

June 3, 2020

Dear Federal and Provincial Politicians and Civil Servants,

**Re: Feedback and Observations from Economic Development Offices**

On behalf of the GTA Economic Development Alliance, we are writing this letter to provide feedback and the observations we are seeing in our local businesses due to the COVID-19 pandemic and opportunities for additional support.

The GTA Economic Development Alliance is composed of 20+ municipalities that have come together to support economic recovery across Ontario. Current members are Aurora, Brampton, Burlington, Durham Region, Georgina, Halton Hills, Halton Region, King, Markham, Milton, Mississauga, Niagara Region, Oakville, Richmond Hill, Toronto, Vaughan, Whitchurch-Stouffville, York Region, the Economic Developers Council of Ontario (EDCO), as well as the regional investment attraction agency Toronto Global.

Upon consultation with Federal and Provincial offices, we were advised that there is a need for additional ground level feedback and a list of policy options to consider for supporting our local businesses. The intention of the list of policy options is to provide an array of ideas. We hope that each Ministry consider these options in the context of their objectives and levers they can work with.

The first section of this letter focuses on the ground level feedback that municipal economic development offices are observing in the businesses in our communities. The second section provides a long list of potential policy options for consideration.

We would also like to acknowledge the efforts and supports that have been provided by the higher levels of government thus far during the COVID-19 Pandemic. Throughout our consultations with businesses, across all our municipalities, the CEWS, CERB and CEBA programs have been of particular benefit to our employers.

**Ground Level Feedback and Observations**

- Sales and Re-opening
  - Retail and hospitality business sales are down, and many have already closed their doors for good.
  - The Province of Ontario has provided guidelines for workplaces to be safe. There is a need for clearer guidance, as well as more suppliers and connections to assist in the provision of PPE. We have also heard labour force safety and recruitment concerns.
  - The installation of PPE costs too much money.
  - We should be encouraging 'shop local' campaigns.
  - Retail businesses feel a need to go digital and sell online in order to survive.
  - Restaurants will have difficulty surviving without additional space to offset physical distancing measures.
- Cash Flow
  - Many measures have been introduced for three to four months. If the pandemic continues to impact businesses, then these measures should be extended.

- Landlords have been reluctant to participate in the rent relief program because it involves covering 25% of the rent and results in a loss of income compared to maintaining the current lease. This has also resulted in friction between landlords and tenants.
- Businesses are having major cash flow issues. The hardest hit sectors are those with high levels of customer contact, including:
  - Construction
  - Retail Trade
  - Education Services
  - Health Care and Social Assistance
  - Arts, Entertainment and Recreation
  - Accommodation and Food Services
- Ease of Doing Business
  - Most government services should be offered online and have short, predictable processing timelines.
  - Processing times should be established for all new government services and programs that have been released in the COVID-19 Pandemic.
  - The process should be clear – businesses should know which government / department to contact (many businesses are complaining they've been going around in circles).
  - Easing of regulations and processing fees on non-health and safety related areas for business should be considered to help offset burdens placed on business by new regulations.
- Innovation, Start-up and Scale-up Companies
  - Innovative companies are unable to make up for lost wages/lost time in product development.
  - Application forms for grants, loans and funding are too long.
  - Approvals processes for grants, loans and funding are too time-consuming.
  - Disbursements from programs should be made quickly with most of the funds being disbursed in advance of the actual spending.
  - BDC's mandatory consulting services as part of a loan essentially act as a claw-back on the total amount being loaned.
  - There is a shortage of venture capital, angel investments, and companies looking to do pilots and consider new technologies.
  - Many programs, such as those focused on technology development, have been frozen to dedicate resources to the COVID-19 response.
  - Government at all levels should be encouraged to ease procurement restrictions and make it easier for start-ups and scale-ups to test new technologies that will support government in innovating.
- Small Business
  - There is a need for more short-term loans, grants and subsidies.
  - The tourism sectors, and businesses largely relying on tourism, may require additional supports to ensure their recovery following the crisis and for the foreseeable future.
  - Retail is suffering from a significant loss of business. As they begin to open once again, additional lines of business to generate sales would help. For example, allowing the temporary sale of alcohol until the economy stabilizes.

- Restaurants may be unable to generate sufficient cash flows to cover additional health and safety measures, including physical distancing, to offset fixed overhead costs. Support is needed to make it easier with no to low cost options to expand patios into public spaces.
- Youth
  - Young people are unable to enter the labour market.
  - Businesses are reporting concerns on summer hiring for students with physical distancing measures in place and current subsidies being provided by the government.

**Policy Options for Consideration:**

Area to Support	Options for Consideration
Supporting Sales and Re-Opening	<ul style="list-style-type: none"> <li>● Utilize façade CIPs to provide funding to allow for the addition of PPE.</li> <li>● Provision of PPE by the Province.</li> <li>● Access to PPE (such as masks, face shields, gloves, plastic screens, etc.) using contacts gathered from Provincial and Federal PPE Procurement portals.</li> <li>● CIP rules modified to allow for an enhancement of virtual presence (e.g. website design).</li> <li>● Digital Main Street.</li> <li>● A unified unemployment database for employers to easily access new talent and people who have been laid-off.</li> <li>● Canada wide “Buy and Supply Canadian” campaign.</li> </ul>
Cash Flow	<ul style="list-style-type: none"> <li>● Canada Emergency Commercial Rent Assistance (CECRA) to cover a higher percentage of costs to encourage more landlord participation.</li> <li>● Canada Emergency Commercial Rent Assistance (CECRA) to allow participation by a qualifying tenant where the landlord is ineligible, will not respond or has declined to offer rent assistance.</li> <li>● Accelerate assessments and broaden criteria for additional loans.</li> <li>● Expense Deferrals and Exemptions               <ul style="list-style-type: none"> <li>○ CPP</li> <li>○ EI</li> <li>○ Utilities</li> <li>○ Sales Tax Collection.</li> </ul> </li> <li>● Keep taxes on small business at acceptable levels.</li> </ul>
Ease of Doing Business	<ul style="list-style-type: none"> <li>● Digitize government and business applications and processes.</li> <li>● Provide an estimated processing time up-front for all government services.</li> <li>● Identify the date of applications received that are being processed (e.g. we are now processing applications received on May 7, 2020).</li> <li>● Waive fees, where possible, to qualifying small businesses.</li> </ul>

Area to Support	Options for Consideration
Innovation, Start-ups	<ul style="list-style-type: none"> <li>• Increase funding, eligibility and speed of approvals processes for pre-existing innovation programs (including IRAP, SDTC, SR&amp;ED, FedDev, SIF, NRCan, NSERC) <ul style="list-style-type: none"> <li>○ For approved projects, pre-pay funding (vs. the current reimbursement process).</li> <li>○ Allow broader claiming of innovation and tax credits for IRAP, SDTC, SR&amp;ED, FedDev, SIF, NRCan, and NSERC.</li> </ul> </li> <li>• Eliminate the requirement for BDC to provide consulting services on their loans.</li> <li>• Provide easy to receive FedDev Funding for businesses assisting with COVID-19 support and recovery.</li> <li>• Create an innovation program for innovative products to be tested by government at all levels.</li> <li>• Increase openness by all levels of government to pilot projects due to businesses being more risk averse <ul style="list-style-type: none"> <li>○ Additional funding and equity investments from government-backed VCs/Support Organizations, including Ontario’s Investment Accelerator Fund, Canadian Business Growth Fund, and BDC Capital.</li> </ul> </li> <li>• Create an Ontario Investor Tax Credit <ul style="list-style-type: none"> <li>○ Similar to the Alberta Investor Tax Credit (AITC) that offers a 30% tax credit certificate to investors who provide equity capital to Alberta small businesses doing research, development or commercialization of new technology, products or processes.</li> </ul> </li> <li>• Many programs, such as those focused on technology development, have been frozen to dedicate resources to the COVID-19 response. Re-open these programs.</li> <li>• Incentive technology adoption to enhance the resilience of domestic supply chains.</li> </ul>
Small Business	<ul style="list-style-type: none"> <li>• Increase short-term, zero or low interest loans (from the current \$40,000) and reduce personal guarantees and profitability requirements.</li> <li>• Ease restrictions to allow new sources of revenue.</li> <li>• Create new and innovative programs that extend well past the crisis to assist businesses engaged and reliant on tourism, hospitality and retail.</li> <li>• Create a red-tape free and low-to-no cost option for restaurants to create additional patio space.</li> </ul>
Youth	<ul style="list-style-type: none"> <li>• Youth Employment Program <ul style="list-style-type: none"> <li>○ Expand IRAP’s measures to include youth employment.</li> <li>○ Expand Canada Summer Jobs Grant and accept new placement requests.</li> </ul> </li> <li>• Tax credits for hiring youth.</li> </ul>

Following the pandemic, we would also appreciate the opportunity to work with both the Provincial and Federal levels of government to ensure a smooth reopening of the economy. Specifically, we would like to assist with the topics of community safety, health and safety of employees, reducing red tape for businesses to reopen, and of course continued business supports as the economy begins to recover.

We appreciate your consideration of the on-the-ground feedback, observations and policy options. If you have any questions or would like to discuss in additional detail, please don't hesitate to contact us.

Respectfully Submitted,

Mark Steffler

On behalf of the GTA Economic Development Alliance

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