companies to support local radio stations, the Ontario government can go a long way to saving local broadcasting and local newsrooms without spending more money. This move is entirely within the government's purview and is consistent with the Premier's own efforts regarding "made in Ontario."

I can tell you that advertising on my radio stations is down between 50% and 70%, and with the Canada-US border closed, our Niagara Falls and Fort Erie radio stations have been decimated.

My stations are members of the Ontario Association of Broadcasters. Yesterday, I know you heard from our president, Doug Bingley, on proposals for the development of two funds that will help Ontario radio stations survive. I urge you to move forward with these proposals as they will have significant impact for local radio stations across the province.

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

**Mr. Chris Byrnes:** A \$20-million small business restart fund will financially support both the Ontario government and locally owned radio stations and allow small Ontario businesses to purchase advertising on their

local stations for a fraction of the normal cost. We want to promote shop local, and we'll tag these campaigns as brought to you by the province of Ontario.

Like my fellow OAB members, I recognize the government of Ontario is under tremendous financial strain due to COVID-19. To make sure any investment from the province is as impactful as possible, OAB members, like myself, are willing to provide an additional \$10 million in airtime to local small businesses. Businesses could then purchase advertising for 75% less than the normal market rate.

We are not looking for a handout; we're looking for a hand up. Independent research confirms that for every dollar invested in radio advertising, it generates \$10 at the retail cash register. So if we take a \$20-million government investment, leveraged up to \$40 million when you include the retailer and radio station additions, multiplied by a factor of 10, that \$20-million investment turns into \$400 million of economic activity. I think that's a great return on investment.

The second fund is specifically to help local festivals and tourism. Ontario broadcasters will match the provincial investment in the fund with airtime on a dollar-for-dollar basis. The fund will then provide airtime to support festivals, tourist destinations, local sports and special events at no cost to the event organizers. We hope the Ontario government will be willing to work with the radio industry to ensure that we're able to continue to provide local news—

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

**Mr. Chris Byrnes:** —important part in our communities. Thank you so much for listening to our concerns, and we welcome questions.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We will start with the questions now. We'll start the first set of questions with the independent members. MPP Hunter.

**Ms. Mitzie Hunter:** Thanks so much to all of the presenters. I wanted to ask Trevor about his industry. I thought you were pretty clear and very firm in terms of what you want to see so that you can remain competitive and keep an even playing field for everyone in the business, and I think that's important. Have you seen any change in demand since the shutdown?

**Mr. Trevor Fencott:** No, we haven't, actually. It has been very steady. There was an initial spike; I think some hoarding going on. But actually, if you look at the year, cannabis is a remarkably pandemic- and recession-proof industry, so it's going to be strong; demand is going to remain constant.

**Ms. Mitzie Hunter:** And are there any supply chain or distribution concerns at all?

**Mr. Trevor Fencott:** One of our principal ones is that in Saskatchewan, every retailer is allowed to have a direct relationship with the licensed producers, so they can procure their own supply. For example, we were ready with vapes in Saskatchewan before any other province in Canada because of those direct relationships. Anyone can form a distributor as well, so it's a very open, competitive

market, and it generates tremendous, tremendous government revenues, because they just simply take a 6% wholesale tax on everything that goes into the province, and it's collected by CRA and remitted right to the government. So it's a very efficient system, and we find that when there's that direct link between the retailers and a licensed producer, it's extremely efficient, and production has never been a problem for us in Saskatchewan. We'd like to bring that model here.

**Ms. Mitzie Hunter:** Okay.

I just want to also ask a question of Christopher. Please say hello to Doug; he and I did our MBAs together. Sorry I missed him yesterday. But I wanted to get a sense, just in terms of the advertising that has been purchased federally and provincially, if that has benefited your industry at all during this time. I know that nothing is the same and your major markets have been disrupted. But has that made a difference for you?

**Mr. Chris Byrnes:** It certainly helps. When I look at my stations, the province of Ontario has certainly stepped up. Unfortunately, what we have also seen is that with advertisers like OLG and LCBO, a lot of that money went away. We got it in one hand but lost it in the other. So it has absolutely helped, but unfortunately it's just nowhere near enough. Some 70% of our revenue is typically from small, local retailers, and when their business is closed, they obviously needed to start advertising. Now that they've opened again, unfortunately a lot of that money hasn't flowed back because they had to use every penny they had to be able to reopen, to get sanitization, cleaning, PPE and what have you. We've had lots of conversations with lots of these advertisers who said, "Look, we would really like to be back involved; we've just got no money."

**Ms. Mitzie Hunter:** Understood, very much so. One of the lines that you said that really—I think we have to make sure we mitigate, which is you will close by the end of the year unless real relief is found and brought through. We need to find ways to help small businesses in terms of cash flow, liquidity relief or some sort of support, so that you can make it through to get back on your feet.

**Mr. Chris Byrnes:** Thank you.

**Ms. Mitzie Hunter:** What do you think that that support would look like, Christopher?

1530

**Mr. Chris Byrnes:** Our organization has looked long and hard at possible scenarios, and we think the two scenarios that work best are something like the small business restart fund, which we're asking the Ontario government to contribute \$20 million towards. That's going to enable us to essentially offer radio advertising campaigns at a 75% discount. The Ontario government, in effect, puts in some money, we put in some money and then we ask the local retailer to also put in a small amount of money.

An example: I was talking to a dentist just a few days ago, who has finally managed to reopen, and—

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

**Mr. Chris Byrnes:** —he said he'd love to be back on the air with us and advertising, but he spent all this money

on PPE. So if we could go to him and say, "Look, we can actually get you a campaign for a 75% discount," I think that would help him and it would help us.

I also think the tourism fund would be critical too, and certainly listening to one of the speakers here today talking about the challenges north of Wawa, here's radio stepping up and saying, "We're prepared to help these guys at a time when they can open again."

**Ms. Mitzie Hunter:** Absolutely. I'm going to get to Betty in my second round of questions, but I really like your idea of the small business restart fund, making it a matching fund that allows you—in fact, you're leveraging it by giving your local businesses access to advertising which helps them, so it's very well designed—

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

**Mr. Chris Byrnes:** Again, we want to credit the province—

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

**Mr. Sam Oosterhoff:** Thank you very much. I appreciate everyone taking the time to appear before the committee today, and I want to acknowledge just how much we've heard from different stakeholders that resonates with what you've been speaking about today. Of course, there have been so many different aspects to the impacts of COVID-19, but we're definitely hearing a lot of similarities even between sectors that don't, at first glance, seem to have a lot in common. I think even the three organizations or stakeholders that you represent all have some similarities, and differences as well.

Chris, good to see you. Thank you so much for keeping local radio alive in Niagara. It's hugely important and absolutely valued in our area. I'm going to get to you; I want to start off by asking Betty a question, though.

Betty, it's interesting. I'm wondering if you could speak a little bit more as to why you think that challenge is there, in comparison to the fact that what we're hearing from portions of cottage country and other areas in Ontario is that because people are not going anywhere internationally, they're doing a lot of local tourism. They are doing tourism in areas in Ontario. I know in Niagara that our international travel is down enormously, but we are seeing an increase from the GTHA. Of course, it's not the same; I get that. Representing a rural riding in Niagara is not the same as coming from the Far North, and I respect that. But I do want to just ask you if you've seen an increase in anything, or if that is completely not the case in the north, because that is something that I'm a little bit surprised by.

**Ms. Betty McGie:** Well, I guess if you're surprised, it's because you're not understanding distance in the north. I mean, where you are is not wilderness at all and where I am, it takes me two and a half hours just to get all the way to Wawa and then another hour and about 45 minutes to get into where I'm located. For the Ontario traveller, first off, they aren't going to travel that far. They think Muskoka is northern Ontario, and I'm sorry to say it's not. So you're not seeing the travelling public in the north, and even though we've been in business for 74 years and have

always advertised in Ontario, our percentage of Ontario residents is so minimal, it's hard to count them.

Like I say, I'll bring in 1,200 guests in a season and maybe less than a hundred will be from Ontario. Me, I believe that the residents of the US appreciate our wilderness more and are willing to pay the price for the remote location. Granted, maybe the hotels and motels on the highway right now might be seeing business pick up, but those that are destination resorts and are in the north, especially north-central and northwestern Ontario, are not seeing—like I said, I've been open since July 1 and hosted 65 guests. I can move that many people in a morning on my airplane.

**Mr. Sam Oosterhoff:** That's important for us to hear, so thank you very much for sharing that. Do you think there is a specific northern lens, then, that should be applied also to the tourism sector and how that should be considered differently than the south? I know that in the south—again, coming from a region with a lot of tourism, we talk about destination funding; I know, Chris, that would be something that would be helpful in your industry. But I'm asking specifically about how that can be more targeted in the north. It's important that the north is recognized as the jewel that it is in Ontario, and I'm just wondering what the government could be doing within their tourism strategy, that they should be doing to make sure that that's recognized.

**Ms. Betty McGie:** Well, first off, I'm sorry I was interrupted and I could not complete the intent of my presentation, because I want to say that marketing will not fix our problem up here; I'm sorry. I've been in this business my whole life, and it has been the Ontario government's position that every time we have an issue in tourism, throw some marketing dollars at it and we'll fix it all up. I'm sorry, but that doesn't work. I spent \$50,000 myself last year doing my own marketing.

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

**Ms. Betty McGie:** I don't need the government trying to tell Ontario residents to find me. What the industry needs right now—and I'm typical of at least another thousand outfitters up here—is support that's going to get us to the spring of 2021, something that's going to pay our light bills and pay our heat and pay our staff. Marketing dollars are not going to help when I'm closed in the winter, I'm sorry. We are a seasonal business and we close in October.

**Mr. Sam Oosterhoff:** Right. That's important. Please, if you had portions of your presentation that you didn't get to and you want to continue those, feel free to use this time to do so. In the second round, Chris and Trevor will get questions, I'm sure.

**Ms. Betty McGie:** Well, basically I've outlined what I'm saying, and I'm speaking for all the outfitters who are in the same boat as me.

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

**Ms. Betty McGie:** As much as we appreciate marketing dollars in the operations of regular times, they are going to do absolutely nothing for us in this phase. Like I said, I've got about 30 days of operating season left. Marketing dollars can get some Ontario residents to come up

here, but it may be very minimal. It's not going to get me the thousands of dollars I need to get through the winter.

I think I can see Mike shaking his head, and I know that he understands that the north is totally different from southern Ontario tourism—totally different.

**Mr. Sam Oosterhoff:** I'm recognizing that, and that's why I'm asking for what the suggestion is versus the south. The reality is that I do represent a southern riding, and that is what it is, right? I'm someone from the south trying to understand the north, trying to be of assistance where possible. I know that might sound strange to MPP Mantha, but that is the reality—

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

**Mr. Sam Oosterhoff:** So, please—is that cold, hard cash? Is that what you're saying?

**Ms. Betty McGie:** I've got—

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

We'll move to the opposition. MPP Mantha?

**Mr. Michael Mantha:** Betty, why don't you finish the point that you were just about to make before I go to questions.

**Ms. Betty McGie:** What I was starting to say is the fact that right now, I've basically lost 100% of my operation for the season. I still have staff to pay and hopefully can keep them employed through the winter. I have \$1 million in aircraft loan mortgages that I have to cover for the winter. These things aren't going to help—a \$40,000 loan or 75% subsidy of staff you can't employ. The Ontario government, to date, I'm sorry to say, has not helped me at all.

I think that there has to be something there, that the resource-based tourism industry, basically the northern remote industry—we're seasonal. We have no opportunity to try and operate into the winter, when I'm 70 miles by air in the bush and I can't function in the winter. It's just not feasible. And I don't need more loans, because I've got \$1 million in loans riding on my head this winter that I've got to try and pay. Even interest payments are going to cost me \$90,000 for the winter, which is more than the revenue I've created this summer.

Logically, there has to be some dollars there that can help the industry get through the winter and into the spring, because once we're back into operation, we don't need support. We can manage. But we have to have the revenue there to be able to manage, and right now, anything that's being given to us in loans is only increasing our debt. We don't need more debt, I'm sorry.

1540

**Mr. Michael Mantha:** Betty, you come with 74 years of a family-run operation. If somebody has the experience, it is certainly yourself. I've heard you many times come to the committee, and when you come to committee, you come with authority. You know your business, you know what you need; you know the realities of northern Ontario. For the rest of the committee, we're looking at an industry that relies on anywhere between 90% to 95% of their clientele coming from the US. We've lost out on May 1, we've lost out on long weekends; we've lost out on the

entire summer. We've lost out on 70% to 80% of our annual income that comes into our business, which operates, at best, five to six months out of the year.

Your employees are not just employees. They're key individuals that you have managed to recruit and retain over the course of years. They're more than employees; they're your team. They're basically your family. When you say what you need, not just for them but for yourself, can you expand just a little bit more in regard to what it is that is going to get you through this window to 2021?

**Ms. Betty McGie:** The Ministry of Natural Resources tried to do something this summer with regard to relief funds on land leases and licensing and that kind of thing, which is fine during the months that we are in operation, but once we hit the winter months and we are closing our doors—right now, I just got my invoicing for my property insurance that has to be paid for the next year, even though I'm closed for six months, and that's \$20,000. These are not small bills that we're facing, and like I said, I'm typical of all of us here in the north. Because we are remote and we are in the north, all of our expenses are higher. It's just the nature of the beast of where we live.

I am sorry, but to help the industry, it has to deal with the logistics of day-to-day operations, the things that the individual operators will need, like you say, just to survive into the spring. Once we can get to spring and if our world is back to some kind of normality, we can function. But this year, our hands were tied. We couldn't function. I couldn't create the income even though I had it on the books ready to go. I had 15 staff ready to bring in, and my staff payroll, between my office and my seasonal staff, is almost \$400,000—

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

**Ms. Betty McGie:** —per year. That's lost revenue to the government, as well, because all those people spend that money.

**Mr. Michael Mantha:** Yes, those people who are coming in, whether they're workers or—that money is staying in northern Ontario. That's the nice thing about it, that your team, your family, are individuals that are there in the community that are going to put those dollars back into the grocery store, back into the gas station, back into some of the recreational facilities. That's what we need, not just for your industry but for a lot of other industries, small businesses. We keep hearing these words that they're the backbone of our economy right now, but we need more of that. We need individuals like yourself and the tourism sector to get through this window, to survive and to thrive.

**Ms. Betty McGie:** The government is facing the tax losses, the same as we're facing our income losses. I don't think I have to tell you people—I'm sure you must know by now—

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

**Ms. Betty McGie:** —what the tourism industry represents to Ontario. We're a sustainable industry. It's just that what's happened this year has made us totally unsustainable.

**Mr. Michael Mantha:** Chair, I'll pass the rest of my time on to our next round, please. Thank you.

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

**Mrs. Robin Martin:** Thank you very much, Chair, and thank you to all the presenters for coming today and for sharing your experiences. It's certainly interesting for us to see things, and I think you all bring fairly different perspectives to this, to what you've experienced during COVID.

I wanted to first talk to Chris. I was here yesterday and did hear part, at least, of what Doug, I think his name was, was presenting about the matching fund. I wanted to ask you if you could tell me a little bit about the foundation in your industry. I don't really know—I think I heard you say today that 70% of your ad revenue is typically from small and medium enterprises. Does that mean that 30% of it is from government sources, like—I think you mentioned the LCBO, OLG?

**Mr. Chris Byrnes:** About 30% of it is what we call national advertisers. That's money placed by advertising agencies, so everyone from Toyota to McDonald's to the likes of the LCBO and the Ontario government advertising. Typically 70% would be local; 30% would be national. Perhaps in the larger markets like Toronto, that ratio might be a little bit different, but certainly our experience in the likes of Niagara Falls, Woodstock and what have you is it's about 70:30.

**Mrs. Robin Martin:** Okay. I was wondering how much of your ad revenue typically—ad revenue on radio generally, not necessarily yours specifically—is government contracts or government-related, like OLG, LCBO. If you know.

**Mr. Chris Byrnes:** In the province of Ontario?

**Mrs. Robin Martin:** Yes.

**Mr. Chris Byrnes:** I don't have immediate access to that information, but I could certainly seek it and give it to the committee as soon as possible.

**Mrs. Robin Martin:** Okay. It's really just a matter of trying to understand the baseline of where you were. I know you said the government revenue you've been getting for some ads is helping but hasn't gotten you back to where you were.

The other thing you were talking about was how you mentioned—and I think MPP Hunter also asked you about this—that you would close if you didn't get resources by the end of the year, which would be terrible. If we were able to somehow fund the matching programs that you've proposed—and I think it was a total of \$40 million. If the government were somehow able to do that, and that was for the small business restart and the local festivals and tourism fund, I think you said, would that be enough to protect you? How far and wide would that protect people in your circumstances, in local radio?

**Mr. Chris Byrnes:** The answer to that is, unfortunately the [inaudible] on COVID continues to impact us. Right now, the federal payments have certainly helped for us to retain staff and to continue to keep staff on payroll. As you



know, those formulas are changing, and as we move forward, there's going to be less and less of that money.

What we think is if we could put a program like this together and get it executed reasonably quickly, it's not only going to help us get through these next three or four months, but it's also going to really help local retailers recover. We can all only hope there's going to be some kind of a solution to COVID-19. I don't think the world will ever return to normal, unfortunately, but perhaps there is something else that's going to give us a degree of confidence that we can all return to restaurants and bars and perhaps even go to sporting events and concerts. Who knows?

But what we said yesterday was that the shortfall for Ontario radio stations is going to be about \$80 million by early next year. We're trying to figure out if the government—

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

**Mr. Chris Byrnes:** —could cover part of it, what things that we could do to make up the difference. There are a lot of jobs at stake, but more importantly, what we're seeing in numerous markets where the local newspaper is pretty much gone or has just turned into some kind of a regional operation that doesn't really cover the local stories anymore, is that local radio is becoming more and more critical. When we go to council meetings, when we go and attend community events, there are fewer and fewer of other media showing up. As Sam will attest, I think, we show up at all those meetings; we report the facts. In this wonderful world we live in, there's so much fake news floating around, I think local radio, particularly with local personalities that have a high degree of credibility, is so important these days.

1550

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

**Mr. Chris Byrnes:** People can trust them.

**Mrs. Robin Martin:** Thank you. I don't have much time, but on Fire and Flower, I know you're not asking for money, but you think you could put more money into government coffers by having some changes made. How much do you think we could get in there so that we can help out Betty?

**Mr. Trevor Fencott:** Quite a significant amount, actually: If you consider opening up individual distribution arrangements and simply putting a 6% fee on them, the amounts are considerable. If you imagine \$1 billion of transactional wholesale revenue, just take 6% of that—and that requires no infrastructure. Saskatchewan runs their whole program with two administrators, so it's almost pure profit for them. I would say, we should be leveraging what is a good industry. Take it out of the hands of the criminals. Let's use that revenue and put it in the public coffers. We want to be the [*inaudible*] that gets us and helps us through this process—

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll go back to the opposition: MPP Fife.

**Ms. Catherine Fife:** Christopher, I just wanted to touch base with you. We did hear from the provincial association yesterday. They submitted the formal \$20-million restart

fund and the tourism piece. I have to tell you their presentation was very compelling, just as yours was today. The official opposition sees this \$20-million investment as a win-win for the entire province.

Until you lose your local radio station, you sometimes don't know how that station actually held the entire community together. So I just wanted to give you an opportunity, please, to emphasize, if our committee does not follow through on this recommendation, what do you think is at stake? How will this impact, eventually, not just from a communication perspective, but also from a cultural perspective and an economic perspective, the entire province?

**Mr. Chris Byrnes:** Catherine, thank you. That's a wonderful question. Look, we have studied this long and hard. I have to tell you, it doesn't look pretty. When you really sit down and think about what a local radio station provides, the amount of local content, if that were to go away, it really would be disastrous. Somebody yesterday was asking about podcasting, and is that a thing. Sure, it's a thing. It's certainly a growing thing. But podcasts cannot tell you what's really going on in your community right now.

Local radio has been around for 100 years, and it's free. It's a really simple business to function and operate under normal circumstances. But the real concern moving forward here is that if we start to lose these local radio stations, there just won't be those opportunities for local advertisers to get their messaging out. There will be fewer opportunities for all levels of government to tell their story and be involved at that all-important community level.

One of the most tragic things that we covered at our radio station in Woodstock was the death of a young girl by the name of Tori Stafford. She was kidnapped, and unfortunately, murdered. When that was all said and done, the father of that young girl actually thanked our radio station for covering the story in a fair and unbiased manner. That just wouldn't happen if these local radio stations go away.

**Ms. Catherine Fife:** Yes. I just want to say that's a very emotionally laborious story. You really are the voice of community in so many respects. Many of us in our communities, right up to Wawa, Betty, are so dependent on getting our news in a very unbiased manner. My little local paper now is down to basically three sheets of paper and very little advertising. That's why it's disappointing to hear that—I think you referenced LCBO and OLG. Those were major advertisers and a major source of revenue for you. The provincial government did give OLG \$500 million to see them through this pandemic. Let's make sure some of that money gets to the community, to the grassroots. I just want to tell you, personally, we are going to be advocating for this proposal. and I hope that all members of this committee are supportive of it.

Betty, I just want to go to you really quickly. You're essentially putting forward a common-sense—yes, I did say that—a common-sense proposal in that you want a regional approach to how the province responds to this economic crisis. I take your point, and I want to give you

some time here to obviously say that the north is very different from the south. We have been fighting, with our northern members, for some infrastructure funding because that does create good jobs. Is that the essence of what you want? You want us to put a northern lens on this economic recovery for the north?

**Ms. Betty McGie:** That's definite. I mean, we are totally different. We are seasonal. We can't change what we [*inaudible*] from the seasons that we're in. Right now, when it comes to the end of September and early October, our businesses are done, whether we want it or not, because Mother Nature creates the timelines and then we've got zero opportunity for any kind of income. So we've got to all last right through the winter. Our winters are long and cold. We have to pay for our heating, and we have to pay for our lighting. Where are these dollars supposed to come from?

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

**Ms. Betty McGie:** It's not like we aren't out there with our banks now and it's not like we all started with a clean slate and we've got no debts, and then all of a sudden we can go borrow a whole bunch of money. It doesn't work that way. We're in businesses. We probably have all been operating on lines of credit and that type of thing already this season just to get through. So the common-sense aspect of it has to be.

**Ms. Catherine Fife:** Yes. I just want to say, Betty, that the story you told about your interest on insurance going forward—I mean, the high cost of your insurance: That resonates with us as well. All the committee members have also heard that there have been some good insurance providers, but then there have been others who have not honoured the business cessation clause that they had in their own policies. So we'll take that insurance component forward as well. Okay?

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

**Ms. Betty McGie:** And the insurance hasn't been directly appreciating the situation.

**Ms. Catherine Fife:** Thank you.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll move to the independent members now for their second round. MPP Hunter?

**Ms. Mitzie Hunter:** I want to say thank you to all the presenters—very unique points of view coming forward to committee today.

I want to ask Betty—very solid numbers that you have put forward here: your \$1.2-million revenue; you would be paying \$400,000 to your 15 staff; and the HST portion in prior years was \$170,000. It's just such a very stark situation that you have painted for us here today.

I have to say, we've been sitting in these hearings and when we first started, we started off with tourism and culture and heritage sectors, and many presenters did come from some of the northern operators, telling us about what they were facing. But I really felt at that time that there was a hope that some parts of the season could be saved.

And now you're here telling us that that didn't actually happen, that the visitors did not come back in the staged reopening that we experienced in the province. There just

wasn't enough time, there wasn't enough confidence and really there wasn't a market, as you were saying, because it's not a domestic market naturally; it's US-based and an overseas market which didn't materialize as the borders remained closed.

**1600**

Betty, I'm wondering about how we frame the recommendations to the government in a compelling way for our resource-based and northern tourism operators, because I believe that we must have a strong north in Ontario. It is the backbone, and we have to make sure that we protect that, that we invest in that and that we support those local industries in all of their forms so that we can make it through together. So if you could just speak to us about how you need real relief—real relief, not deferrals. You don't want it to add to your debt burden, and you know what your numbers are. What does real relief look like?

**Ms. Betty McGie:** As I stated before, I've been in and out of all different kinds of government programs over the years and [*inaudible*]. There have been loan programs, grant programs—there are various things. I think under the circumstances with the industry and the fact that what has happened this year is no fault of our own, and it's not the government's fault either, but we just don't have the dollars there to survive in many instances. I'm fortunate that I've been around long enough, but I'm speaking for [*inaudible*] and lots of them have only been in business a few years. If you've only been in business a few years, you don't have the collateral and the financial support there to get you through.

But even in my case, like I said, I am facing \$1 million in a mortgage on aircraft engines of which I can only fly one airplane this year because I didn't have the business to warrant putting two into operation, again because of insurance costs and fuel costs and all of the things that go with it. Even though the bank is allowing me to have relief on the mortgage payment for the next few months or until the spring, my interest payments on \$1 million are still going to be \$90,000. That's just reality. Where am I supposed to find this money tree to pull that \$90,000 off?

I think the reality is that the government has to look at the north. The industry up here can't change our season. Granted, there are some that are in the winter and summer businesses, but we all aren't that fortunate. That's just not the reality. There has to be some kind of a funding program that will get us through based on utilities and payroll and the kind of things that are the basic operations to ensure that the business can function into the spring. Once spring comes and we know that we're going to have the client base—and I understand what the fellow is saying with regard to radio advertising. Right now, I'm not even looking at advertising dollars because first I've got to cover my overhead. I'm going to have to base my budget for this winter on what the priorities are, and food and housing are number one, not whether I can get guests for next year.

We have always advertised in Ontario, as I know a lot of the outfitters in northwestern Ontario, and the further west you go, the worse the situation is right now.

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

**Ms. Betty McGie:** And some may have drawn on Manitoba guests, but the numbers are not there. It's not by design that we only went up [*inaudible*] that is destination to northern Ontario. Canada has advertised our great wilderness and so they come, and what we have, they want to enjoy. That's just the reality of all these years. So the money has to be there somehow that isn't going to increase debt. That's the key. Now, whether it's in grants or something that can be forgivable if you are still in operation next year or five years from now, those kinds of things will make a difference and they did have them in the past, both the federal and the provincial governments.

**Ms. Mitzie Hunter:** They did have them in the past.

**Ms. Betty McGie:** Yes.

**Ms. Mitzie Hunter:** Yes. Because you and your family have been carrying on continuous operations for decades, and we're not going to let this one—

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

#### WELLINGTON DINER

**The Chair (Mr. Amarjot Sandhu):** So we'll go to our next presenters. Just for your information, one of the presenters, Ramandeep Brar, has cancelled for 4 p.m.

We'll go to the Wellington Diner first. If you can please state your name for the record, and you will have seven minutes for your presentation.

**Mr. Jeffrey Frost:** Hello. I'm Jeffrey Frost. I'm the owner of the Wellington Diner. Thank you for having me.

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

**Mr. Jeffrey Frost:** Good afternoon. I'd like to start off by thanking members of the Standing Committee on Finance and Economic Affairs for providing a platform on which small businesses have the opportunity to speak about their recent experience with COVID-19. Of course, there is no perfect solution or guidebook in these unprecedented times. However, I am a strong believer in communication, and open dialogue is the best starting point we can give ourselves, so thank you again.

The reality of COVID-19's economic impact on the small business sector has been wide-ranging and rapidly changing on a daily basis. Businesses have not only faced the economic impact of closures and fewer patrons but also the economic consequences of social reactions to their decisions on a new, heightened level.

As I stated before, I own and operate the Wellington Diner, previously a very busy establishment in Ottawa in the Wellington West neighbourhood. We, like many others, have experienced many trials during COVID-19, from the loss of sales to the cost of supplies. However, the most challenging element throughout COVID-19 has been and continues to be maintaining and hiring staff. The reality of hiring in Ontario is an experience of time and money theft. I don't mean that harshly, but I would like to explain. As a small business owner, every individual we hire comes at

a cost. Training requires not only an expense, but a senior staff member to work one-on-one for adequate training.

An example, prior to COVID's financial demands: During the hiring process, we extended three job offers to three applicants. Each applicant accepted enthusiastically. After each first day, I sit down with each applicant and I ask them if they would accept the position, if they'd like the position, and then I explain that I will be investing in training if they agree. Following the investment of training and placing them on the current schedule, they all no-showed, without a call, without any communication at all, until all of them wanted their pay for said training. That week, I spent \$1,000 in training for a loss—again, stealing small businesses' time and money.

Like all good-functioning Ontario small businesses, we all have a part to play in our economy, as well as in maturing and growing today's youths into competent adults. We need your help. When a business lets an employee go post-90 days, we must produce reasons and provide notice; however, employees are not required to provide either of these things. There is no etiquette from current employees. I would say in my experience, proper notice happens about 10% of the time. Without proper notice, a small business suffers long-term damages to our reputations and to our integrity in the service industry.

There is a mass manipulation of the employees' code of conduct in today's workforce. Ontario's hiring system operates on an honour system, while Ontario labour laws allow society to break this honour system. There is no accountability for an employee who walks out or makes hostile, unattainable demands; yet there are many punishments for small businesses not adhering to the system. Small businesses do not have the margins to support extra staff in case of a no-show while maintaining sufficient hours and living wages for others.

As the Minister of Small Business would know, we are constantly looking to fill positions. Today's employees completely have the upper hand. The playing field needs to be levelled in order for small businesses to survive or have a chance to survive post-COVID. Again, I would like to thank all of you for your time, for hosting me here today. I appreciate the opportunity to speak on behalf of small businesses in Ontario, and I truly mean that. I hope for change in labour laws in our future.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. Unfortunately, our first presenter has not joined either, so we will start with the questions. We'll start the questions with the opposition. MPP Harden.

**Mr. Joel Harden:** Thank you, Chair. Mr. Frost, great to see you here today. I've eaten in your restaurant. Thank you very much for the great food and social atmosphere you provide in our community.

I want to really listen and understand the point you're raising, though, because I've heard through friends we have in common that these are concerns of yours. So I just want to make sure that I properly understand. Is it your view that people you bring through that training week are working those 17 hours and then resorting back to another source of income, like the Canada Emergency Response

Benefit, for example, by fulfilling a minimum amount of hours, and you're deeming that to be unfair? I just want to make sure I properly understand what you're saying.

1610

**Mr. Jeffrey Frost:** Okay. I read my notes, and maybe I read too fast, but that example was prior to COVID. Again, our capital is so important. We don't know if we're going into another lockdown. We don't know what's going to happen—another wave. Capital is crucial, and our budget system is life or death.

That example I gave happened before COVID, but that was three employees in one week who cost me \$1,000 in training them all. Not only did they no-show, we had to scramble. We were short-staffed at the time. It put us back three weeks into hiring new staff. We're about a month behind by the time we get ready to move forward with new staff. But my complaint is that employees—and it happens 10% of the time. I get a written notice saying, "Hey, I'm moving on. I'm willing to work for a week or two weeks," however long they wish to, but it's happening far too often. We can't afford that expense at this time.

As I stated, this problem was pre-COVID, during COVID and post-COVID. And yes, I have countless examples of people trying to get cash from me. I had a cook message me at 12:15 at night saying, "You have to pay me cash because I'm going to collect CERB, or I'm not going to open your restaurant in the morning." True story; we opened for dinner. He was not coming back and we weren't going to play that game. Those things happen. I'll leave that in the government's hands to figure out how you can navigate that.

But what I would like to stress—and it's an honour to speak on behalf of small businesses—is that we all suffered from what I just explained. With today's technology, somebody can walk off line; by the time the bus picks them up, they have four other jobs that they can go work at. The supply and demand has changed. They have the upper hand. There are more jobs than employees, and they know that. And then, as you're seeing, they know how to work 17 hours, collect CERB and make \$3,000 a month. They know that they can do landscaping and get paid cash and collect CERB.

They also know that they can walk off or make hostile demands. Again, we have to open the doors and provide service, so we need the employees. But when the employees—I don't want to use the word "blackmail"—know how to use the strength in numbers that they have, that's damaging. In my business, if we can't supply the service or the food quality that it takes to satisfy a customer, that could hurt us. It could be \$5,000, \$10,000 or \$100,000 at the end of the year, because people just don't come back. You're only as good as your last meal. If we can't staff properly, we can't serve properly. But—

**Mr. Joel Harden:** Mr. Frost?

**Mr. Jeffrey Frost:** Yes?

**Mr. Joel Harden:** Just a moment. Chair, how much time do we have left?

**The Chair (Mr. Amarjot Sandhu):** Two minutes and 30 seconds.

**Mr. Joel Harden:** Okay. Sorry to interrupt you, but I just wanted to follow your train of thought, there. What's on my mind is that I'm hearing you, because I was raised by a small business family. That family sent me to school. My family struggled with hiring decisions and retention decisions. I totally hear you. It's a different industry; my parents' industry is a different industry.

I guess I'm asking you because here we are in this pandemic, and we've been hearing at this committee story after story of small and medium enterprises having some real, wrenching, tough decisions to make. For example, earlier we heard Mr. Paul Goulet from Ray's Reptiles, who is in our wonderful city here in Ottawa, who has a great service, talking about how he could lose his home. He could lose everything—and this is an organization that has won incredible amounts of awards and accolades.

What I want to make sure I understand—because I love your restaurant. I want to see it succeed. What can the government do right now in this moment to help you? I take the point about labour laws, but you know what politicians are like with fighting over regulations and labour laws. That could take us a long time. What do you need right now? What kind of help do you need right now on the insurance side, on perhaps the rent relief side? Help us know, Mr. Frost, from your perspective.

**Mr. Jeffrey Frost:** Yes, again, there are so many things to talk about, and I can't take everybody's time. But I do need to stress that labour laws need to change in order to level the playing field, especially in this industry. The sliding scale would have helped. We were at a 67% loss—obviously, 70% is needed—and my landlord wasn't able to get any relief. That should be a sliding scale. What's the difference between 70% and 67% and 71% and 69%? The cut-off was too severe. It doesn't make any sense. We're talking a margin of one, two or three points. That's unfair. That was punishing to my landlord, and obviously it trickles down.

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

**Mr. Jeffrey Frost:** I think the wage subsidy needs to continue, because people mentally aren't ready. They don't know what they want to do. They're coming in, they're training for a day or two, and then they're going to do something else.

Yes, we've experienced many people who wanted to collect CERB. I had people tell me, "I'm not going to work until CERB is over." I've lost all my staff in the kitchen. I had to replace all my staff, and today we did a lot of hard work, and I'm very happy to do that. But again, I really want to stress that in the future—politicians need to look at this—we have to level the playing field, because it's a thousand dollars to train three people, and not one of them actually works—

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

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

**Ms. Mitzi Hunter:** I want to say thank you to the presenter. I asked this question of a restaurateur earlier today, and I want to ask you as well, Jeffrey, just in terms

of having come through what you have for the spring and that sudden closure where we really didn't know what was going to be happening, and then the gradual reopening, allowing for patios and then indoor distancing dining: What do you see for the fall, and how have we learnt from what we've gone through this spring and summer? The reality is that patios will close as well, so giving consumers the confidence to come back in to dine is going to be really critical to stay in business.

**Mr. Jeffrey Frost:** Well, I think media is going to help. Media sort of dictates the mindset of the consumer. We definitely need media to explain that if Walmart—I went to the dollar store today, and I'll be honest: I don't want to name names, but it was a dollar-store type of place, and they had nothing in place. It was just, "Wear a mask." As a restaurateur, we have stations with sanitizer. We have washrooms with hot water and soap. We sanitize door-knobs, door handles and every table after every visit, from the salt shakers to the seats and the tables. We're doing our part to let the consumer know that we're a safe place to come in, but it's really up to the media to help to present places other than big box corporations. We don't want to turn Ottawa into a big box chain, and I don't want Toronto to be like that either. Nobody wants that.

What could happen and what should happen—Premier Doug Ford has been amazing, but some of the faults, I would like to say—nobody's perfect, but we had four days to open, and then we had, like, two days to get our patio ready. It wasn't enough time. I worked 14-hour days for four days in a row, and so did my manager, because now, from just doing strictly takeout, we had to rehire, train people and put them on the floor so they could actually serve a patio.

Then, the same thing happened when we were able to go inside the dining room again: We weren't given sufficient notice. It's basically closing a restaurant and reopening. They have soft opens, and restaurants suffer through growing pains and reopening. It really was a tough start. I wouldn't say it's unfair—we're very happy to do it—but a lot of my restaurant colleagues who I'm in touch with on a regular basis were like, "Oh, man, that was tough," because the hiring process was difficult; the training process is very expensive. We didn't have a lot of the information to go ahead to facilitate what we needed. We were kind of winging it and hoping we were doing it right.

So information is key; again, I would say more information from the media and a little bit more respect for opening different stages. If we have to close stages—I don't know if we can close stages. You know we're going to lose everything if we get shut down again. I think we really have to focus on how to do restaurants in a different way, so that we don't close; we just function differently. I think that we're all on board to do that.

**Ms. Mitzie Hunter:** Okay. That's really what I think we have to start thinking about in terms of having a plan for the fall and trying not to have a second wave: How do we function safely? Hearing from you and your industry is going to be a really important part of that. For the summer and while the weather is nice, even far into the fall, as

much as possible, those patios with the air flow outside is going to help, but at some point, the weather will come and the only option is going to be to go inside, and we have to find ways of doing that safely. So a plan that's informed by the industry is going to be really important to keep this virus out, and how do we function for—

1620

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

**Ms. Mitzie Hunter:** —the foreseeable future, for you to stay in business.

**Mr. Jeffrey Frost:** You definitely raised a good point. We have to change. Again, if you can go to some of these box stores and not have that same fear that you touched on—it doesn't make sense. If you can get on a city bus—city buses cannot be even closely compared to a restaurant dining experience. We have a vested interest as small business owners. This is our livelihood. We will do what it takes, and I think that's how we got here in the first place. We will do what it takes to follow our dreams and to make a successful business.

At one time, I had 35 employees; now I have about 24. We're going in the right direction. Obviously, how many employees is how much in sales you're making. We're going in the right direction, but we cannot close again, and if we do it harshly, we're not going to see people reopen.

The sanitizing stations probably need to become a bylaw or a provincial mandate. The screens seem to work—

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

**Mr. Jeffrey Frost:** —again, because it's people's mindsets. It's hard to find Plexiglas, because it's sold out everywhere. But these Plexiglas things make me comfortable, as an owner, and when I go out to other restaurants, I don't mind having Plexiglas separate me from another table, especially if somebody is going to sneeze over there. So we definitely need to look at those types of things, and I think we can do it. We can put Plexiglas dividers between benches and booths and tables, and we can require people to wear masks to tables and, to get up to go to the washroom, to put your mask on. We can do all those things, and we can do it effectively.

Closing down—you guys know more than I would about what would happen. I'd hate to live in a city, a province, a nation that has nothing but box stores, and if we allow box stores to continue to make mass profits, and not small business, what are we doing, ethically and scientifically?

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

**Ms. Mitzie Hunter:** Thanks very much.

**The Chair (Mr. Amarjot Sandhu):** We'll go to the government side now. MPP McDonell.

**Mr. Jim McDonell:** Thanks a lot. It's actually really encouraging to hear your discussions today, and some of your discussions about trying to get employees. We had a tourist operator here who had gone back to the previous year's students. He hired a significant number, and most—more than half of them—declined because of the ability to get money through the government program for students. It really is telling, and of course you add that to all the

other issues you have. Maybe you could just go over your trouble of trying to get employees. I hear that all the time from our local businesses.

**Mr. Jeffrey Frost:** To be honest, it's been the biggest problem I've faced in the last six years. It was terrible during COVID. I retained three employees, and one of the three employees that I retained tried to blackmail me for cash so he could collect CERB. That kind of mentality needs to be punished. We can't live in a country like that. The country has faced—this is catastrophic. We can't allow people to—it's almost wartime. You can't allow people to do that. I think that maybe if there was a fear, if the government, provincially and federally, came out and said that this is the punishment, and the punishment was so severe it would scare people.

I had an employee whose sister worked at Shoppers Drug Mart part-time—I'm not going to get into the fact that people were overpaid to stay home, but that happened. She made \$200 a week prior to COVID, and then she's making \$500 a week. How do you get that person off CERB and back to work? You can't. I'm not going to feel sorry for Shoppers Drug Mart, because I'm here to represent small business and people like me, but that kind of stuff happened. An employee who works for Shoppers Drug Mart or who works for the Wellington Diner, for them, there's no difference. An employee's an employee and to gain a loyal—one thing I'm very proud of, we had long-term employees. It's a goal I have every time I try and hire, finding the right person for long-term employment, because the training budget—it's unbelievable how much money I look at, at the end of the year, in training people. When I'm writing their T4s, I'm thinking, "Man, what happened there?" I can't explain it. I would love to know the answers, whether they got a job closer to home or whatever. There's no loyalty or commitment for the job.

People talk to me about Europe and how, if somebody does this to your small business and you owe them a paycheque, and they've damaged your daily sales, there's a deduction there. I don't know what the answer is. How do we get people off CERB and back to work? How do we get people to respect their place of employment?

I remember—I might look like a young guy to you, but I'm an older guy and I remember a time when there was loyalty to the employer, and it's just not there anymore. How do we change society? I don't know, without changing the laws, without putting harsher punishments in place. We are becoming victimized by our own employees. Instead of growing—and I'm a big believer in growing and living wages. I brought in medical and dental for all my employees, and it doesn't change how employees will act and respect the restaurant at the end of the day.

**Mr. Jim McDonell:** I agree. I grew up on a small farm, a small business, and it wasn't an option not getting up. You just mentioned it and you wouldn't get the family car at night or something. But you grew to respect the business and respect the work that went along with it, and sometimes I think that that's lacking. What I hear from many small manufacturing and different businesses where they just can't get employees—and it's been harder this year.

You'd think, when you see the unemployment rates, it should be easy, but it's grown to be harder.

Do you have any idea or some low-hanging fruit as far as some of the labour laws that you'd like to see changed that would make a difference?

**Mr. Jeffrey Frost:** Again, I would say I'm an authority on this, because there was a time before COVID-19 that I would have an ad up 365 days a year. We're always one or two employees behind. We're always looking to get better as a business. You always have to look to get better, and if somebody is going to benefit your business and help your business grow, that's enticing. But regardless of my ads, I've always operated one man or two employees short, and that can't continue.

Our capital right now is so crucial to us, and everybody's capital is pretty much depleted, but we can't allow people to be trained and just walk away from a business without any notice or notification or information or communication. I'm left not understanding why they left, and then I ask them when they come and ask for a paycheque for training and I say, "Well, I trained you, but why am I paying you?" I ask and try and get that information out of them and—

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

**Mr. Jeffrey Frost:**—nine times out of 10 they don't give you any information.

I would definitely like to give you the right answer, but I think we have to look at levelling the playing field. It's a great opportunity to have a job. I think back when I was young and maybe you were young, having a job—you felt proud about it and you respected it, and I don't believe today there is that type of reciprocation.

**Mr. Jim McDonell:** Yeah. Now, I know we've eased up a lot of rules on patios and creating patios. What do you think of those rules? Should they be continued forward, or back to the old rules? People enjoy the outside restaurants.

**Mr. Jeffrey Frost:** Well, I'll tell you, my restaurant made a lot of noise with the media with a patio fight. I had a neighbour that didn't want my patio to exist. We won at the city level, and we won at the Ontario level. It made a lot of noise in the city of Ottawa.

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

Our first presenter is here, as well: Aroma Salt Therapy and Beauty Spa. If you can please state your name for the record, and you can get right into your presentation, and then we'll have one round of questions after the presentation.

*Interjections.*

**The Clerk pro tem (Ms. Tonia Grannum):** She's on the phone, but she has to unmute.

**The Chair (Mr. Amarjot Sandhu):** Can you press \*6 to unmute? Press \*6 to unmute.

*Interjection.*

**The Chair (Mr. Amarjot Sandhu):** Or you can just unmute on your phone. Just press unmute.

I think we are not able to get her on the line.

Since we had only one presenter, I just wanted to ask if the members want to do a second round of questions, or

was one round enough? Yes, one round? All right. Thank you.

Since we're running ahead of time, we'll recess for 20 minutes and we'll come back at 4:50. Thank you.

*Interjection.*

**The Chair (Mr. Amarjot Sandhu):** Oh, sorry, MPP Fife. Can you unmute?

**Ms. Catherine Fife:** So we're going to start just the 5 o'clock session and that will be with three presenters?

**The Chair (Mr. Amarjot Sandhu):** Yes.

**Ms. Catherine Fife:** Okay. Thank you very much.

**The Chair (Mr. Amarjot Sandhu):** Thank you. We'll see you all at 4:50. Thank you.

Thank you for your presentation.

*The committee recessed from 1632 to 1652.*

MS. SUSANNA DE BEER

RECEPTION HOUSE WATERLOO REGION

**The Chair (Mr. Amarjot Sandhu):** Welcome back, everyone. So we're moving along to our next group of presenters. The first presenter for our 5 p.m. slot, North Swing Inc., has cancelled, so we're trying to accommodate the 4 p.m. slot one, Aroma Salt Therapy and Beauty Spa. We're going to try. She can unmute right now and then we can see if we can have a presentation from her. Aroma Salt Therapy and Beauty Spa, can you please state your name for the record? Can you unmute, please?

*Interjection.*

**The Chair (Mr. Amarjot Sandhu):** Okay, in the meantime, I'll go to the second presenter, Susanna de Beer. If you can please state your name for the record, and you can get right into your presentation.

**Ms. Susanna de Beer:** Susanna de Beer.

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

**Ms. Susanna de Beer:** We would like to thank our entire government for all they have done to date. We are very grateful. We see how hard you all have been working to try to save small businesses through this pandemic.

Thank you all today for allowing us small businesses to present our challenges and our little successes since the pandemic has started. I also want to thank Mike Wood from Ottawa Special Events for bringing so many of us together and for keeping morale up as high as it can be here in Ottawa throughout the pandemic.

We see a lot of effort in helping small business with a variety of programs and funding. The big questions are if it is the right help for our business's future and if the current help being offered with loans will allow the business to sustain itself and survive, and ideally start to thrive again in the future.

After being closed for over three months and now open in a crippled fashion, we have a lot of unknowns in our future. Our busy season is coming to an end. In normal times, our busy season allowed us to save for our off-season, as we do every year. This year, we're unable to afford all the bills coming in, hence, there are no savings to float our business until the spring.

Secondly, next season's income is already reduced as over 95% of our bookings for weddings this summer that has now passed have had to reschedule to 2021. What this does to us is drastically reduce our next season's income, as the reservation deposits made before the pandemic were made in 2020 and there are a lot less deposits coming in early 2021, as a good chunk of our inventory is already booked or allocated from the rescheduled weddings and events. This will bring us to a future struggle through the winter of 2021 and 2022.

Currently, insurance companies are of no help. Business interruption insurance that was paid for was denied, and I understand that denial. They would all be bankrupt if they had to afford that all in one shot with everyone seeking aid; however, no drop in premiums or allowances for payment, making us having to pay for it or close our doors. We can't operate even a little without insurance, and there is no premium reduction offered to offset the limited income. I use "income" loosely, as it is so low.

Banks are still charging monthly fees. Merchant machines still charging fees. These are all expenses that can be forced to be drastically reduced, given the volume of income profit they boast about annually. Quite frankly, banks are not doing much to help their clients, and I am hoping they will be forced to, as every penny counts for us small businesses at this time.

BDC approved our loan in May. Personal guarantees, interest and immediate payments had to start, which means I am paying the loan with the loan money. That does not set us up for success to stay open, hence we had to turn that down. They were very diligent in trying to get us to sign. They are a business with quotas, so I understand, but I felt it was the wrong time to be so aggressive in seeking a signature.

Personal guarantees are also an issue. We as owners cannot take on more personal guarantees. Our families depend on us at home as well.

We are one of the few that have a great landlord in our main warehouse location that did apply for the rent program. I'm very thankful for that. A small, family-owned business, they too are doing what they can to help their tenants survive the pandemic.

However, our small sales store in Orléans, which was our first expansion location, open for three years, had a big conglomerate landlord that was not willing to aid at all or even work through finding a solution, which forced us to close immediately to not add to our debt load, which now has resulted in legal letters from their lawyers. Their lawyers have let us know they will be seeking legal action to collect the personal guarantee amount, as well as three additional months' rent. How to afford this? We don't know that yet. We're hoping that the government will be able to help those who could not get help from their landlords somehow. We're hoping that the personal guarantees can be waived, as they will not be willing to even try to work with us.

The wage subsidy is a great program to help with keeping people employed. We've not been able to use it as of yet as there is not enough business to bring staff back in yet. I'm hoping that will change soon.

The government financial support offered the \$40,000, the CEBA, to small businesses for them to pay operating costs and expenses right now. I have to wonder if that's really a viable solution for everyone. Many have used this up already, and we are nowhere close to being full operation yet—low-income months ahead, months where income in good years is less than or close to equal to overhead. The very low-income months for us are January through April.

The fact that we're allowed to open is great. That helps with some small balloon sales. However, the rental business is just about non-existent still, as people need to gather in larger groups to warrant renting items. Being open does not mean business is there when there are restrictions in place to keep us healthy by our government, and rightly so. We also want to see everyone in our city healthy and COVID-free.

Loans are not going to save small businesses. I feel strongly it will destroy them even faster in our sector, as recovery will be in summer of 2022, with normal revenue resuming then. At least, I hope it will be as early as 2022. Loans solve the immediate problem of paying, currently, the bills. Once they are paid, we're back at zero dollars and not enough revenue to keep going and to stay afloat. If there are any loan funds left over after bills are paid, it will not carry—

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

**Ms. Susanna de Beer:** —the business until spring 2021.

We would like to see a program that could offer support to those in need, not set with numbers but a sliding scale to help every business of a different size that has different needs. A sliding scale may give more businesses a chance of some survival.

We're super appreciative of the rent program, and we hope it continues until our next busy season so we can survive the off-season. Last month, it was announced on the last day or two, so we're all on the edge of our seats again this month.

1700

We all have to share the hit and pain of the pandemic. We understand that. Breaking even is not even an option, and we understand that too. We're just trying to fight to keep the doors open until May 2021, as then we feel we should be able to recover—which will take time, but it looks very promising.

In summary, I'm hoping that in the future, there is going to be rent help, as it will be a big factor for survival until May 2021 for businesses like ourselves. Personal guarantees to be waived on lost locations: This will prevent personal bankruptcies and/or business bankruptcies for many—

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. The time has come up.

The next presenter is Reception House Waterloo Region. Please state your name for the record, and you will have seven minutes for your presentation.

**Mr. Carl Cadogan:** Thank you very much. My name is Carl Cadogan, and I am the chief executive of Reception House Waterloo Region. I have a PowerPoint. Let me see.

It's slow. Okay, I will just speak to the issues I was going to speak to—oh. Do you see it now?

**The Chair (Mr. Amarjot Sandhu):** No, we can't see it.

**Mr. Carl Cadogan:** You can't see it. Okay.

Again, I'm with Reception House, and we are an agency that works in K-W. We provide services to newcomers to the community. We provide housing and community support, health and youth activities and employment connections. I appreciate the opportunity to speak to the committee.

I wanted to start off by saying that the charitable sector has suffered greatly under COVID, and in many cases, like we did, continued to deliver services, both face to face and virtual. By default, we became an essential service, because the folks that we were serving needed continuing support.

The kinds of issues that we face are: What does virtual service mean? And how to use a virtual service when many families do not have either Internet access or technology to receive virtual services. Many of the doctors and other service providers in the community very quickly went to virtual services and went to Zoom and other platforms, but a lot of the folks that we deal with weren't able to respond in the kind of way that the typical resident did. We've tried to change our delivery methodology so that we can provide a more holistic service to people virtually, but as part of doing that, we had to provide sometimes technology, sometimes training so that people could receive services.

Part of our funding comes from the federal government and part of our funding comes from fundraising. As a small non-profit, charitable organization, the summer is usually a very busy time for us, raising funds and doing the kind of work that we do. Because of COVID, our main fundraising event that happens in June couldn't happen, was postponed. We actually had another event scheduled for August and that was also cancelled.

We have really incurred a great deal of—not so much debt, but additional expenses to the organization, not only in terms of the technology but in providing PPE, providing services to people who needed all kinds of direct service, including food support and housing support. It's interesting that small and medium-sized businesses seem to have had a very good uptake in terms of some of the programs that were made available by both the province and the federal government, but the non-profit and the charitable sector didn't have that array of supports, so we were struggling.

We as an organization, probably as of the end of July, have lost about \$75,000, \$80,000 of fundraising revenue that we normally would have had by this time. We've had a good response to people who want to support us in terms of in-kind, so masks and some PPE we were able to get donated, but in-kind donations don't support the kind of work that we do.

In closing, I would like to say that governments consider how best to respond to COVID-19 and its impact on the critical sector of the non-profits and the charitable



sector. It's an important sector of the community and it's a key part of the community that sometimes gets overlooked. Although not having the same voice as small and medium-sized businesses and organizing lobby groups, we believe that there are enough people in the community that suggest that the government should think about a response in crisis like this to the charitable sector. We play an important and integral role in delivering services for the community, and I think it will be interesting and work well for the government to look at some of the umbrella organizations that are there.

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

**Mr. Carl Cadogan:** Imagine Canada, as an example: the Ontario Nonprofit Network, OCASI. There are a number of organizations that provide umbrella support to the charitable sector, and we would like the government to have some discussions with those people so that we, as a sector, can better prepare ourselves to serve the community.

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

I think she is having troubles again connecting over the phone, so we'll start with the questions now. We'll start the first set of questions with the government. I'll go to MPP Harris.

**Mr. Mike Harris:** We had a smooth transition to the unmute this time. That's exciting to end the day off. It's good to see everybody again. I'm making my little cameo here at the end of the day. It's nice to be back.

Carl, I was just hoping we might be able to get a little bit more information from you as to what a loss of \$70,000 to \$80,000 in fundraising revenue would mean to an organization like yours. Obviously, I would think it has some pretty significant impacts. Maybe if you could touch on that a little bit, and if you had any ideas as to what we might be able to do on top of some of the relief that was given to the charitable sector over the last few weeks.

**Mr. Carl Cadogan:** For us, loss of revenue usually equals staffing. For us, staffing is a key part of our service delivery. Even doing the work virtually demands staff, so staff are still at work. We laid off probably about seven or eight people. They were part-time and on call. But we're delivering services virtually.

The loss of that kind of revenue means that we have to think hard about how we bring staff back. We were looking at how to stage reopening and we were looking at what we do starting September or October, and we've pushed it back a bit to maybe later in the year. So the \$75,000, \$80,000 has meant that some of the part-time staff that we are looking to bring back, we're not going to do that at this point in time; as well as we have spent funds on things that we normally don't spend funds on. As an example, in order to provide the services that we do, we reconfigured our telephone system. That meant that we spent about two or three weeks with a consultant to make it easier for people to call us and to respond to people in about 20 different languages. That cost us \$6,500 of expense that we haven't anticipated. Losing \$70,000 means

that it has also compounded the fact that we spent some additional dollars that we hadn't budgeted for.

**1710**

We appreciate what the government has done around the call that the Ontario Trillium Foundation has put out, but it's going to be every organization in the province that's going to respond. We had a chat about it, our board talked about how we respond to that call and we're hoping to do that, but we're not hopeful, because there are so many organizations in the same boat. It's really going to be interesting to see how those funds are divided up among the sector.

**Mr. Mike Harris:** Have you noticed an uptake or downswing in the amount of people you're serving over the last few months?

**Mr. Carl Cadogan:** Yes. The government closed the border, so probably since March, we have not received any new arrivals. But January, February and March were high months for us, so that meant that those people who came early—we normally would have provided a basket of services for them; they're usually face to face and comprehensive. We couldn't do that with the new arrivals. We had to kind of look to deliver services virtually and differently.

We had many people who were new to the country and were really afraid of going out, so we ended up coordinating things like delivering food and delivering groceries to people, because people were just not really sure what they should do. They were self-isolating, so we had to look at how we could respond differently. We have not seen any new arrivals since probably the end of March, but just dealing with the people who were new to the community over the number of months has been challenging as well.

Kitchener Public Library contacted us. They had about 20 Chromebooks that they weren't using for a few months and they said, "Could you use them?" So we used them to support people who didn't have technology to receive virtual service. We had a delivery service. We delivered Chromebooks to families—

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

**Mr. Carl Cadogan:** —both to adults as well as to children, so we pivoted very well in terms of how we responded to the needs of the community.

**Mr. Mike Harris:** And how have people found the online service versus the in-person? Do you feel, as an organization, that you've still been able to provide a high level of service to people or—

**Mr. Carl Cadogan:** Absolutely. We have. We have provided services. For some people it's a bit harder, especially if language capacity or capability isn't there—having an interpreter at the same time sitting in on a doctor's appointment or other appointments has been a bit more challenging for us—but we have tried to ensure that we do those kinds of things.

**Mr. Mike Harris:** That's great. Thank you, Carl. I appreciate you being here today.

**Mr. Carl Cadogan:** Not a problem.

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

**Ms. Laura Mae Lindo:** Thank you to both presenters. Carl, I'm going to start with you. It's lovely to see you. I want to carry on with some of the discussions around the virtual services.

I think it was two days ago that we had somebody else come in and talk about the need for government to rethink the way that they invest in the not-for-profit and charitable sector, primarily because we know that we're anticipating a second wave, and we know the important work that you folks do in the community.

One of the pieces where I think I'm seeing these connections between both of your presentations is that there are a number of unexpected expenses that you folks are now experiencing at Reception House. I would argue—I know that you deal with a lot of newcomer families, as well, so I'm assuming that the technology piece for kids who might have to do some of the online or distance learning at the moment, because we're sort of unsure about what's going to happen in the school system—that that became a moment where we start to see the ways that we have to rethink our investments, so that we can make sure that all these kinds of supports are available. I'm wondering if you could just speak a little bit about what these challenges have taught you about what we should be doing differently, so that we're better prepared as we think through what the future looks like for us in this economy.

**Mr. Carl Cadogan:** Well, I think it's interesting—I had a meeting yesterday with a group of folks. We had a conference planned for April, and it had to be cancelled. When we were planning the conference early on this year, we did conference calls by phone. Yesterday, our meeting was by Zoom, looking at how we're going to do a virtual conference early next year, so we've learned a lot of things.

We have a youth program, as an example. It's with another organization. Community Justice Initiatives and Reception House work to provide support to young people. We do a homework club, we do mentoring and we do recreation. Obviously the recreation component of the program, we're not doing anymore, so we had to increase the other aspects of the program, but we had to ensure that all the young people who we're dealing with had the technology. So we did have some Chromebooks, and luckily we had some discussions with Google. We're using Google Classroom, and we got some support from someone connected to Google and were able to provide additional Chromebooks to the youth, as well as the Chromebooks that we had been loaned by Kitchener Public Library.

But all it meant is that within a week or two, we had to rethink how we deliver services. It meant additional expenses to things that we had not even considered in the past. I think that governments have to think—I mean, this hopefully is a learning experience for everyone, and I think that people have to rethink how services are delivered. I think there is value in doing some of the things that we have learned over the last three months, but there are also very important aspects of the services that we deliver that still need that sort of personal face to face.

We still do a bit of face to face. We still help people find housing, which is really a big challenge for us; one of the biggest challenges for our organization is housing, and in a pandemic it's even harder to find housing. The landlords don't really want to show places, and it's very challenging, but we have worked to make sure that our staff and the people we serve are all in PPE. We've given a lot of masks and other PPE to those people who we serve, but it's one of those areas where we haven't really planned.

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

**Ms. Laura Mae Lindo:** And that's the piece I'm actually going to pivot over to Susanna based on, because that's the piece that we're also hearing: Those unexpected expenses are now sort of left on your shoulders, and I would argue—and what we're hearing from a lot of other small and medium-sized businesses—that they need the government to shoulder some of that, because if they don't, then these businesses are left with all these loans that they can't grapple with.

To you, Susanna, I just wanted to acknowledge that I hear you about the loans. You are not alone; a lot of people have come to committee over the hundreds of hours that we've been here and said that they can't afford another loan. They've also said to us that with the issue with the insurance companies not following through with business interruption insurance, they wanted the government to step in then to provide them with what they need, so that everybody is set up for success. Could you spend the rest of this time just talking about why that is so important, to get direct investments in your businesses?

**1720**

**Ms. Susanna de Beer:** Thank you very much for allowing me on that. It's so critical, to be honest. We already don't have the income to support our overhead, and then to come with extras—it's impossible. It makes it impossible to keep running a business. If there's no money coming in, we cannot keep going. Nobody wants to wait six months to get paid. I understand that. Neither does hydro or Enbridge or any utility company—Bell, Rogers, whoever; it doesn't matter. We have six months, eight months still before we start seeing more money coming in, and that's why it's so critical for us seasonal businesses that are events-based to get that income coming or a grant coming or a way to offset it so that we can survive until we make income to continue building and to pay back what we owe.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll go to the independent members for their round of questions. Any questions? MPP Hunter.

**Ms. Mitzie Hunter:** I'm wondering, Susanna, if you could continue your thought there on what events-based businesses that are seasonal are doing in terms of planning to bridge to 2021. What I'm hearing in terms of the businesses coming forward is that they really need that bridge financing or some sort of funding so that they don't disappear.

**Ms. Susanna de Beer:** Correct. Thank you for bringing that to light. I very strongly feel with that. What we are

doing ourselves is, unfortunately, sadly, we're not able to bring back staff so far, because we just can't afford it. We are a partner company, which means one of us took a job somewhere else, which means I'm running the business essentially by myself. There's no other way to try and keep the doors open. It's long hours. I don't care. It's a fight for my business, it's a fight for my family's livelihood here at home, and it's worth it. It's going to take a while, and it's going to take a lot of work, but I'm up for that.

That's why I'm hoping they'll come through and say, "Okay. We see you're working hard, you're doing what you can and you're putting in all the effort that you can possibly put in to make it work and to try and get through this pandemic." We're not going to come out of this with extra money. I know that. We're going to come out in the hole. However, if we can still survive and rebuild, that's a good thing.

**Ms. Mitzie Hunter:** Thank you for all that you are doing. Thank you.

I do want to ask Carl Cadogan a question. It's nice to see you.

**Mr. Carl Cadogan:** It's nice to see you.

**Ms. Mitzie Hunter:** You talked about the people who came over in January, February and March, and you're still working on settling. How is that experience in the time of COVID when it comes to housing, when it comes to food, security, all of the things that are a struggle at regular times?

**Mr. Carl Cadogan:** It's been magnified tenfold, I think. The housing has always been a challenge, and it's becoming even more so. Luckily, we've helped a number of people to connect to employment, and there are a number of people who are still working because some people are working in the food industry, the food preparation industry. They're still working, and luckily we haven't had anyone who has gotten ill, but people are very afraid.

It's really very challenging for the typical family, and I think especially for some of the families that tend to be a bit larger. It's very hard. For the kids and for the women particularly, it's been very difficult, so there have been a lot of mental health issues that have crept up. We have been trying to work with Canadian mental health and Carizon in Kitchener to look to see how we can support families that are having some very stressful times, not just in terms of surviving the pandemic and managing under this difficult situation but who are in a very new environment. They really haven't yet understood how Kitchener-Waterloo works.

There are lots of pieces missing from what we normally do, so just trying to help people work their way through those challenges is what we've been doing.

**Ms. Mitzie Hunter:** That's really great. One of the things that we see with this virus is that it really exposes areas in our society where there are vulnerabilities and where we need to maybe have different outcomes, post-COVID-19, for people. Definitely, in the space of settlement services and supports for those who are newly

arrived, with whatever needs, it's really important. I was really pleased to hear about the coalition work—

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

**Ms. Mitzie Hunter:** You talked about working with OCASI and others as well. We haven't heard a lot about this, in the several weeks and months, around settlement. It's been quieter, but perhaps it's because you've been doing all of the work to support these families. I know MPP Lindo talked about the school supports, the fact that schools moved back to people's homes and relied on devices and online, and did we extend those supports to those families who might be living in tighter quarters with many more people and needing additional in-reach to help them. So it's good to hear that you are doing that.

I do think that the coalition could—

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

**Ms. Mitzie Hunter:** —come forward with any asks, particularly looking at the fall and the fact that it's going to be harder to socially distance and to self-isolate into the fall and into the winter.

**Mr. Carl Cadogan:** My last comment would be around—we hadn't thought about it. We kind of knew it, but we hadn't thought about how many people don't have Internet. So you say that kids can go to school virtually, but there are families that don't have Internet. If you're working a minimum wage job, what do you spend your money on? Internet is not one of those things that just pops into your head. When we were giving out Chromebooks, it's something we had to think about. We actually found hotspots to give people as well, because they didn't have Internet. You think, "Oh, my goodness—Internet." I mean, the Chromebook is no good if you don't have connection, you know?

**Ms. Mitzie Hunter:** Absolutely, and the libraries provide hot spots as well—

**The Chair (Mr. Amarjot Sandhu):** Thank you. Sorry to cut you off. The time has come up. We'll move to the opposition side. MPP Harden?

**Mr. Joel Harden:** Thank you, Chair.

Susanna, I want to thank you for being here this afternoon, from one Ottawa person to another. I've heard of your fantastic business. I've seen your balloon walls. Really, to be honest, I think you're being too nice. Let me just give you a platform for a second, if you wouldn't mind, to share some frustration with us. Because when I hear you say that you understand the insurance companies wouldn't be able to make claims if they provided on all of them, I would think you're extending that small-business generosity to someone who doesn't deserve it.

There are a lot of large insurance companies. Where MPP Lindo and I work, where all of us work, you walk down University Avenue and you see the huge Canada Life building; you see these enormous organizations that you and other business owners have built through your dutiful payments. But in this period we haven't seen one insurance company set up with significant steps to rebate to small enterprises like you. I see my friend MPP Coe is on the line here, MPP Harris and other members of the government. Do you have a message for them? Do you

think the government should require insurance companies, multi-million-dollar profitable companies, who are still turning profits today—should they be required to forgo some of their payments in this moment to help main street operations like you?

**Ms. Susanna de Beer:** I would love to say yes, and I am saying yes to that. What I would love to have seen or been offered is at least a rebate on the business interruption premiums that we've paid over the last nine or 10 years. We've paid into this, but you can't claim it. So that would have been nice, because that rebate would have at least been a credit to keep our business insurance current during the pandemic. That could have been a way to offset or to help us small businesses. Right now, they're doing nothing. All they're doing is taking, taking, taking.

**Mr. Joel Harden:** They're just taking your money.

**Ms. Susanna de Beer:** They are. My personal feeling is, I hate paying insurance. So far, most of the time, it hasn't panned out for us anyway; they'll always find a reason not to give you your claim, even when you file. But now I'm left in the dark. I have to pay, because I can't operate without, and my premiums don't go down. So that's why I say that I get that they can't pay all the premiums for all the businesses, but I think they could have come back with something. Honestly, they could have, but they haven't, so I'm hoping that will change.

1730

**Mr. Joel Harden:** I hear you. Look, at the federal level, we've seen—it's a fancy economics word, so forgive me for using it, but we've seen quantitative easing, which is basically an economics term that talks about writing down obligations for big financial companies totalling in the hundreds of billions. In this country, we've seen huge steps to save huge organizations, and it troubles me that we haven't asked the insurance industry to do that.

My second question is on commercial tenants. We know that the federal program has really been woefully inadequate, because it required the voluntary goodwill of a landlord. We have a lot of those; I think a lot of landlords are trying to do their best by their tenants. However, we see that there has been quite a substantial amount of folks who have gamed this moment, going to their commercial tenant saying either, "If you sign a 10-year lease, then I'll apply for that federal program," or "I'm not going to sign up for this at all, and you keep paying me that rent."

Do you have a message for our friends in government? Do you think we should be requiring landlords—because Ontario is participating in this federal program. Do you think Ontario should be coming to our city in Ottawa and telling the federal government, "Hey, wait. Commercial tenants need a rent freeze. They need immediate injections of money to help pay their costs?" What do you want our friends in government to hear today?

**Ms. Susanna de Beer:** I want them to hear today that I think those large conglomerate companies that are spread across many cities and that are massive multi-million-dollar businesses should be forced to offer the commercial tenants that rent break to survive. The fact that it's optional has obviously put a huge strain on a lot of businesses. It's

one of the reasons my one location closed. I fought three years to build it up. It's gone.

**Mr. Joel Harden:** And to the people in Orléans, that's a big loss. I hear you.

**Ms. Susanna de Beer:** I'm getting calls about that. People are not happy that I've closed, and I have to say that I'm sorry, but I couldn't afford to keep it, because there was no rent program in place in that facility. And of course, that upsets them, too, but I have to save my main business. I have to save my core business.

**Mr. Joel Harden:** I hear you.

Chair, how much time do I have left?

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

**Mr. Joel Harden:** Okay. Thank you, Susanna, for that, and thank you for standing up for small businesses today.

Carl, I just want to quickly move over to you. I really enjoyed your presentation. I don't live in your city, but from an Ottawa perspective, we have a lot of organizations working to help newcomers and people significantly at risk. I wanted to give you the rest of my time, if there's anything you wanted to elaborate on that you didn't touch on yet.

**Mr. Carl Cadogan:** Thank you very much. Ottawa is my city as well. That's where I grew up. I went to Carleton, Glebe and First Avenue Public School.

**Mr. Joel Harden:** Oh, my goodness. There you go.

**Mr. Carl Cadogan:** Anyway, I would say, like Susanna, that I think the other businesses that have gotten away with incredible profits are banks. It's outrageous, really, that they have been silent and the government has not really done a whole lot to challenge them into doing something for businesses, small businesses in the community. They have been making profits like you wouldn't believe, and they have not—I spoke to our bank person about my monthly bank charges: "Could you reduce them, even by 10%?" And there was always a rationale why they couldn't do it. Something should be done about the banks, as well.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. We'll go back to the independent members for their second round. MPP Hunter.

**Ms. Mitzie Hunter:** I wanted to continue the discussion around Internet access, because we've spent a lot of time talking about broadband, and the assumption is that once the services are available, everyone has access to them. But there is a potential for a digital divide based on economics and based on just how secure people are in employment, in housing. Can you talk a little bit about what you're seeing there in that space, please, Carl?

**Mr. Carl Cadogan:** Yes. Everyone uses WhatsApp on their phone. That's how we communicate messages to people. And people who have cellphones, a lot of people understand that. But a lot of the folks that we serve don't understand technology in the broader sense, and when we do orientations, we talk about the Internet, and we talk about cellphone providers. We give people general information about: You want to choose a cellphone carrier that's flexible, you want to get a good deal, and you want

to do this and you want to do that. But people end up doing what they do, and sometimes they say, “Okay.”

It’s very much like insurance. We always try to encourage people to have rental insurance when they move into a new place when they come to Canada, and we explain what it is and how it works. But to then take \$25 or \$30 a month to put into something that takes away from your putting money into something that you can actually see or feel or eat—it’s very hard to convince people. So Internet access is one of those things that we encourage people to—I think Rogers has a program; it’s basic and it doesn’t give you a whole lot of bandwidth, for \$35 a month. But we encourage people to at least get that so they have something so that they can support their children when they need it for school.

But for a lot of people, when you have to make those kinds of choices and you have limited dollars, you make those decisions that are hard. I think Internet is like a human right. It really should be viewed the same way as water or air. It’s very important in 2020 that people have access to Internet and that it doesn’t break their bank.

**Ms. Mitzie Hunter:** Or even like gas in your car, right? It’s an essential if you want to connect.

What about employment? Things were shut down. But your comment was that there were still jobs on the front line and in other places, that people were able to find work. I’m just wondering what you’re seeing for your clients, in terms of access to employment during the time of COVID.

**Mr. Carl Cadogan:** A number of companies have shut down, obviously, and so we’ve helped people complete the CERB application and do those kinds of things. A lot of the folks, recent arrivals, work in manufacturing, and they work in a lot of those jobs that are good first jobs. There are a number of companies that still remain open, and we had a lot of discussions with people. People were afraid to go to work. But a lot of the employers, I would say, did an amazing job in setting up systems that protected their staff. We were really pleased with how a lot of employers responded and changed their systems completely. I know it cost them money as well to do that, but it was very encouraging how employers responded. So those people who were able—

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

**Mr. Carl Cadogan:** —to go to work and make money and still continue, that was good to see.

**Ms. Mitzie Hunter:** But are they finding jobs, those that don’t have jobs?

**Mr. Carl Cadogan:** A few of them. There are employers that are hiring even in COVID. We chatted with an employer on Monday, and he’s hiring 15 people in Waterloo. So we are just trying to organize how we are going to get people to the interviews and to the tours of the company and that kind of stuff, to do it in a way that is safe for everyone. But there are still employers that call us and they’re looking for people, and that’s a good thing.

**Ms. Mitzie Hunter:** Okay. Well, thank you so much for the vital work that you and your staff are doing. I took a look at your website and I saw that you’re collecting

donations online. Have you seen a change in the donations that are coming in?

**Mr. Carl Cadogan:** We’ve had some great donations. We had families that were moved into places, and some of the furniture stores stopped delivery so people weren’t getting furniture that they had ordered. We had a really good response from families who donated furniture. We’ve had, to date, about 300 cloth masks that a group of women in Kitchener put together that they knitted or they sewed, and we’ve given them to families. We’ve had a lot of in-kind donations, which has been really great.

1740

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

**Ms. Mitzie Hunter:** That’s really good. It’s great to hear and to see people taking care of each other during these troubling times, so thank you for all your work.

And Susanna, thank you so much as well for the work that you are doing. I know it is tough times, and when you talked about your Orléans location closing and how difficult that is. But you said you are holding on, right?

**Ms. Susanna de Beer:** Yes.

**The Chair (Mr. Amarjot Sandhu):** We’ll go to the government side now. MPP Khanjin.

**Ms. Andrea Khanjin:** Great. Thank you, Susanna and Carl. I have lots of questions for you as well, and I know we only have limited time. Carl, I just wanted to let you know, I love the work you guys are doing. I saw that you partnered with Conestoga College, with the PR students, to do a big fundraiser, so that was great to see.

Not only did I come to Canada as a refugee, but I actually worked at citizenship and immigration for many years. I wanted to ask you whether or not you had applied in the past to be a settlement service at all, and if that’s something maybe you’re looking towards in the future just to help you with some of the financing and to be an official settlement program or settlement-assisted program through the federal government.

**Mr. Carl Cadogan:** Yes, we are. We get probably 75% of our funds from the IRCC—

**Ms. Andrea Khanjin:** Great.

**Mr. Carl Cadogan:** —and the rest of it comes from fundraising, so we work very closely with the federal government. They struck a COVID task group that looked at how systems across the country could work. There are about six or seven of us across the country that worked for about a month to suggest some protocols for the federal government. So I’m involved with IRCC on both a bit on the policy discussion side, as well as we are a recipient of funds from the federal government, and that’s sort of what keeps us going.

**Ms. Andrea Khanjin:** I know back in 2019, Lindsey Park, one of our MPPs who is also the parliamentary assistant to the Attorney General, had announced some changes to fundraising through online raffles. That was well before COVID, obviously. I was wondering if any of those online changes had helped and whether or not you have any other recommendations of how we could do more charitable efforts online, and if there’s any other red tape that you came across through COVID.

**Mr. Carl Cadogan:** Yes. We have actually been looking at—because some of our events that are in-person events and funding events had been cancelled this year—online events. We actually have one coming up in October. We haven't done a lot of online raffles or events, but we're looking to see how we can do it.

I think it's important that a business like Susanna's is taken care of because small businesses are the backbone of this country. I also think that the work that travel organizations do is also very important, and I think sometimes that we're missed. If there is some way we can elevate the sector a bit more with the provincial government, because the work that we do is very important.

We still have about 200 volunteers who are working to support our work. If we didn't have those volunteers and if we didn't have systems in place to support them, we couldn't do the work I just described, so it's not just all staff. We don't have enough staff to do what I described. We have probably about 400 volunteers. Probably half of them are taking a breather during this pandemic, but there are still people out there who are helping us by providing service to newcomers. It's an important piece of the work. Even if you take minimum wage calculations and you try to factor how much volunteers give to organizations like us, it's a lot of money. Really, it's a lot of money that people give in terms of their support, and we want to find ways in which we can support volunteerism a bit more.

**Ms. Andrea Khanjin:** Surely, and I know Minister MacLeod would echo your sentiments. She obviously announced that Trillium fund that you had talked about in your earlier remarks, but certainly we need to build on that. I heard that loud and clear.

I wanted to ask you as well, Susanna—I know you're very keen on rebranding.

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

**Ms. Andrea Khanjin:** You did a big rebrand a few years ago of your business. I couldn't help but notice—I work with the Minister of the Environment. I love that tree you did out of balloons, which was really neat.

But I wanted to ask you—as a couple, my fiancé and I were supposed to get married this summer as well. As couples are trying to get more creative, what kinds of ideas have you seen? How do we rebuild that confidence as people are thinking outside the box about how to have events? I know they can go to you for tent rentals and all kinds of things. What are you seeing and what advice do

you have for our government on how we can build more of that consumer confidence?

**Ms. Susanna de Beer:** I think the confidence is coming from the people themselves, too, having the small events. Instead of having their 150-person, 250-person wedding, they are doing an intimate ceremony. They're still getting the larger tent that they may have already booked—

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

**Ms. Susanna de Beer:** —but then they are keeping that larger tent and spacing the tables out more in a circle, so that everybody can see each other. They're spaced, they're socially distanced, and everybody's tabled by bubble, so that nobody is crossing over. And of course, food is being delivered right to their table because there is no buffet.

But that's a very small segment that is able to pull that off, unfortunately. I'd hoped to have seen more, but so far, not yet. But I do think people are starting to wrap their heads around being able to make something work for themselves.

**Ms. Andrea Khanjin:** In terms of figuring out how to redo events, is there any advice you would have for us of any regulations or guidelines where you said there could be some tweaking or some changes?

**Ms. Susanna de Beer:** Yes. I've shared and created some new floor plans for layouts for different rooms to keep the distancing, instead of having the traditional set-up. I've worked out ways with different patternings of the tables to help people keep that distance, so that they can still group the people and still have the maximum amount of people that are currently allowed. That has helped.

**Ms. Andrea Khanjin:** Thank you very much for helping those couples have their dream come true.

**The Chair (Mr. Amarjot Sandhu):** Thank you so much. That concludes our business for today. Thank you to all the presenters for presenting, the committee members for participating and the committee staff for their assistance.

As a reminder, the deadline to send in a written submission will be 6 p.m., Eastern Daylight Time, on Friday, August 28.

The committee is now adjourned until 9 a.m. on August 24, when we'll meet for further hearings on the small and medium enterprises sector.

Thank you, and have a good weekend.

*The committee adjourned at 1748.*



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