

2022

PRE-BUDGET SUBMISSION



About

York Region Business Coalition

The York Region Business Coalition (YRBC) is comprised of all nine York Region Chambers of Commerce and Boards of Trade. Collectively, it represents 5,000 businesses from across the Region.



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Introduction

As we continue to address the long term impact of the pandemic, the York Region Business Coalition (YRBC) has worked closely with industry partners and stakeholders to highlight supports required to ensure a successful economic recovery across York Region.

To support a robust economy, the government needs to alleviate the challenges through targeted support aimed at resolving labour gaps, supply chains, and the highest record of inflation since August 1991.¹ With the inflation rate in Ontario at 4.9 per cent, the government should consider key areas of economic recovery by prioritizing policies that shape innovative solutions, remove regulatory barriers, and strengthen and streamline government processes.

For economic recovery to begin, small businesses - as well as the hardest sectors of our economy such as Hospitality, Tourism, and Entertainment - must have resources and support to recover. For example, our Manufacturing sector continues to experience volatility which subsequently, is having an ongoing ripple effect on our Logistics and Warehousing industries. Economic recovery will require active investments and forward-thinking policies from our provincial policymakers. Barriers inhibiting the success of industry must be removed so the private sector can have the confidence to attract, invest, scale, and drive economic activity throughout York Region.

This submission provides recommendations in seven key themes to help York Region's business community thrive in the new world of business, and chart a path of economic resiliency in the post COVID-19 landscape.



¹ <https://www.peelregion.ca/finance/economic-indicators/consumer-price-index.asp#:~:text=The%20inflation%20rate%20in%20Ontario,highest%20rate%20since%20February%202003.>

Reskilling, Upskilling, Retention and Recruitment

Ontario's labour force amplified as a result of the pandemic. In a BDC report, 64 per cent of entrepreneurs indicated that labour shortage limits their growth.² Businesses continue to be faced with issues of attraction and retention, while also being challenged with upskilling and reskilling their workforce for a new economy driven by technology and automation. Moreover, employers and employees have had to embrace new mental health challenges exacerbated as a result of the pandemic, and businesses require streamlined resources to implement formal mental health and well-being strategies.

A recent report from Statistics Canada shows job vacancies reached 912,600 in the third quarter of 2021, an all-time high trend driven largely by five sectors - accommodation and food services, health care and social assistance, construction, retail trade, and manufacturing. These sectors accounted for two-thirds of the increase in vacancies.³ Increased vacancies, especially in construction, suggest shortages of specific skills or geographic mismatches between vacant positions and the number of workers able to fill them. While the launch of the Skilled Trades Ontario agency strives to improve trades training and simplify services for in-demand jobs, more steps and investments are needed to address the skills gap and manage talent in a post-COVID 19 era of work.

A. Strengthen the Apprenticeship Program and Develop Career Pathways in Trades

The pandemic has exposed major labour shortages across York Region, especially in the skilled trades. Unlocking the full potential of apprenticeship programs, continuing studies, and advancement of micro-credentials, could access more talent and skills training.

With youth unemployment more than doubling the national average, the skills shortage is critical to address in order to compete in today's global economy.⁴ There are 144 trades in Ontario, and by 2025 one in five jobs will be in the trades.⁵ Under the Ontario College of Trades, apprentice registrations fell by over 40 per cent, and the average age of an apprentice is 29 years old.⁶ We continue to ask the Government to consider adopting a career pathways program to connect young people with industry professional to ensure awareness of the opportunities in the skilled trades sectors, and the skills needed to keep up with the demand.

Promoting the completion of the apprenticeships programs are essential and require government incentives. The current Apprenticeships Incentive Grant (AIG) of \$2,000 and the AIG for Women of up to a maximum amount of \$6,000 represents the only incentive for those learning a skilled trade to complete their designation.⁷ The grants are administered through the federal government; we encourage the provincial government to match the value of these grants with provincial funding.

Recommendations:

1. Work with Ontario's employer community and post-secondary institutions to develop career pathways programs and localized apprenticeship programs, and promote in-demand skills trades to students in

2 https://www.bdc.ca/globalassets/digizuite/32075-study-labour-shortage.pdf?utm_campaign=Labour-Shortage-Study-2021--download--EN&utm_medium=email&utm_source=Eloqua

3 <https://www.ctvnews.ca/business/labour-shortages-continue-as-quarterly-job-vacancies-reach-all-time-high-1.5718167>

4 <https://www.ugdsb.ca/oyap/why-the-trades/>

5 <https://news.ontario.ca/en/release/1001478/ontario-launching-new-agency-to-better-serve-tradespeople>

6 <https://news.ontario.ca/en/release/1001478/ontario-launching-new-agency-to-better-serve-tradespeople>

7 <https://www.canada.ca/en/employment-social-development/services/apprentices/grants.html>

secondary schools.

2. Collaborate with stakeholders to address labour shortages in promoting high-skills careers available in sectors facing large labour shortages.
3. Pilot a virtual program that matches supply and demand for various types of skilled trades gig and contract work.
4. Develop business provincial incentives to set up an equivalent Ontario-based fund.

B. Post-pandemic Recovery on Immigration

International students are an important source of talent for Ontario, and a key contributor to economic activity across the country. They contributed an estimated \$21.6 billion to the Canadian economy in 2018 and sustained close to 170,000 jobs in 2016, including \$6 billion per year in tuition. At the moment, Ontario is not as competitive as its peers with respect to talent in some major markets because of processing times and more needs to be done to support our international competitiveness in this space. We recommend that Ontario do more to reduce study permit processing times in markets where delays have existed historically, even pre-pandemic.

To ensure a rapid recovery, the Province must consider progressive immigration policies that reduce barriers and enhance access for the global citizen. In partnership with the federal government, one area to consider in resolving these challenges is modernizing the current Ontario Immigrant Nominee Program (OINP). The current list of eligible professions listed under the National Occupational Classification (NOC) C puts us at a disadvantage in attracting migrants to meet our labour market needs. The list is narrow and does not include many of the professions that are experiencing shortages such as plumbers, chefs, personal support workers, and truck drivers.

These labour market issues are compounded by red tape that restricts the freedom of movement, and the ability for immigrants to practice their trades and trained skills in Ontario. Although recent announcements by the government will make it easier for internationally-trained immigrants to start careers in their profession,⁸ more needs to be done in retaining and recruiting talent, especially in hospitals, long-term care centres, and in the tourism and entertainment sectors.

Recommendations:

1. Work with federal and municipal counterparts to ensure that the OINP is able to adequately meet the needs of businesses by both supplying and fairly distributing new immigrant workers.
2. Increase provincial resources to support the process of visas, and access to student loans for short-term programs from accredited institutions to meet current labour market demands.
3. Prioritize regional immigration pilots to attract skilled immigrants to communities facing high unemployment rates and labour shortages.
4. Implement changes to the OINP that expand the list of eligible professions to include high demand NOC skill level C positions.

C. Expand micro-credentials for in-demand jobs

More needs to be done to ensure the Ontario workforce has access to funding to support lifelong learning. By expanding access to and enhancing funding opportunities for short-term programs, the government can

8 <https://news.ontario.ca/en/release/1001014/ontario-helping-newcomers-start-their-careers>

ensure that more individuals will receive the training they need while also ease the transition the workforce is experiencing due to the impacts from the pandemic, automation and AI.

The Ontario government's investment of \$15 million to accelerate the development of rapid training programs and micro-credentials is welcomed.⁹ This funding promotes lifelong learning for students and mid-career professionals, especially for high demand sectors that are looking for specific talent. For example, cybersecurity, technology, investments relations, and financial communications are specific training programs that are in high demand. These types of programs and training builds relevant skills in today's markets.

It is important that financial accessibility of programs for domestic students is included for those looking to reskill. Right now, students must commit and pay for the entire program before beginning their studies as they do not have the option to enroll for a single course. While this has reduced completion times for credentials and increased graduation rate, it does make the programs less financially accessible. Currently, most students are financing these investments through credit cards, bank loans, and personal savings. The implementation of financial accessibility is critical to the economic growth and success of York Region.

Recommendations

1. Support funding for lifelong learning with no age restrictions, continue to promote development and recognition of micro-credentials and promote on-the-job-training.
2. Increase resources to process study visa expeditiously and create vouchers, grants, and access to student loans for short-term programs from accredited institutions to meet current labour market demands.
3. Partner and collaborate with other levels of government to enhance lifelong learning, skills training, and workforce development for indigenous peoples.

D. Develop Mental Health in the Workplace

Mental health strategies in the workplace are becoming important investments in employee health and well-being. However, a gap remains between awareness and adoption of supports for what health and well-being looks like in the workplace. Although the need for funding is demonstrated by the pandemic and recognized by the Provincial Government, much of this access does not expand throughout all sectors facing mental health.¹⁰

Businesses value employees mental and physical health, and depend on their employees' health and well-being. However, many businesses do not have a formal strategy.

The Government must continue to develop strategies that support workplace mental health. To understand how mental health fits into the workplace, the provincial government needs to work with organizations such as CAMH, and develop partnerships with professional therapists. Developing relevant and accessible mental health supports and resources for employers and employees will ensure well-being and economic growth.

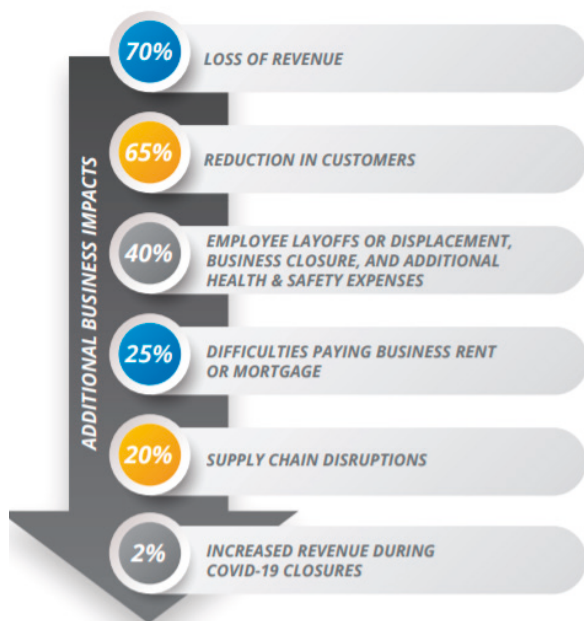
Recommendations

1. Develop partnerships with licensed professional therapists and help businesses with funding to access online therapy platforms and health insurance benefits.
2. Ensure all workplace sectors are eligible to participate in therapy platforms, while increasing resources for all businesses to implement formal mental health and well-being strategies.

⁹ <https://news.ontario.ca/en/release/61236/ontario-invests-in-new-and-expanded-rapid-training-programs>

¹⁰ <https://news.ontario.ca/en/release/1001140/ontario-expanding-mental-health-and-addictions-supports-for-frontline-health-care-workers>

Small Business and Entrepreneurship



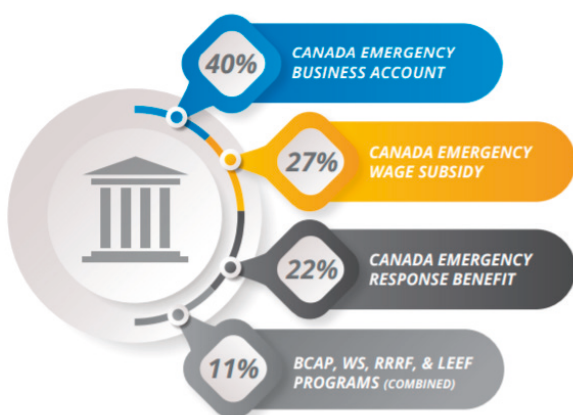
<https://www.yorklink.ca/wp-content/uploads/2020/07/york-region-covid19-businessimpact-survey-results.pdf>

Small businesses and entrepreneurs are more concerned about low consumer confidence, government response to the pandemic, and the threat of lockdown measures than medium and large businesses. This is largely due to the unique challenges that small businesses and entrepreneurs face with accessing resources, capital, talent, and markets. Statistics Canada reported that 39,216 active businesses shut down permanently across the country in October 2021.¹¹ Like other regions, York Region businesses have been dramatically impacted by lockdown measures.

Although 40% used the Canada Emergency Business Account (CEBA), the road to business recovery in York Region requires new measures being adopted, critical business functions for recovery, and provincial and regional support.

Even those continuing to operate have seen a deterioration in their balance sheets. Collectively, small businesses in Canada took out an additional \$135 billion in loans.¹² Policy decisions in the coming months must consider the importance of streamlining programs and enhancing predictability for businesses to adopt the most relevant measures for their daily operations. Too many unclear frameworks on lockdown timelines have prevented businesses from investing and planning ahead accordingly. Until businesses are back to full capacity, the government needs to support consistently and transparently.

FEDERAL FUNDING SUPPORT PROGRAM USAGE



<https://www.yorklink.ca/wp-content/uploads/2020/07/york-region-covid19-businessimpact-survey-results.pdf>

A. Expand Eligibility Criteria for Lockdown Benefits and Streamline Government Support Programs

Small businesses have been more likely than larger businesses to use CEBA, the Small Business Support Grant, Tourism and Hospitality Small Business Grant, free rapid tests kits, and the Digital Main Street program. However, businesses who opened after March 20, 2020 are not eligible for many of the lockdown benefits, including CEBA, the Hardest-Hit Business Recovery Program (HHBRP), and the Tourism and Hospitality Recovery Program (THRP) from the federal government.

¹¹ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310027001>

¹² <https://www.cfib-fcei.ca/en/media/news-releases/canadas-small-businesses-now-collectively-owe-over-135-billion-result-pandemic>

Often it is difficult for new start-ups to receive the initial money needed to get an idea off the ground. For example, funding for incorporating, initial supplies, and early working capital are some challenges for entrepreneurs. Start-ups and early stage small businesses find it much harder to access loans at a bank and are often rejected compared to larger companies. Even when small businesses are able to secure a bank loan, they are often charged a higher rate of interest which is harder to service. While some sources of funding from grants and programs such as Ontario Centre of Innovation (OCI) are available, the application process and access to funding is lengthy. It is important for the government decision-making process to move in the speed of business.

The eligibility criteria for the current support programs and the navigation of selecting the best funding programs for businesses can be overwhelming. A well-developed and robust eco-system that supports start-ups is required to manage long-term risk, and generate positive, measurable social and financial return.

Recommendations

1. Improve access to start-up and small business grants, government support measures, and changes to eligibility criteria for lockdown benefits that go beyond the March, 20, 2020 and address financial barriers, especially in the significant loss of cash flow, and debt.
2. Develop clear frameworks on lockdown timelines to help businesses prepare and enhance certainty, trust, and transparency amongst the business community.
3. Streamline and strengthen government supports that are targeted towards recovery and growth, and support businesses on operating in the digital economy while providing fast access to funds.
4. Scale government partnerships with tech industry leaders who can develop an AI process for streamlining and strengthening government support programs.

B. Servicing Debt and Accessing Resources for Small Businesses Recovery

Small businesses account for the largest share. Transportation services, food and accommodation services, recreation and cultural services, and the manufacturing business are the hardest hit sectors from the pandemic, and these industries represent 33% in York Region.

**In York Region,
the hardest-hit
sectors represent**
33%

Many companies are worried about servicing the debt, either through government funding or from personal debt, they took on during the pandemic. Due to the restrictions that were put in place during the last two years, many businesses are now maxed out and are not able to take on more debt. Until businesses are back to consistency, they require awareness and support of their finances. Most small business owners do not know where to obtain their business credit scores, nor are they aware of what government programs they may qualify for.

Recommendations

1. Financial support and relief for commercial rent, business taxes, and electricity costs.
2. Work with the Federal Government to perform financial analysis of all small business grants, loans, and tax relief programs that advance evidence-based and sector-specific policy decisions.
3. Implement a targeted program in partnership with financial institutions to help entrepreneurs and small businesses rebound after COVID-19, and know what programs to access to address success and future of business goals.

Environment and Climate Change

The federal government has set a goal of achieving a 40-45 per cent reduction in carbon emissions by 2030 and net-zero emissions by 2050.¹³ These are substantial commitments that will require ongoing cooperation between government of all levels and the private sector. However, absolute emissions in Canada have dropped just 1.1 per cent since 2005, and our GHG intensity per capita is among the highest in the OECD.¹⁴

There is an urgency for strategies and substantial investments in climate change. The climate crisis presents a significant threat to human activity, businesses, and natural habitats. The provincial government must enable a diverse set of policies that confront climate change and expand opportunities for innovation, job creation, and regional economic development. A well-designed strategy could put Ontario in a competitive advantage by leveraging its low-carbon energy, world-class colleges and universities, sustainable natural resources, and cleantech sector.

A. Implementation of Carbon Capture Technology

There is an urgency for strategic and substantial investments in Carbon Capture, Utilization and Storage (CCUS) for reducing emissions. Proponents see carbon capture as one of the tools to lower emissions from various industrial sectors that are contributing to climate change.¹⁵ Currently, the federal government is developing an investment tax credit to incentivize more CCS construction.¹⁶

CCS is a proven technology supported by governments across Canada and throughout the world. It is a key part of the federal government's environmental plan.¹⁷ Provincial governments in British Columbia, Alberta, and Saskatchewan have supported carbon capture, and so have Norway, Australia, Denmark, and the UK. The international Energy Agency, one of the world's leading authorities on global energy policy, believes CCS is an important emissions reduction technology that can be applied across the entire energy spectrum.¹⁸

A diverse set of industries are examining the potential of CCUS, including upstream petroleum, refining, pipelines, electricity, cement, steel and fertilizer. A well-designed CCUS investment tax credit (ITC) in the Ontario government is essential in order to accelerate investments across different sectors and regions of the country.

Recommendations

1. Support and develop a strategy on carbon capture technology, and create a tax credit that applies to all capture, transport and storage infrastructure, and pre-Final Investment Decision (FID) engineering costs across a range of geological formations.

13 <https://www.canada.ca/en/environment-climate-change/news/2021/07/government-of-canada-confirms-ambitious-new-greenhouse-gas-emissions-reduction-target.html>

14 <https://www.canada.ca/en/environment-climate-change/services/climate-change/greenhouse-gas-emissions/sources-sinks-executive-summary-2021.html>

15 <https://www.cbc.ca/news/business/bakx-frog-lake-ccs-1.6331191>

16 <https://www.canada.ca/en/departement-finance/programmes/consultations/2021/investment-tax-credit-carbon-capture-utilization-storage.html>

17 https://www.nrcan.gc.ca/climate-change/canadas-green-future/carbon-capture-utilization-and-storage-strategy/23721#msdyntrid=Bx_67UVDcRXh8PCLAK0moT_t-vltkqr0JkyKNZKGUjs

18 <https://www.iea.org/fuels-and-technologies/carbon-capture-utilisation-and-storage#msdyntrid=MZ477SLsJqkbQbZxwKdCekCMYm04O5FgHJ2WAADpHEM>

2. Design a CCUS ITC that enables all CCUS projects, during a long time frame to advance projects, with option to further extend upon request.
3. Work closely with the Federal Government to create policies that ensure appropriate crediting usage and generation limits under Output-Based Pricing System (OBPS) and the Code of Federal Regulations (CFR). Ensure that protocols for crediting help encourage additional emission reductions and are able to be implemented efficiently.

B. Energy and Climate Change

Ontario needs a pro-growth strategy for addressing climate change impacts to the grid due. Damage from storms, fires, flooding, wind, and ice, adversely impact service reliability to businesses. As the government continues to make long-term investments in infrastructure, it is imperative that the role of utilities be considered.

The impact of climate change increasingly becomes a more front-facing issue. Government needs to balance short-term needs with equally important long-term investments in clean energy and develop resilient electricity infrastructure.

Recommendations

1. Partner and collaborate with industry leaders i.e. utilities to fund investments in resilient electricity infrastructure to adapt and protect our province from climate change.
2. Assess the impact of climate change on reducing the lifespan of utility capital assets.
3. Enable the electricity sector's ability to adapt and protect the system from extreme weather changes by recommending best practices, operations planning, and investment needs.

C. The Local Distribution Company Role in Expanding the Electric Vehicle Market

The Provincial Government must continue to emphasize on decarbonizing the transportation sector given it accounts for the largest proportion of the province's greenhouse gas (GHG) emissions. The electrification of the transportation sector is viewed by many stakeholders and policymakers as a critical strategy to reduce GHG emissions. The Federal Government has set targets for all cars to be zero emission by 2035.¹⁹ While such goals are important, Ontario's current infrastructure and rate-base classification is ill-equipped to manage the growth of the Electric Vehicle (EV) market.

The Provincial Government deployment of charging infrastructure at 17 ONroute locations is an important step forward.²⁰ Both the federal and provincial governments' recent investment of \$295 million is a great partnership in supporting electrification of transportation. However, Ontario needs to increase its public charging network to support the growth of this market. Currently, there are 1,300 publicly available charging stations available across Ontario.²¹ Local distribution companies (LDCs) can play a significant role in helping to develop some of the charging infrastructure required to meet EV adoption goals.

Without a dense network of fast chargers in widely accessible spaces, increased adoption of EVs will not be possible. The Ontario Energy Board needs to take an ambitious step forward by providing LDCs with the ability

19 <https://liberal.ca/climate/100-zero-emissions-car-sales-by-2035/>

20 <https://news.ontario.ca/en/release/1001255/ontario-boosting-electric-vehicle-charging-availability>

21 <https://www.nrcan.gc.ca/energy-efficiency/transportation-alternative-fuels/electric-charging-alternative-fuelling-stationslocator-map/20487#/find/nearest?country=CA&fuel=ELEC>

to rate base investments in EV charging infrastructure. This will effectively accelerate the adoption of electric vehicles and meet the net zero emissions target.

Recommendations:

1. LDCs should be enabled and encouraged to support electrified transportation through infrastructure developments. LDCs could play a critical role in accelerating the deployment of vehicle charging stations, and could propose EV charging stations to ensure they are compatible with the current grid.
2. LDCs should have the ability to rate base investments in electrified transportation infrastructure (transit and fleet charging, EV control systems, etc.), to ensure utilities will be able to amortize higher upfront capital needed to support the development and expansion of the electricity system.
3. LDCs should review existing customer rate classes and establish a specific rate class for public fast charging. This review should be conducted in coordination with the OEB, who will have approval authority once the rate class is designed.

Construction and Infrastructure Development

Investing in infrastructure is one of the best ways to accelerate Ontario's recovery from the effects of COVID-19. We continue to ask the Provincial Government to sufficiently fund key infrastructure projects across Ontario. York Region's population is expected to double by 2040 and the infrastructure is not at scale. In the short-term, infrastructure development supports jobs and business growth, leading to lower labour shortages and unemployment gaps, and a higher level of economic growth.

Committing to infrastructure that helps develop the recovery of the future economy will also boost the standard of living. For every \$1 billion in infrastructure spending, GDP is boosted by an average additional \$1.46 billion.²² By leading construction projects that advance investments and wealth creation, Ontario positions itself to attract talent domestically and internationally.

We encourage the government to work with their municipal and federal counterparts to provide sufficient funding for these projects and to prevent an escalation in unemployment and labour shortages. If these projects are not reconvened, more than 117,000 of Ontario's construction jobs will be lost.²³

A. Investment in Transportation and Financial Assistance to Municipalities

During the onset of the pandemic, Ontario municipalities with large transit systems began to reduce their spending and reallocated money from their Capital Budgets to their Operating Budgets to fill the deficit gap. Through the support of the Provincial government, municipalities across Ontario had the necessary financial relief to manage the challenges.²⁴

Given the devastating impact of COVID are still ongoing, the Provincial Government must prepare to provide the same sort of financial assistance for 2022. Transit systems have yet to recover, and many municipality's revenue sources rely heavily on this. Strategic investments are essential to rebuild regional economies and

22 <https://building.ca/rccao-calls-on-federal-government-to-address-significant-infrastructure-deficit/>

23 <https://rccao.com/research/files/RCCAO-Averting-a-Crisis-Nov-19-2020.pdf>

24 <https://news.ontario.ca/en/release/59677/ontario-provides-more-financial-relief-for-municipalities-during-covid-19>

state-of-good-repair (SOGR) projects deliver on this. Without financial assistance and priorities by all levels of government, municipalities cannot run deficits and pass balanced budgets, and will ultimately face delays or cancel SOGR projects.

Recommendation

1. The Province of Ontario, in partnership with the Government of Canada, should continue to provide municipalities with financial assistance similar to the Safe Restart Agreement seen in 2020.

B. Continued Investment in Transportation Infrastructure

With the expected population growth of an additional 2.8 million people over the next 25 years, critical infrastructure is critical. The Ontario government's support on building the GTA West Corridor (Highway 413) and the Bradford Bypass is a step towards economic recovery, growth, and job creation.²⁵ Both projects will play a pivotal role in reducing congestion, enhance long-term competitiveness, improving connectivity, and supporting affordable housing initiatives.

The geography of Ontario necessitates cars for the foreseeable future. Demand for goods has reached historic levels since the offset of e-commerce. As the population of the region continues to grow, building and maintaining road infrastructure increases business competitiveness and productivity by reducing the time and cost of transportation goods.

More importantly, delays of municipal infrastructure projects are essential to tackle. One way of doing this is improving the Municipal Class Environmental (MCEA) processes. A report by RCCAO has indicated that in 2019, out of 12 examined projects, nine projects experienced delays of between two and five years, and six of the 11 projects indicate that consultants and reports cost more than \$500,000. Four of the six projects had expenses of more than \$2 million.²⁶ Although we are pleased the government has been working to modernize the Environmental Assessment (EA) process through the More Homes, More Choice Act in 2019, we urge the government to ensure the amendments to the various class EAs, including MCEAs, are approved as quickly as possible.²⁷

Recommendations

1. Continue investment and support in transportation infrastructure, especially on Highway 413 and the Bradford Bypass.
2. Create a consistent, clear and streamlined environmental assessment process to eliminate duplication, provide clear expectations regarding consultations, and define timelines for critical infrastructure.

C. Further Inventory in Purpose built Rental Housing

The resilience in the housing market has contributed to on-going housing affordability challenges in the GTA, a result of an inadequate housing supply and mix. As we have previously advocated, the best long-term solution to housing affordability is to increase the supply of available housing and to encourage a more balanced mix of housing types.

25 <https://news.ontario.ca/en/release/1001148/building-ontario-with-highway-413>

26 <https://rccao.com/research/files/RCCAO-MCEA-REPORT-JULY2019.pdf>

27 [Bill 108](#)

A total of 121,712 sales were reported in GTA last year, representing an increase of 7.7 per cent from the previous 2016 high of 113,040 and up 28 per cent compared to 2020.²⁸ The overall average selling price increased by 17.8 per cent to \$1,095,475. Despite continuing waves of COVID-19, the housing market demand for ownership sustained a record pace in 2021.

With soaring housing prices and no end in sight, it is critical to underscore the value of purpose-built rental housing. In a time where people are struggling financially and some have sold homes to stay afloat, it is expected that demand for rental housing will increase. In fact, the Canada Mortgage and Housing Corporation (CMHC) supports measures to accelerate the supply of rental housing due to the alarming number of mortgage deferrals.²⁹ The rental housing supply gap in York Region has grown exponentially. Factors such as outsize economic momentum in the province, reduced homeownership rates, and increases in population growth have pushed the demand for rental housing well above 40,000 units per year as the decade came to a close.³⁰

It is time for the government to prioritize solutions for purpose-built housing because more people are shifting lifestyles and demand more diverse rental properties. A PWC Canada report found that demographic and economic trends are favoring purpose-built housing.³¹ In addition, millennials are finding renting more attractive and more affordable than buying a home, and require options while they upskill in the future economy.

Recommendations

1. Design tax-break incentives for developers to complete purpose-built rental housing.
2. Draft legislation to designate specific areas of land that can be exclusively developed for purpose built housing developments.
3. A comprehensive strategy in conjunction with developers and lenders to designate building zones solely for the construction of purpose built rental housing.

D. Approval of Upper York Sewage Solution

The issue of the Upper-York Sewage allocation still needs to be addressed by the Provincial Government. In the most recent update presented to York Region Council, it was found that all Government-led environmental assessments supported the Upper York Sewage Solution. Despite having a world-class solution rigorously determined through the UYSS Environmental Assessment process, Provincial approval is yet to be granted.³²

The Provincial Government must continue to work with York Region to approve the current plans for the Upper York Sewage Solution.

E. Broadband and 5G Investments

The pandemic has heightened the importance of broadband connections for many sectors in Ontario to access virtual health care, education, employment, and government services. With the digital economy representing the end-to-end digitization of business practices and daily operations, integrating connectivity software is required to achieve success today.

28 <https://creastats.crea.ca/board/treb>

29 <https://www.frpo.org/news/purpose-built-rental-housing-is-the-way-of-the-future>

30 <https://www.frpo.org/news/purpose-built-rental-housing-is-the-way-of-the-future>

31 <https://www.pwc.com/ca/en/industries/real-estate/emerging-trends-in-real-estate-2020.html>

32 <https://yorkpublishing.escribemeetings.com/filestream.ashx?DocumentId=18808>

The Government of Ontario must continue to take the necessary steps to support broadband expansion and 5G investments by reducing barriers to building infrastructure. 5G connectivity will enable smart mining automation, connected and autonomous vehicles, automated smart farming, and more which will ultimately improve the use of inputs to reduce costs, and increase revenues through innovative products and services.

In order to meet its goals of connecting all Ontarians by 2025, 5G will deliver faster connections, increase network capacity, improve reliability, and enhance security.³³ These investments will be important to deliver economic, environmental, and societal benefits.

Recommendations:

1. Expand the provincial broadband strategy to support a 5G network. Failure to successfully fund and expand Ontario's broadband strategy will undermine any future attempts to develop business communities.
2. Improve coordination with stakeholders to ensure public funds are addressing gaps in private sector expansion plans.

Travel and Entertainment

The impacts of the COVID-19 pandemic on Ontario's tourism businesses have been wide-ranging and significant. After fifteen months of closures, job losses, layoffs, revenue losses, and mounting debt, the tourism and entertainment industry faces a long process of recovering and rebuilding. Industries that have been able to shift to a work-from-home model, such as finance, insurance, and real estate, have seen growth throughout the pandemic. However, the hardest-hit-sectors that rely on physical presence, such as travel and entertainment, accommodation and food services, transportation, and small businesses have yet to recover from the pandemic.

A. Further Funding and Support for Tourism and Entertainment

The current top five risks to tourism business operations are significant loss of cash flow, lack of clarity on reopening regulations, employee layoffs, labour shortages, and debt. Revenue losses and mounting debt indicate impacts to financial sustainability and the future of tourism businesses.

A survey conducted by TIAO showcases that the state of revenue loss and debt have worsened since similar data was collected in March 2021 – alarmingly these figures worsened in the span of only three months. For example, two-thirds (68%) of business that have experience revenue loss saw revenue declines of more than 90 per cent - a two-fold increase since March 2021.³⁴ Moreover, 77 percent of tourism businesses have taken on debt to remain a float, and have taken on at least \$100,000 in debt.

Pandemic impacts to workforce retention and the tourism labour force have created obstacles to hiring just as businesses are reopening. Over half of all tourism businesses are currently laying off a portion of their workforce, and almost half cannot hire staff because they are not generating enough revenue.

The pandemic has worsened pre-existing labour shortage and negative perceptions of tourism employment, making it difficult to attract new hire to full the current labour shortage.

³³ <https://www.pwc.com/ca/en/industries/telecommunications/5g-digital-economy.html>

³⁴ [TIAO Survey](#)

	Number of Establishments by Size of Employment					
	Total	0	1 to 19	20 to 49	50 to 99	100+
Total Establishments - All Industries	262,485	187,308	67,132	4,971	1,797	1,277
Total Tourism Related	13,237	8,044	4,006	832	254	101
Accommodation	401	247	89	38	20	7
Arts, Entertainment and Recreation	2,013	1,548	325	65	50	25
Food and Beverage	5,315	1,298	3,097	699	174	47
Transportation	4,801	4,485	273	18	7	18
Travel Services	707	466	222	12	3	4

Provincial government supports have become more important to financial solvency. 77 percent of tourism businesses accessing government support programs would have shut down without them. Without additional support, many business operations will become financially unsustainable and at risk of closure.

Recommendations

1. Work with the Ministry of Heritage, Sport, Tourism, and Culture Industries to provide continued financial support of the tourism industry through recovery and relief, and ensuring the timely roll-out of previously announced government programs.
2. Provide financial relief for tourism businesses who have taken on debt during the COVID-19 pandemic.
3. Financial incentives for business travel and business events to support the tourism industry to remain competitive with other provincial and global destinations.
4. Develop tourism workforce recruitment and retention fund dispensing a sliding scale of employment grants to tourism businesses to enable them to hire back existing laid off staff and/or hire new staff.
5. Design a marketing campaign promoting tourism as a destination for employment, and positioning the tourism industry as a destination for rewarding long-term careers.

Supply Chain Resiliency

The manufacturing industry faced immediate impact when COVID-19 hit and Canada launched its lockdown measures at all levels of government. In particular, 72% stated their company's supply chains are being disrupted by COVID-19.³⁵ They are experiencing workforce impacts, supply shortages, reduced access to PPE, project shutdowns, unplanned spending, and layoffs. As the pandemic and lockdown measures continue to hit Ontario, manufacturers face high demand with virtually no supply readiness and reliable government support.

At the same time, the manufacturing sector has been experiencing delays in receiving inbound containers, and dealing with increased global shipping costs up to 50-80%. Although some manufacturers turned to airfreight to access critical components that were produced offshore, the airfreight capacity constraints and expensive costs did not withstand the continuation of this solution.³⁶

With the impacts of the lockdowns and long global supply chains for many manufacturing components, York Region manufactures face countless challenges, with many forced to rethink production and supply in order

³⁵ <https://www.supplychaincanada.com/coronavirus-covid19-resources>

³⁶ https://www.supplychaincanada.com/media/reports/Supply_Chain_Resiliency_Report.pdf

to survive. The Government of Ontario recognized the benefit of this support by announcing the Supply Chain Management Act in the beginning of the pandemic, to make sure the demand for crucial suppliers are visible and trackable.³⁷

Notwithstanding the steps to protect the province's supply chain and make sure the front lines have the essential goods and services, this strategy needs to be developed beyond its capacities by fully executing a solution for all sectors impacted by the supply chain issues.

A. Coordinating and Oversight on Regulations and Investing in Workplace Training

For Ontario, the real challenges are in responding and recovering from the risky supply chain, and increasing its global competitiveness. By responding to protectionist policies, tech advancements, the need to upskill and reskill, York Region could become a provincial hub for advanced manufacturing and prepare for the unexpected global market.³⁸ The provincial government must support career pathways programs to connect young people to the endless career options in supply chain. For businesses to respond quickly and effectively to the supply chain issues, building skills will be important for the supply chain to recover.

The provincial government needs to consider the necessary steps to invest in technology and people, in order for companies to operate and produce, while being competitive in the economy. Developing a modernized strategy is vital for the manufacturing sector. The government should coordinate and oversee the regulations that manage the supply chain, and establish specific measures that address reduction from financial harm and lessen barriers from major global disruptions. This proactive approach can make it faster to respond to global markets and interprovincial transportation networks.³⁹

Recommendations:

1. Implement a supply chain focal point within the provincial government tasked with the coordination and oversight of all regulations that directly manages the efficiency of the supply chain. This would bring together public and private sector and establish fast response and recovery, allowing for the planning and coordination of suggested best measures for reducing financial harm and major disruptions.
2. Invest in apprenticeship and workplace training programs aimed toward future economic activity to introduce young people to the importance of supply chain to our economy, and to the many career opportunities that exist in logistics, data protection, risk management to support security against cybercrime, customs brokerage, distribution, and sea, air and land transportation.
3. Develop reasonable funding and resources to encourage greater research and development in the areas of supply chain logistics, and the safe adoption of cutting-edge technologies. Sufficient use of technologies will be vital to support a resilient supply chain that is increasingly digitized and vulnerable to cyber attacks in hardware, services, or software from third-party providers.
4. Ensure nearshoring opportunities and complexities are incorporated into the funding and resources to give companies the capability of producing the same products across multiple plants.

37 <https://news.ontario.ca/en/release/56488/ontario-protecting-supply-chains-to-support-covid-19-emergency-response>

38 <https://www.emerald.com/insight/content/doi/10.1108/IJPDLM-05-2013-0128/full/html>

39 <https://ppforum.ca/publications/revitalizing-canadas-manufacturing-economy-for-a-post-covid-world/>

Digitization of the Economy

The pandemic has accelerated the importance of the digital economy, and the need for fast, 5G connectivity. With automation and artificial intelligence moving so fast, businesses require the tools and resources to transition to a digitally-enabled society successfully. In order to shape the future economy, the government must develop a digital transformation strategy for companies to succeed in a changing economy.

A. Developing a Digital Transformation Strategy

While several trends in the digital economy have accelerated since the onset of the pandemic, - the spread of cloud computing, artificial intelligence and billions of digitally connected devices – the digital economy is not all good news.⁴⁰ Ever since technological change first accompanied the Industrial Revolution, governments have been challenged on how to regulate entirely new and expanding industries while addressing and managing risks.⁴¹

The digital revolution is changing the way we live and interact, and has come to affect all business sectors.⁴² Healthcare, governments, education, small to midsize businesses, and tech companies that have adopted unified technology solutions were able to adapt to the disruption caused by the pandemic through smart automation. However, the significant loss of cash flow, mounting debt, and shortage of staff and skills training in the York Region manufacturing, tourism and entertainment sectors need specific digital skills to succeed in a digital economy.

It is important for governments to regulate and keep up with the digital economy by targeting the problems of today. With current regulations being rooted in the 20th century, there is a major oversight in ways to produce city-wide growth and well-being.

Today, governments face huge potential harms in social instability, unemployment, and skills training. The immediate shift towards digitization requires training systems and digital learning to close the gap between high and low education levels. Although the digital economy can help the recovery from the pandemic, the government needs to ensure a digital transformation strategy within the provincial government that is inclusive and adaptive.

Regulating the digital economy in Ontario must enable companies to develop innovative new digital products, tools, and services, while implementing regulatory frameworks that ensure safety and adaption against possible risks. More importantly, a clear strategy within which businesses and entrepreneurs can operate sustainably in, is essential for the success of York Region businesses.

To be effective, the provincial government has to design a strategy that takes into account the scope of social stability and trust, the scale of skills training, and access to the increased use of technologies. By promoting the long-term growth of the digital economy, governments must learn how to regulate digital industries that meet future labour demands.

40 [World Economic Forum](#)

41 [World Economic Forum](#)

42 [Rodl & Partner](#)

Recommendations:

1. Design a digital transformation strategy that solves for social instability, recruiting and retention, and educational gaps to keep up with the global digital economy.
2. Shift digital government approach by improving online public services and ensure digital technologies across all levels of government.
3. Reduce barriers to international investments that include digital technologies and knowledge-based capital (e.g. business models, software, data) and promote open financial markets.
4. Monitor changing competitive dynamics and trends in market and dominance in digital-sector to promote skills that include everyone especially, women, elderly, and low income populations, by offering access to learning and improving skills after education.
5. Launch grants and financial funding for companies who experienced losses during business closures and require digital support.
6. Coordinate among education and training institutions, employers, and social partners to make education and training responsive to changing tech needs.

Conclusion

There is clear recognition that the pandemic will have long-lasting effects on the industry, particularly small businesses. However, with support from the province, our businesses can get the resources they need to be able to capitalize on the numerous opportunities in the new economy.

The York Region Business Coalition (YRBC) has developed this submission with seven key themes where the Provincial Government can have the most impact for business communities to thrive and lay the foundational support for economic recovery. The recommendations that have been provided in this submission were developed with extensive consultation with SMEs across sectors and industries, business associations, and Chamber partners within York Region.

The YRBC looks forward to working with the Provincial Government on charting a path of economic resiliency and maximizing the potential of York Region's business community in the post-COVID landscape.