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Key Messaging on Economic Recovery Efforts

In the middle of a once-in-a-century pandemic, it is difficult for Ontarians, their families, businesses and governments to look beyond confronting the immediate effects of COVID-19. However, even as we continue supporting each other today, we must also start planning how our communities and economy can emerge stronger.

While no one can predict with any certainty the economic, political and cultural changes this crisis will have on Ontario, Canada, and the rest of the world, we know these changes will be significant.

The high level of collaboration among governments, businesses and civil society managing this pandemic should give us all confidence about our collective ability to deal with the long-lasting changes it will bring.

Supporting business and employees through the COVID-19 pandemic is helping to ensure they will be able propel our economic recovery.

Thank you to the government and opposition and staff who have collaborated and worked around the clock to help support people and businesses during this difficult time. All levels of government have responded swiftly to the crisis and have done a commendable job in listening and adapting programs to meet the needs of people and business.

Recommendations:

Fiscal Policy & Regulation. Canada will enter recovery with substantial new public and private debt. Federal and provincial/territorial governments used ample fiscal stimulus in an unprecedented health crisis, and further support may be necessary to avoid a prolonged economic downturn. Personal and private sector debt is also going to expand as households struggle to make payments and firms borrow to preserve their operations. Ontario will have to walk a fiscal tightrope between reducing debt and deficits and maintaining a competitive economy that encourages business investment and economic growth.

As governments withdraw short-term emergency funding, we need strong economic growth to generate revenues. Government should refrain from austerity measures or tax increases that would damage economic growth. Government needs to continue to fund key determinants to growth – health, education, R&D, broadband and infrastructure.

Making temporary measures that contribute to economic growth permanent. There have been many innovative temporary measures that the government has introduced during the pandemic: the red tape portal, the Ontario Together procurement portal, allowing restaurants to deliver alcohol online, and extending commercial patio space, among others. The government should consider making some of these temporary measures permanent as they contribute to the economic prosperity of our province.

Accelerate broadband investment. Broadband is a basic infrastructure requirement in today's economy, but the ongoing pandemic has made it even more essential to public health and economic resilience. For businesses and workers, particularly those practicing physical distancing, connectivity is necessary to ensure they can remain productive by using digital tools such as video conferencing. Without adequate access, those in rural and remote regions will be vulnerable to additional layoffs and business closures. There are also industry-specific consequences for sectors that are predominantly rural, including agriculture, that must face the significant challenge of adapting to the crisis by rapidly shifting to online marketing and training workers virtually for the upcoming season.

Together with the private sector, the government must do everything it can to limit the profound impact this crisis will have on Ontario's social and regional disparities.

We recommend the following for consideration.

- Fast-tracking the $150 million in provincial funding that was committed to a broadband and cellular infrastructure program. While this amount is not sufficient to bridge Ontario's digital divide, accelerating that investment will help mitigate the immediate impacts of the COVID-19 crisis.
- Working with the federal government to speed up and augment existing broadband investment programs.
- Working with municipalities to boost existing Wi-Fi hotspots.
- Quebec's Ministry of Economy and Innovation is working to develop a fast-tracking mechanism to help telecommunications industry speed up current broadband expansion projects. We strongly encourage your ministry to consider a similar mechanism for Ontario.

Additional support for SMEs. We are particularly concerned about the impacts the COVID-19 crisis is having on small- and medium-sized enterprises (SMEs), charities, and not-for-profit organizations in Ontario. We are pleased the government announced support to support businesses to go online. Enhanced telecommunication and information technology capabilities will be invaluable in seizing the economic development opportunities of the future.

The government may wish to consider:

- Examine where there are gaps in federal programs and provide additional support.
- Introduce a temporary program to support on-the-job workforce training. The Quebec government recently implemented a $100 million program to help companies train workers and continue paying those undergoing training. The Concerted Action Program for Maintaining Employment (Programme d'actions concertées pour le maintien en employ or PACME) covers a range of training purposes, including digital skills training, training recommended by professional orders, training necessary for the resumption of company activities, and training related to a strategy for adjusting company activities in the context of economic uncertainty related to COVID-19. Due to the ambiguity around what technical skills will be needed as the labour market demands continue to shift, an Ontario version of this program should be adapted to include core skills such as communication, critical thinking, business acumen and financial literacy.

- Support reskilling of unemployed and underemployed Ontarians. Economic recovery will require a rapid return to work for many Ontarians. Given the urgency, provincial and federal funds could be flowed through Employment Ontario to support short-term micro-credential programs that meet local and sectoral needs. Employment Ontario has specific, pre-existing programs at its disposal which could be helpful, such as Second Career, which is designed for displaced workers and delivered by public and private colleges. Colleges have many Program Advisory Committees composed of employers that could help identify relevant skills.
- Re-establish the Strategic Skills Initiative. As highlighted in a recent OCC report, the Strategic Skills Initiative was a former Ontario program that cost-effectively leveraged partnerships between industry and training providers to accelerate skills development. We recommend investing $50 million over three years to implement a modernized version of the initiative. Funding would be funneled towards projects that train students in skills needed to adapt to technological change experienced by SMEs, such as data science, with a focus on work-integrated learning. Eligible applicants would be post-secondary institutions with evidence of strong partnerships and involvement with SMEs, and program funding would primarily be used to procure enabling equipment, such as software, virtual reality tools, simulators, and upgrades to existing facilities. The program could be targeted strategically towards specific communities and sectors to align with broader economic recovery objectives.
- A designated fund for small businesses and entrepreneurs who have faced historic barriers to accessing traditional capital, as proposed by the Canadian Black Chamber of Commerce. Access to capital has long been an unnecessary barrier to growth and development in the SME sector. While enhancing capital access during the pandemic will provide integral liquidity to an otherwise arid credit market, the OCC maintains that access to capital was and will continue to be a barrier to Ontario's economic prosperity if not reconciled. Perhaps implementing such a measure when in our greatest need will highlight its enduring value.

The Changing Nature of Employment

Ontario's workforce will not be the same after the pandemic. In the span of one month, Canada went from one of the tightest job markets in history to over one million job losses. Employment may not return to pre-crisis levels at any point soon. Available jobs and the skills they require will change. Employers might increasingly look to automation to maintain operations during future crises and reduce risk. Canadians will need reskilling, upskilling and skills training programs to get them back to work. Education and training will also change, including a greater need for online learning and durable skills, with a focus on both work-integrated and lifelong learning. Ensuring all Canadians have opportunities to participate in the recovery will be essential for inclusive growth and widespread job creation.

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We recommend the following for consideration.

- Integrate its employment services and develop partnerships with universities and colleges to deliver EI programming focused on training and reskilling
- Sector-specific solutions should be evaluated and scaled
- Focus immigration programs – particularly provincial nominee programs – to make them more competitive in the global war for talent