

Fast Forward

Sector Strategies for Accelerating
the Toronto Region's Recovery

April 2021



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Through working in partnership with Toronto Region Board of Trade, we have collectively been able to amplify our reach and ensure the Toronto Region is positioned to lead the country's economic recovery.

– Stephen Lund, CEO, Toronto Global

Foreword

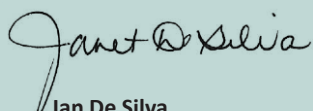
As a world class city-region known for innovation, talent and business excellence, Toronto is well-positioned for a strong comeback from the COVID-19 pandemic and ensuing recession. However, remaining globally competitive in a post-COVID economy means helping different sectors adapt and thrive in a changing world.

This report, titled “Fast Forward: Sector Strategies for Accelerating the Toronto Region’s Recovery,” features six recommendations to ensure the region remains a great place to invest, live and work in the years ahead. These recommendations build on the Board’s Reimagining Recovery COVID-19 response efforts over the past year, particularly our work with Toronto Global and the City of Toronto to convene 11 leadership tables on sector-specific recovery. We are grateful for the insights shared and generous time commitment made by a wide array of individuals and organizations, and the leadership of Daniel Hengeveld, Vice President- Investment Attraction, Toronto Global, who co-chaired these sector recovery tables with Leigh Smout.

During these consultations with business, labour, and cultural leaders, consistent themes emerged. We heard the need to improve digital infrastructure; actively attract and develop talent; address divides deepened during the pandemic; and tackle uncertainty and red tape that makes navigating today’s challenges even more difficult. These leaders also made it clear that they are ready to work together, and with government, to get the region and country back on a trajectory toward growth.

With more people and businesses feeling a new freedom to set up operations anywhere, the Toronto region must reinforce features that make people want to be here. For instance, supporting industries that create a phenomenal in-person experience — arts and culture, restaurants and hospitality, main street businesses, our night economy — must be a central focus of recovery, especially because they represent the hardest-hit sectors. This also means addressing the region’s pre-existing livability challenges as they relate to housing, childcare, and congestion. The responsibility to preserve strengths and close these gaps is shared by governments, businesses and civic institutions alike.

A strong and inclusive economic recovery is possible. However, the speed and scale of that recovery will depend on our ability to make smart, strategic, and coordinated investments aligned with the priorities laid out by sector leaders in this report. We know what recovery can look like for the Toronto region. Let’s move forward toward that vision, together.



Jan De Silva
President & CEO
Toronto Region Board of Trade



Leigh Smout
President
World Trade Centre Toronto

About This Report

This report draws on the insights of over 200 Toronto businesses, not-for-profit and public sector leaders, as well as research into economic recovery efforts from cities and economic regions from around the world.

In the spring of 2020, the Toronto Region Board of Trade partnered with Toronto Global and the City of Toronto to hold a series of sector roundtables with leaders from across the region. As part of the Board's Reimagining Recovery Initiative, the goal was to address the economic challenges stemming from COVID-19 and develop sector-specific responses to accelerate recovery. 211 leaders from 178 organizations across the public, private, and non-profit sectors participated in the 11 tables and shared their insights on what their sectors were facing and how to foster recovery.



How can we take steps to futureproof the region's economy against further shocks and uncertainty?

What we heard: from the need for immediate support to help businesses keep the lights on, through to better energy and broadband infrastructure to accommodate people working from home over the long-term, we heard a wide number of themes across industries. Findings from these roundtables were instrumental in shaping the *Toronto Office of Recovery and Rebuild's* [report](#) to the city manager and the City of Toronto's ongoing response to economic impacts of the pandemic.¹ The Board's response to the City of Toronto's report can be accessed [here](#)².

Since then, the impacts on the region's businesses have only deepened and the pandemic continues to rage on. It is time for government and business leaders to focus on recovery in earnest. If we want a strong recovery, we cannot wait until we are out of the woods to plan for it. In this report, the Board is mining the findings from the sector tables with an eye toward the region's medium-term recovery. The one to three years after the depths of the crisis will be critical in setting the trajectory for the region's long-term growth. As businesses rebuild from the aftermath of COVID-19, how can we take steps to futureproof the region's economy against further shocks and uncertainty?

Our research suggests that to promote sectoral recovery and resiliency over the medium-term, decision-makers will need to focus on ensuring the region's continued vibrancy. The future of Toronto's economy is deeply linked to creating and maintaining the same conditions that make it such a great place to invest, live, and work. But how do we get there?

The Board hosted tables focused on 11 groupings of key economic sectors. 211 leaders from 178 organizations across the public and private sectors participated in the tables and shared their insights. Each table met three times between May and June 2020.

KEY SECTORS

Infrastructure

Energy

Health

Travel and tourism

Financial

Manufacturing

Main street business

Large retail, grocery, and e-commerce

Innovation and technology

Film, music and live events

Post-secondary education

Toronto's future vibrancy is at stake





As a world-class city, the Toronto region is well-positioned to chart a strong comeback in the years to come. But that recovery is not guaranteed; it depends on focused action to build on our strengths. Remaining globally competitive in a post-COVID-19 economy means adapting to a world that is fundamentally changed. Talent and capital are more mobile than ever. Rapid digital adoption has transformed how we commute, connect, and do business. In a world where people and businesses can be anywhere, why choose Toronto?

If we want a strong and inclusive recovery, we need governments, businesses, and civic institutions to work together to preserve the things that make Toronto great and to close the gaps that were holding back inclusive progress before COVID-19.



The Toronto region boasts Canada's largest and most diverse economy and has been consistently ranked as one of the most liveable cities in the world.³

Our region has earned international attention for its talent pool, rapidly expanding technology sectors and advanced industries.⁴ Combined with growing accolades and attention to the region's major sports franchises, chic neighbourhoods, thriving culinary, arts and culture scenes, major festivals, and live events, it seemed fair to say that Toronto was having a moment.⁵

But what the pandemic has exposed is that the region's economy was not working for all...

As the world went into lockdown, it put into stark relief how the region's economy works for some but not for others. Though Toronto's diverse and top-quality talent pool has often been touted as the region's greatest strength, the immediate job losses and business closures that showed clear disproportionate effects along race, gender and socio-economic lines, illustrated how fragile progress has been.

For many, this reality has been a wake-up call. There has been growing recognition that there's an opportunity to rebuild in a way that is more inclusive and more environmentally sustainable than what came before. Many policymakers and business leaders are now embracing the idea that more inclusive economic growth is stronger growth.

...and many of the things that make Toronto great are most at risk.

The pandemic has also made it clear that the region's economic vibrancy cannot be taken for granted. The diversity and richness of Toronto's neighbourhoods, food, dining, local businesses, arts, culture and live events are what make the city great. They're also the industries that have been most impacted by job losses and business closures and are expected to be among the slowest to recover. The health and recovery of these sectors is critical. Not only are they significant employers in the region, these sectors are also a key driver in attracting talent, businesses and investment to Toronto.




There has been growing recognition that there's an opportunity to rebuild in a way that is more inclusive and more environmentally sustainable than what came before.

At the same time, the sudden shift to remote work has underlined just how mobile top talent and large companies are.

Stories of high-profile corporate relocations and talented professionals leaving the city have dominated the news.⁶ Examples like Tesla CEO Elon Musk's relocation to Austin, Texas — alongside announcements that the company will shift its manufacturing operations there — underline how mobile large companies can be.⁷ For many businesses operating in the knowledge economy, the shift to remote work has already impacted their future plans about how and where their businesses will operate.

Canadian companies like Shopify, OpenText and a number of professional service firms have made long-term commitments to the flexibility of remote work for their employees.⁸

For Toronto, the impact on talent was almost immediate. The city has seen a record outflow of people since the start of the pandemic⁹, no doubt influenced by the increased flexibility in work paired with longstanding liveability challenges in the region. As one participant from the sector roundtables noted, "If you can't do things like go to restaurants and sit on a patio in the city, then why would anyone want to live here? It is only because of the restaurants and bars, patios, nightlife and fun main streets that Toronto is liveable. Otherwise, why do we put up with the cost and congestion?"¹⁰ Looking ahead, city builders and policymakers will need to address the fundamental question:



**In a world
where people
and businesses
can be anywhere,
why choose
Toronto?**



It's time to focus on medium-term recovery

To date, governments have rightly focused on what was needed to get the region's economy and society through the lockdowns and public health measures until the pandemic can be placed firmly under control. But now is the time to focus on medium-term recovery efforts. If we want a strong recovery, we can't wait until we are out of the woods to plan for it. The sooner policymakers can help to establish trust and clarity for businesses, the sooner true economic recovery can begin.



**What is meant
by “medium-term”
recovery efforts?**


For the purposes of this report, medium-term recovery efforts refer to actions that government and business can take over the next three years, between mid-2021 and 2024.



But in many ways, the decisions that policymakers and business leaders take now and in the immediate months and years ahead will be the most important.

As part of the research for this report we looked at sector and city response efforts from jurisdictions from around the world. We found that there is a “goldilocks challenge” of medium-term recovery policy: much of documented policy is either short-term emergency funding to bridge sectors in immediate peril or long-term plans for economic transformation that are lofty but remain abstract. But in many ways, the decisions that policymakers and business leaders take now and in the immediate months and years ahead will be the most important. If the dynamics of the global economy in recent years have taught us anything, it is that the benefits of economic growth and recovery will flow to the businesses and cities that act first by taking bold and nimble action today to create the conditions for strong and inclusive recovery over the long-term.

The Toronto region is well-positioned for this challenge, but leaders cannot be complacent. The region’s economy was strong and growing before the pandemic, and — based on our scan of city response efforts from around the world — the business supports introduced in the immediate aftermath of the initial public health orders are in line with global best practices that emerged. Now, to ensure a strong and inclusive recovery, policymakers must be attentive and responsive to the challenges business leaders see on the horizon.



Key trends that will shape medium-term recovery

We expect the following trends will shape the recovery trajectories of Toronto's sectors over the months and years ahead.

Uneven recovery trajectories

Looking ahead, we expect to see uneven recovery trajectories across sectors. Some sectors have been hit harder than others, some have been fundamentally transformed. Industries that largely rely on offering in-person experiences — hospitality, arts and culture, and tourism — have been hit hardest by the COVID-19 pandemic and are expected to recover more slowly.¹¹

The medium-term policy response should be tailored to this multi-speed recovery. Some industries will require economic policies to push them to the next level, while others will require ongoing supports as they continue to fight for survival. Once recovery begins in earnest, government will be under enormous pressure to reduce spending and scale back supports. In the press to return to normal, we cannot afford to leave these sectors behind.

Travel, tourism and leisure reach rock bottom.

The decimation of the travel, tourism and leisure sector as a result of COVID-19 represents a significant hit to Toronto's regional economy: research from Toronto Region Board of Trade calculates that in 2018, visitors spent \$6.5 billion in the City of Toronto, and \$10.6 billion in the region overall.¹² Region-wide, visitor spending supported \$3 billion in annual tax revenue between the three levels of government, as well as 121,180 jobs.¹³ However, the pandemic has ground this to a halt:

- November's hotel occupancy rate was 12% and revenue per available room was \$17.39 — 91% lower occupancy than November 2019.¹⁴
- Travel to Ontario decreased by 94% from January to October 2020.¹⁵
- According to Destination Toronto data shared with the Toronto Star, visitor spending in August 2019 was \$706 million: the same number in August 2020 was \$104 million, a drop of over 85%.¹⁶



91%

**decrease in hotel
occupancy rate**

Arts, culture, and entertainment businesses are worried they won't survive to make it to a "new normal".

The Toronto region is hub for Ontario's entertainment economy, the third largest in North America.¹⁷ 81% of Torontonians report that the arts make Toronto a better place to live.¹⁸ But the arts, culture and entertainment sector will not bounce back—or even crawl back—without a targeted plan of action: the damage has been too sustained.

- For Ontario workers in the arts, culture, recreation, and sport sectors, hours worked in August 2020 were down by 34% compared to two years prior, by far the highest of sectors (overall decrease for all occupations was 7%).¹⁹
- 50% of arts and culture organizations reported feeling in poor financial health or at risk of permanent closure.²⁰
- 80% of Ontario arts, entertainment, and recreation businesses reported shrinking when surveyed in the fall of 2020.²¹

Main street businesses are struggling to stay afloat.

With continued lockdowns and a shift to an all-online retail environment that many small businesses were not prepared for, local businesses are in a fight to survive. Main street businesses give Toronto's neighbourhoods their character, and Toronto residents see them as an integral part of their community: 90% of Torontonians prefer independent businesses for specialty food, personal services, restaurants and bars.²² Before the pandemic, independent businesses made up 74% of establishments and 32% of total employment in Toronto retail stores.²³ Many of these businesses are concerned about their future in the coming years. The region would be irrevocably changed if rampant closures emptied out storefronts through the city.

- From March 21 to May 31 of 2020, there was an 84% decrease in foot traffic through Yonge and Dundas Square.²⁴
- A study by the Canadian Urban Institute found a profound reduction in customer visits in Toronto neighbourhoods during the summer of 2020. Businesses on Lawrence Avenue East (in Wexford Heights) reported a 41% reduction in visits year over year, and businesses on Queen Street East reported a 57% reduction in visits when compared to the same April to September window in 2019.²⁵
- The "peak" post-pandemic number of reservations for Toronto restaurants in August 2020 were still down by 53% compared to the previous year and down 78% by October 2020.²⁶



34%

**decline in hours
worked**



78%

**fewer restaurant
reservations**

Compared to previous
year (October)



Uncertainty as the enemy of growth

Ongoing uncertainty is inhibiting business investment. Left unaddressed, uncertainty will continue to be the enemy of entrepreneurship and businesses investing in long-term growth. Quick response from all levels of government in spring 2020 meant that business supports were able to prevent many businesses from folding. Bankruptcies and closures have been buffered because of these rescue packages, but there are signs that business dynamism is at risk. The stop-start nature of recovery and corresponding ambiguity about what is going to happen is natural, but there are actions government can take to help mitigate some of the uncertainty.

Fewer businesses are opening their doors.

As of September 2020, Toronto had 17,000 fewer active businesses than February 2020 – a decrease of 10%.³⁷ The number of active businesses remains stubbornly low because even while rescue packages help keep businesses temporarily afloat, fewer businesses are opening their doors.

Business confidence is low.

The Ontario Chamber of Commerce annual economic report showed some of the lowest business confidence levels in the survey's history in 2020, with only 48% of businesses reporting that they were confident in the economic future of their organization.³⁸

Talent advantage at risk

Just as the economic impacts have been uneven across industries, infection rates, job losses, and economic fallout from the COVID-19 pandemic have not affected everyone equally. Toronto's diverse talent pool has been touted as one of the region's greatest strengths. But without further action over the medium-term, Toronto's workforce could become a lot less diverse and a lot less inclusive.

COVID-19 has hit racialized communities harder.

Racialized people are drastically overrepresented in COVID-19 incidence, making up almost 80% of the Toronto region's cases and a disproportionate number of hospitalizations.²⁷ This higher infection rate is a product of social and economic factors like lower incomes, precarious employment, and the exposure risks bound up in essential work.²⁸ Without targeted action, the enduring impacts of COVID-19 on racialized communities may exacerbate these inequities, making Toronto both less inclusive and less economically resilient.





Historic gains that women have made in labour force participation over the course of decades have been threatened by the pandemic.

Between February 2020 and October 2020, 20,600 Canadian women fell out of the labour force while nearly 68,000 men joined.²⁹ During the first wave of COVID-19, women's labour force participation in Canada was the lowest it had been since the mid-1980s.³⁰ In January 2021, core-aged women (25-54) lost twice as many jobs as core-aged men.³¹

Youth aged 15-24 have also experienced a profound reduction in their employment opportunities.

As of December 2020, youth employment (age 15-24) remained farther from pre-pandemic levels (-10.5%) than for all other demographic groups, with female youth (-12.1%) continuing to be harder hit than their male counterparts (-8.8%).³²

Newcomers, whose skills fuel Toronto's regional economy, face barriers to joining the Canadian workforce.

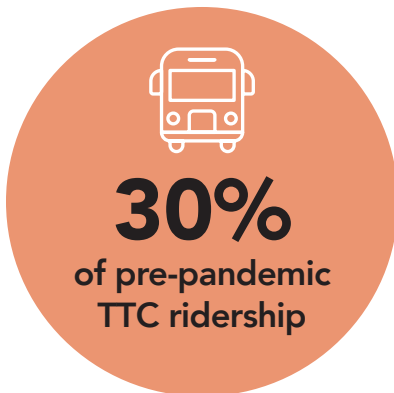
The number of immigrants admitted by Immigration, Refugees and Citizenship Canada (IRCC) dropped by 70% in the first six months of 2020 compared to the previous year.³³ Considering that nearly three quarters of new immigrants to Canada settle in the Toronto Census Metropolitan Area (CMA), this represents a considerable reduction in the region's flow of talent.³⁴

Toronto's existing workforce has been leaving the city in even greater numbers.

According to a Statistics Canada report, the Toronto census metropolitan area lost 50,375 people in intra-provincial migration between July 2019 and July 2020, the highest net loss on record. About half of those who moved away were under the age of 40.³⁵ This may not represent a loss for the region's overall economy and productivity: many of the fastest-growing CMAs during the same period were other areas in Toronto's Innovation Corridor, including Oshawa and Kitchener-Cambridge-Waterloo, as people sought more space in which to live through the pandemic.³⁶ However, this exodus from Toronto's central neighbourhoods, especially by young professionals, could signal a loss of vibrancy within the City's core and the movement to surrounding regions has created housing price pressure in these areas and could have further impact on transportation routes.

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Investing in the region’s broader social infrastructure isn’t just the right thing to do, it’s the smart thing to do for the region’s sectors.



Longstanding liveability challenges take on new urgency

Inclusive economic recovery will require the Toronto region to do better on the social infrastructure we already knew was missing. Investments in social infrastructure – the foundational services and structures that support quality of life in a region – will need to be on the menu in the months and years ahead. From transit fare integration to housing, to real progress on affordable childcare, policymakers will need to take steps to address the region’s longstanding liveability challenges.

Urban public transit faces a future that Statistics Canada calls “bleak”.⁴⁴

Near the end of 2020, ridership on the TTC was still only at 30% of pre-pandemic levels, creating a drastic reduction in revenue.⁴⁵ This will be an ongoing issue in the medium-term: the TTC predicts ridership will rise to only three-quarters of pre-pandemic levels in 2022, and not return to 90% of pre-pandemic numbers until 2023.⁴⁶

For the first time in a decade, Ontario is slated to have more childcare centres permanently close than have new childcare centres open year-over-year.⁴⁷

For the Toronto region, where childcare spaces are scarce and parents already pay some of the highest childcare fees in the country, any reduction in availability makes raising a family in the GTA more difficult.

Even amidst economic stagnation and higher rental vacancy rates, housing became even more expensive in Toronto.

Between October 2019 and 2020, rents for two-bedroom units went up by 4.6% in Toronto, rising six times faster than the rate of inflation for that period.³⁹ And the cost of buying a home in the Toronto region shot up further, defying some early-pandemic predictions. The Toronto Regional Real Estate Board reported that average selling price in the GTA was \$932,222 in December — a year-over-year increase of 11.2 per cent.⁴⁰ For some areas outside of the City itself, prices increased by over 20%.⁴¹ Affordable workforce housing for Toronto’s low and middle-income workers remains a crucial concern for the region’s future.⁴²

Investing in the region’s broader social infrastructure isn’t just the right thing to do, it’s the smart thing to do for the region’s sectors. Improved social infrastructure is correlated with economic growth⁴³ and the region’s economy must be ready to fire on all cylinders. That means ensuring that transit isn’t a barrier to employment within or between municipal boundaries in the region. It means ensuring that a lack of access to affordable childcare or other essential services are not preventing people from working. It means enabling anyone who wants to live and work in the region has access to decent and affordable housing close to where they work and play.



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The digital shift will only accelerate and those not prepared will be left behind.

Businesses must go digital to survive

Toronto region businesses will continue to be pushed into becoming more digital, but not all businesses are ready. Necessity was the mother of invention for many Toronto region businesses when it came to increasing their digital capacity in 2020. Looking ahead to 2021 and beyond, Toronto's businesses cannot afford to be complacent. The digital shift will only accelerate and those not prepared will be left behind. Toronto's businesses, especially smaller organizations, will need ongoing access to targeted support programs to enhance their digital capabilities.

Sectors need ongoing support in order for the region's businesses to reach digital maturity.

Data from the Toronto Region Board of Trade's Recovery Activation Program in 2020 found that most businesses accessing supports will likely need ongoing capacity building assistance to become fully digital businesses. The average business accessing the program in 2020 scored 2.3/5 on global digital maturity benchmarks, with 90% of businesses needing to improve their digital maturity in all or at least some areas of their business operations to meet international industry benchmarks.⁴⁸

Even businesses that made the leap early in the pandemic may need ongoing support. 7 in 10 SMEs who went digital after the start of the pandemic reported feeling rushed to implement digital tools, and nearly half still report struggles to understanding how to use them.⁴⁹

Toronto's business sectors need to go digital not only to remain globally competitive, but to meet the needs of Canadian consumers.

81% of Canadians surveyed in November 2020 say they have adjusted to a "new [digital] normal" and expect businesses to do the same, with 84% saying they would take their business elsewhere if they had a poor digital experience while interacting with a company.⁵⁰

E-commerce is booming for those able to adapt to new business realities.

Nation-wide, e-commerce grew 123% year-over-year from April 2019 to April 2020.⁵¹

Six steps for sector recovery



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For this next stage of policy responses, collaboration with businesses, industry organizations, and other advocates will be a crucial communication tool in the arsenal of decision-makers.

The pandemic and lockdowns have hit some businesses, residents, and sectors much harder than others. This doesn't just threaten to produce an uneven recovery, it threatens the very things that make Toronto attractive to both talent and investors. Economic recovery is a process. It will take years and the path for some sectors will look different than others. Rebuilding initiatives will be most successful when they are iterative, collaborative, and based on effective partnership between sectors and government. What interventions should have in common is a commitment to building resilience and future-proofing Toronto's regional economy against future shocks and downturns.

During the pandemic, much has been said about leaders' ability to communicate effectively, but the focus has mostly been on how information is shared. For this next stage of policy responses, collaboration with businesses, industry organizations, and other advocates will be a crucial communication tool in the arsenal of decision-makers.

Retaining the Toronto region's position as a vibrant and diverse economic centre where people choose to live, play, and work, matters. A recovery agenda for Toronto must address the needs of hard-hit sectors and strengthen the region's competitive advantages for the long-term. This section outlines six steps for sector recovery — targeted recommendations that governments can take over the medium-term — that support the well-being of multiple sectors in the Toronto region and improve quality of life for all.



1 Preserve Toronto's global appeal by fighting for its local identity



2 Give businesses the clarity they need to invest and move forward



3 Lean into the digital shift



4 Shore up diverse skills and talent, Toronto's greatest resource



5 Improve liveability and connectivity



6 Be an aggressive champion for the region

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Preserve Toronto's global appeal by fighting for its local identity

Many of the industries that make Toronto a great place to invest, live, and work are the ones most imperilled by the pandemic's economic impacts. No sector has been immune from the economic impacts of COVID-19, but local independent retailers, performance spaces, bars and restaurants, live music venues, festival organizations, and more are all at serious risk as we look to the next two years. These are important employers in their own right, but they will also be critical to driving the region's recovery. If Toronto loses ground in these sectors, the economic loss will cut across the region's economy. Vibrant neighbourhoods and cultures are what gives the region its diversity and makes it a great place to live and do business. Targeted efforts must be made to ensure that small businesses, hospitality, and live events are positioned to not only survive but thrive.

GOVERNMENTS AND BUSINESS LEADERS SHOULD COLLABORATE TO: Create medium-term recovery strategies targeted to the long pathways ahead of hard-hit local sectors

Face-to-face sectors like local retail, art and music, bars and restaurants, and tourism cannot see more than a fraction of recovery without customers returning in person at scale. Before the crisis, the accommodation, food, retail, culture, and entertainment sectors represented about one in five jobs in Toronto.⁵² The region's visitor economy alone accounts for \$10.3 billion of economic activity in a typical year.⁵³ These sectors continue to see deep employment losses, even as sectors like finance and professional services have grown.⁵⁴





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In order to protect against the loss of cultural infrastructure, these highly affected sectors will require ongoing targeted support that gives them the confidence to plan ahead for when re-opening is possible.



The financial supports provided by federal and provincial governments to businesses have been essential in preventing a flood of closures. But they are largely designed to compensate for the effect of lockdowns, with plans to taper supports like the Canada Emergency Wage Subsidy by summer 2021. A recent survey by the Ontario Chamber of Commerce found that the arts, entertainment and recreation, accommodation and food services, and retail sectors were the most pessimistic for their future.⁵⁵

Face-to-face sectors will depend on a policy response that will provide the support and confidence to carry them through to the medium-term. The federal Highly Affected Sectors Credit Availability Program provides a deeper operational credit line as a short-term bridge but is set to close in June 2021. In order to protect against the loss of cultural infrastructure, these highly affected sectors will require ongoing targeted support that gives them the confidence to plan ahead for when re-opening

is possible. Leaders from Toronto Region Board of Trade's tourism and travel sector roundtable stressed the urgency of a sector-specific approach to shore against long-term damage. Businesses have already reported delaying and cancelling capital investments, and travel industry organizations are concerned that many businesses may close permanently before having the opportunity to reopen safely.⁵⁶

A medium-term strategy should draw on both financial support and promotional efforts from government, businesses, and communities together. Because face-to-face sectors may be in a position to re-open safely well in advance of the return of the 27.5 million annual visitors that form a major part of their customer base, strategies to encourage local support are an essential part of a medium-term approach. A strategy to promote local cultural tourism can be an important pillar to support hard hit sectors, build greater resilience against future shocks to tourism, and promote quality of life.⁵⁷



Ongoing multi-year funding for small business initiatives focused on revitalization and retrofitting and for further digitizing operations and sales could support recovery and resilience.

Take bold action to keep neighbourhood main streets vibrant

While main street businesses have gone to creative lengths to offer different ways of serving the public, the cumulative effects of the public health measures and economic slowdown have taken their toll on the region's main streets. Even with business closures down overall year-over-year — a surprising fact that can be credited to the importance of much-needed federal and provincial supports — the number of active businesses has plummeted in hard-hit sectors like food service, and in some parts of the region dozens of businesses have closed in a single stretch of main street.⁵⁸

Having vibrant and distinct neighbourhoods is central to Toronto's appeal as a place to live, work and invest. A major part of that experience is a strong restaurant and hospitality sector. Some pandemic policy experiments, such as allowing the sale of alcohol for takeout and delivery, have already been made permanent.⁵⁹ Governments and industry partners should build on these changes to encourage a thriving sector, such as opening wholesale alcohol pricing to restaurants, lower credit card and delivery merchant fees, and making it easier to put patios in place.⁶⁰ Local governments should also work with businesses and residents to build on pandemic innovations to reallocate street space to encourage local pedestrian and consumer traffic, which can strengthen our main streets for recovery and the long-term.⁶¹ The commitment by the City of Toronto to expand the successful CafeTO program through 2021 — a program that helps restaurants

and businesses access more space for outdoor dining areas — shows how quick-start pandemic responses may hold enduring benefits if adopted permanently. In a survey, 66% of restaurant operators who responded credited CafeTO with keeping them in businesses in 2020, and 90% of customers were satisfied with their experience.⁶²

Communities in the region have organized to support their main street businesses. Local business owners have cited Facebook groups and other informal shop local campaigns as critical to their businesses' survival.⁶³ But some local Business Improvement Associations are being forced to lay off staff at a time when these types of local institutions need to step up their efforts and better engage residents.⁶⁴

In the medium-term, main streets may need relief with costs given an uncertain pace of recovery and the need to repay debt taken on to get through the crisis. One challenge that small businesses face is property taxes, especially assessment volatility.⁶⁵ While annual increases have been capped on an ad hoc basis, businesses still face considerable uncertainty. Building on existing grant initiatives to support businesses during the pandemic, ongoing multi-year funding for small business initiatives focused on revitalization and retrofitting, and for further digitizing operations and sales could support recovery and resilience. One potential solution could be to amend municipal regulations to enable more live/work and mixed-use spaces on main streets, which would make opening a store more affordable for entrepreneurs and help reanimate empty storefronts.⁶⁶



Invest to preserve Toronto's live events, culture, and performing arts industries

Live events, cultural and performing arts rely on being able to gather closely together in large numbers. Large events will be among the last parts of our economy to return. But there are things that we can do to allow these sectors to return earlier, more safely, and stronger. One key issue is space. Even before COVID-19, the region had a shortage of accessible, affordable spaces for artists to perform.⁶⁷ An initial \$20 million in federal support for live music venues is welcome but unlikely to stem the loss of key cultural infrastructure.

Another is clarity for venues and confidence for the public in safety protocols. Venues and event producers need guidance on what types of events will be possible and what measures will make them safer. Financial support to address these added costs can give the sector the confidence to invest in uncertain circumstances.⁶⁸ And any venue with high customer interactions is facing challenges in securing insurance, requiring creative solutions like group policies underwritten by government.⁶⁹

In the medium-term, even where safety issues are addressed, we may see public hesitancy to return to large crowds. Investments in encouraging attendance, whether through voucher systems or incentives as Korea has introduced, or other measures to underwrite the cost of events could help support recovery of this critical sector.⁷⁰



Actions for partnerships

The Toronto Region Board of Trade will:

- Continue to work with members and other stakeholders to identify the distinct needs of the region's hardest-hit sectors and encourage targeted supports to develop long-term, inclusive and sustainable growth.
- Work with key partners to champion Toronto's vibrancy, culture, and regional differentiation as a key to its global appeal to investors and talent.
- Advocate to improve fiscal inefficiencies and regulatory constraints that are hampering the survival of independent main street businesses.
- Continue to offer and enhance Scale Up Institute Toronto initiatives like the Recovery Activation Program (RAP) to support SMEs to learn, adapt, and thrive.

A man with glasses is shown in a close-up, holding a mobile phone to his ear. He is wearing a blue button-down shirt. The image is partially cropped on the left and bottom edges.

2

Give businesses the clarity they need to invest and move forward

The pandemic pushed the region's businesses and residents deep into uncharted territory. In addition to the effects of the virus and public health measures, uncertainty itself is holding the economy back. Decisions about public health guidance, vaccine rollout, economic relief, and stimulus packages are critical for business decision-making in the medium-term. Clear communication by governments of transparent, and consistent priorities, guidelines, and available supports is necessary to give businesses the opportunity to plan ahead and the confidence to invest.

GOVERNMENTS AND BUSINESS SHOULD COLLABORATE TO:

Establish clear, two-way communication on safe return to work, travel, and shared spaces.

Governments should work with business leaders to use evidence-based decisions to build trust and awareness of protocols for a safe re-opening, with targeted interventions suited to different economic districts and sectors. This needs to be responsive. Main street retailers will need a different approach than arts and culture industries or packing and logistics industries. High-volume work environments like office towers will have unique needs and challenges. Tailored initiatives like the Toronto Financial District Pilot Zone can help to address the distinct circumstances of specific sectors and business regions, while generating scalable insights to use in broader reopening strategies.

READY FOR REOPENING

The Board has partnered with the City of Toronto, the Financial District BIA, Urban Land Institute (ULI) Toronto, City of Mississauga, Mississauga Board of Trade, and Brampton Board of Trade to solve for the safe return-to-work of our businesses. Through pilot zones in the Financial District, Scarborough Centre, and the Pearson Employment Area, this partnership will work to develop mitigation strategies to address challenges around travel, congestion management, building safety, and transmission concerns within the respective districts. More broadly, the Board is looking to draw lessons and identify commonalities of these business districts to establish a roadmap to solve for opening business districts.

This project is generously funded in part by the Government of Canada through the Federal Economic Development Agency for Southern Ontario.



The provincial government should proactively consult with industry leaders around vaccine rollout across sectors and workforces, especially as it relates to considerations and implications for international travel and trade.

Governments, businesses, and Canadians all understand that a “return to normal” will not be like flipping a switch.⁷¹ But to make informed investment and re-hiring decisions, business leaders need a realistic assessment of when certain activities or industries will be allowed under what circumstances. Public confidence will drive the return of people to work, the return of customers to businesses, and the return of audiences to shows, sporting events, and arenas. This is especially crucial for those in hard-hit in-person sectors like hospitality, culture and entertainment. Decision-makers should actively confront this ambiguity with clear preventative measures and public health guidance.⁷²

The roll-out of vaccinations (and possible booster protocols as new COVID variants emerge) will shape our world through the medium term. Provincial and local governments should make clear to businesses as early as possible what will be expected of them with respect to tracking proof of immunization or other COVID-19 related documentation. Where possible, the provincial government should proactively consult with industry leaders around vaccine rollout across sectors and workforces, especially as it relates to considerations and implications for international travel and trade.

AS SECTORS RE-OPEN, SAFETY SHOULD COME FIRST— BUT CLARITY MUST FOLLOW CLOSE BEHIND

Navigating overlapping and conflicting requirements from local, provincial, and federal governments has been a challenge for many business owners acting in good faith, adding to their stress and financial precarity.

For example, in January 2021, the Toronto Star covered the story of Eddie Yeung, who was fined \$880 dollars for not having a written workplace safety plan in place for his business ‘Wonton Hut’ in York Region.⁷³ The only people in the restaurant were himself and his parents. Yeung was unaware that a formal document was mandatory under the Region’s rules (but just encouraged under provincial guidance). Yeung was carefully following all other pandemic restrictions, including only doing take-out and buying PPE. “No one came to tell us we needed this plan,” Yeung told the Star. He also pointed out that language restrictions may pose a barrier to other local restaurant owners who primarily speak Cantonese and Mandarin, the York Region rules were only posted in English.



Provide clear and proactive messages about economic support programs to make clear who is eligible and how they will respond to changing circumstances

Federal and provincial governments have provided significant, much-needed economic support for businesses throughout the pandemic, including wage subsidies, rent subsidies, and other financial support. However, a lack of clarity and delays in rollout have undermined their effectiveness.⁷⁴

Businesses need advanced notice to plan, and the last-minute nature of decision-making has made it challenging to anticipate what supports will be available, when they can be accessed, and how long they will last.⁷⁵ Continued ambiguity through the post-pandemic recovery period will mean more businesses shutting down and laying off staff, leading to a slower reopening and deepening the economic damage to Toronto's hard-hit sectors.

The gap between governments making a program announcement and governments sharing details of that program has proven challenging for business owners during the pandemic. These barriers could be seen in particular with the Canada Emergency

Wage Subsidy (CEWS) and the Canada Emergency Commercial Rent Assistance (CECRA), as ambiguity undermined effectiveness.⁷⁶ During the region's recovery, leaders must strike a balance between telegraphing decisions and retaining flexibility to adapt. Governments should outline clear trigger points for how and when economic support programs will be tapered, extended, or reintroduced, with a focus on the CEWS, Lockdown Support, and property tax and energy rebates.⁷⁷

Unfortunately, the consequences of such ambiguity can mean that the businesses who need additional relief the most acutely are also the least equipped to access programs. Applying for programs, sifting through eligibility, and engaging in targeted advocacy are all activities that take resources that hard-hit businesses and sectors are less likely to have, especially after a pandemic that has pushed many of them to the brink of insolvency. Decision-makers should proactively work to connect SMEs with appropriate supports, knowing they are less likely than larger sector peers to have the in-house resources and expertise to access programs from which they could benefit.



During the region's recovery, leaders must strike a balance between telegraphing decisions and retaining flexibility to adapt.

Use evidence and data to guide decision-making and find common metrics for action

Research from the World Economic Forum shows that data-driven cities have done comparatively better during the pandemic, with evidence-based decision-making highlighted as a crucial tool.⁷⁸ Clear thresholds and trigger points help business owners and the public at large to anticipate (and prepare for) changed directives. For example, New York City used clearly communicated public health metric indicators, defined in advance, to activate important policy decisions like school and business closures.⁷⁹ While some of the most fraught public health decisions are (hopefully) behind us, tough choices remain ahead in the medium term: using data to both make and communicate those choices will help build consensus and buy-in for shared goals.

Businesses themselves can play an important role in evidence generation. Government and the private sector should work together to track and publish data on key economic recovery metrics to guide timely, accurate, and sensible decision-making as people return to shared spaces. Information provided from the private sector can help leaders make sense of fast-moving, fluid realities: for example, data from OpenTable reservations and Google Mobility has helped decision-makers understand consumers' pandemic behaviour in near-real time.⁸⁰ Both business and government have an important role to play in earning public trust to support data collection and use: tools like wearables can be uniquely efficient as a way to track and trace COVID-19 incidence and vaccination, but privacy concerns can hamper their widespread adoption.⁸¹



Actions for partnerships

The Toronto Region Board of Trade will:

- Leverage its unique position and relationships to facilitate effective two-way communication between government and the regional business community through recovery efforts.
- Work to convene, facilitate, and operationalize forums where industry leaders can have a voice, grounding the Board's recovery advocacy in what we hear from our members.
- Proactively connect businesses to available funding supports and help government to ensure businesses can access the resources they need to safely re-open.
- Be a champion for evidence-based decision-making, supporting both government and the private sector to collect, share, and leverage information to build buy-in and track what is working. This will include actively facilitating partnerships in evaluation.



3

Lean into the digital shift

COVID-19 forced all sectors and industries to take stock of their digital capacity. With customers and employees forced to stay home, all businesses were forced to become more digital. Many found that adapting to the pandemic streamlined adoption and accelerated innovation, while other businesses found that gaps in their digital resources became gulfs as they struggled to become more digital in the upheaval of the pandemic. Digital transformation will support the health of businesses across scope and size: from the largest agri-businesses tracking yields, to the smallest artisan running their online store. Widespread digital transformation and adaptation is particularly important to the ongoing competitiveness of local businesses in marketplaces with well-capitalized international competitors. It's also critical to future-proof Toronto's sectors against further shocks and downturns. Toronto will be more resilient and globally competitive if all sectors are supported in improving their digital capacities.



Digital transformation will support the health of businesses across scope and size: from the largest agri-businesses tracking yields, to the smallest artisan running their online store.



The governments of Canada and Ontario should continue to support the development of digital infrastructure in the Toronto region, including leveraging public funding to attract private sector investment.



GOVERNMENTS AND BUSINESS LEADERS SHOULD COLLABORATE TO:

Enhance digital connectivity across the region.

Broadband connectivity remains a crucial issue across the corridor, especially in the region's more rural areas. Recent research from TRBOT points to the need to build high-capacity broadband infrastructure throughout the region as a foundational “economic enabler.”⁸² There are still some places within an hour's drive of Toronto's downtown that can only access download speeds of less than a fifth of CRTC's Universal Service Objective of 50 Mbps.⁸³ This contributes to a digital divide that holds back both workers and businesses trying to remain competitive in an online world.

Where other city-regions have made targeted investments in digital infrastructure, they have seen significant digital dividends in new companies and the digital transformation of traditional sectors.⁸⁴ The governments of Canada and Ontario should continue to support the development of digital infrastructure in the Toronto region, including leveraging public funding to attract private sector investment. The Government of Canada's \$1.75 billion Universal Broadband Fund, in combination with the Ontario Government's \$300 million Broadband and Cellular Action Plan, have helped kick-start needed digital infrastructure projects within the Toronto region, including in Wellington and Brant counties.⁸⁵

Affordability is another dimension of Toronto's digital divide. Canada has higher mobile and home internet prices than most other industrialized nations.⁸⁶ As a result, even while 98% of City of Toronto households have Internet access, 38% rely on speeds below the CRTC baseline and one-third struggle to pay their home internet bill.⁸⁷ Municipally-led programs that leverage public assets — like ConnectTO, YorkNet, and the Durham Regional Broadband Strategy — are being developed to help connect underserved communities. The goal is to bridge access gaps while driving economic and social benefits.⁸⁸



Partner and provide support to assess and improve digital maturity across industries.

Over half of small businesses surveyed by the CFIB in September 2020 said they anticipated relying on digital communications “a lot more” in the coming year, but not all businesses feel like they have the money, expertise, or human capital to make a digital shift.⁸⁹

From our sector tables, we heard many ideas to leverage digitization across Toronto’s regional economy in the medium term. For example, improved data analytics can help sync tiers across supply chains, improving efficiency, reliability, and resiliency in keeping goods moving. Across the board, business leaders indicated an enthusiastic willingness to scale up digitization in their respective sectors, if given the opportunity and resources to do so.

But “going digital” can’t be a one-size-fits-all approach. Efforts including educational programs and dedicated resources for digital transformation need to be targeted to different sectors. It will be particularly important to strengthen digital capacity supports for small and medium-sized businesses, including business-to-business and retail e-commerce capacity. In the medium-term, government and industry should continue to collaborate on business-facing digital resources like the Recovery Activation Program and Digital Main Street, building on best practices to expand access and impact in the coming years.⁹⁰

RECOVERY ACTIVATION PROGRAM

The Recovery Activation Program (RAP) is a free online program designed to help businesses improve their digital capacity and adapt to e-commerce during and after COVID-19. The RAP program was developed by the Toronto Region Board of Trade’s Scale Up Institute in response to member feedback that businesses who wanted to embrace digital practices were being held back by knowledge and implementation barriers.⁹¹ Sponsored by both the Federal Development Agency of Canada (FedDev) and the Ontario government, RAP helps businesses of all sizes connect to industry experts for mentorship, guidance, and technical advice. Based on a “digital needs assessment” participants are recommended to specific program streams with courses tailored to their level of digital maturity. Participants are also connected to virtual webinars, workshops, and further certification opportunities designed to hone their digital skills.



It will be particularly important to strengthen digital capacity supports for small and medium-sized businesses, including business-to-business and retail e-commerce capacity.

Accelerate efforts to improve digital-first government services.

By embracing open data and digital-first services, governments will help set the standard for Toronto's regional innovation economy. Digital government does more than just improve public sector services — it can help kick-start private sector innovation and unleash business potential. Research demonstrates that good public data collection is associated with broader economic growth.⁹² Robust digital government services are already having a real and identifiable impact on medium-term economic recovery efforts in other jurisdictions. Israel's rapid vaccine deployment has relied in large part on the country's centralized national digital health system.⁹³

In our Shaping our Future playbook, the Toronto Region Board of Trade identified digitizing, opening, and innovating government as a key action needed to reboot and reimagine Toronto's Innovation Corridor.⁹⁴ The work done by all levels of government to move public services online during the pandemic has been crucial to the success of emergency support programs. Building on lessons learned from the rapid rollout and adaptation of such programs (e.g. Canada Emergency Business Account, Canada Emergency Wage Subsidy), governments should work to further streamline online access to government services and compliance mechanisms. Doing so will bring down costs for businesses, reduce entry barriers for entrepreneurs, and improve the overall efficacy of program delivery.



Actions for partnerships

The Toronto Region Board of Trade will:

- Work with government and our private sector Recovery Activation Program partners to improve digital maturity across industries, including scaling the program up to maximize access to RAP resources and build digital capacity.
- Support our members to catalyze digital innovations informed by global best practices, working to ensure businesses in Toronto's Innovation Corridor are on the forefront of emergent digital health tech, green tech, AI, and other digital practices that will inform the region's competitive edge in the post-COVID-19 economy.



4

Shore up diverse skills and talent, Toronto's greatest resource

The quality and diversity of Toronto's talent is the region's greatest differentiator. We have the conditions to attract and develop talent: quality of life, leading employers, top educational institutions, and immigration opportunities. In turn, this talent pool helps to attract investment and support innovation. Before the pandemic, change was already needed to meaningfully improve workforce equity and inclusion and prepare for the future of work. 2020 made this change more urgent, bringing the future of work closer to the present and exacerbating inequities faced by women and BIPOC workers. Our medium-term recovery should prioritize addressing these challenges as part of a workforce strategy to retain and grow this talent advantage.

GOVERNMENTS AND BUSINESS LEADERS SHOULD COLLABORATE TO:

Address longstanding talent shortages across sectors that restrict the full potential of Toronto's economy

For a strong, resilient recovery, Toronto employers need to be able to efficiently fill jobs with qualified people. The region's pre-pandemic talent shortages exist across sectors and in organizations large and small. A 2018 Business Development Bank of Canada study of 1,000 businesses indicated that nearly 40% of SMEs identified skills shortages as a major competitive challenge.⁹⁵ Tens of thousands of skilled workers currently in the labour force are slated to retire, and their departure could limit growth in construction, infrastructure, manufacturing, and other key sectors.⁹⁶



Now is the time to “be bold and think big” when it comes to maintaining our talent advantage.

Effective labour force planning involves playing the long game, especially after a period of massive upheaval —but targeted initiatives in the medium term can do much to set the Toronto region up for ongoing success. These need to respond to the distinct needs of sectors. For example, government and industry need to continue efforts to meaningfully transform Toronto’s supply of apprentices and skilled tradespeople, workers who are needed to fill these critical labour gaps.⁹⁷ Targeted supports could also help SMEs overcome existing barriers to accessing government skills programs.⁹⁸ Successful strategies should build on partnerships with the region’s post-secondary institutions including through Work-Integrated Learning initiatives which provide students with stronger labour market connections and in-demand expertise. In particular, effort should be made to identify talent needs in the key economic segments that could fuel the region’s recovery, with a focus on staying competitive in breakthrough innovation industries. As Meric Gertler wrote in *The Globe and Mail*, now is the time to “be bold and think big” when it comes to maintaining our talent advantage.⁹⁹

Ensure the right information gets to the right people at the right time

Industry and government need to work together to improve labour market information pipelines. A key recommendation of Toronto Region Board of Trade’s Help Wanted series for provincial policymakers has been to base program transformation on robust, timely, geographically granular, and easily accessible labour market data.¹⁰⁰ For medium-term pandemic recovery efforts, better labour market data will

support targeted initiatives that are more responsive to Toronto’s sector-specific and region-specific needs.¹⁰¹ Improving information pipelines now, rather than post-recovery, will help extract valuable insights about the nature of the recovery itself, including which interventions are getting results.

Prepare for the “known unknown” by improving capacity for rapid reskilling and upskilling

The past year underscored the importance of preparing our workforce to be more adaptive and change-ready. Implementing re-skilling, upskilling, and other rapid talent development strategies are not only a way to respond to this particular economic challenge but to develop Toronto’s readiness for future sector shifts. The region’s medium-term pandemic recovery is a timely opportunity to build this needed capacity.

Decision-makers can look to other jurisdictions for lessons on creating nimble employment services and partnerships. Almost immediately after the pandemic hit, a consortium of Swedish businesses and post-secondary institutions started working together to build a 3-day “rapid re-skilling” program for workers in the aviation industry, where 300 flight staff were re-skilled between March and June to work in urgently needed health care roles. Similar Swedish re-skilling programs moved displaced workers into support staff roles at schools.¹⁰² Actively facilitating partnerships in rapid reskilling projects, like the one between Canada’s Future Skills Centre and the Ontario Tourism Education Corporation (OTEC), will improve the competitiveness and readiness of Toronto’s business sectors.¹⁰³



Employers can accelerate and support this trend by establishing clear signals to workers and educational institutions about which credentials will be valued.

There has also been significant development and interest in the specific role of microcredentials — short, targeted training opportunities — that allow workers to pivot in their careers and expand their skills over time. This includes a \$59.5M investment by the government of Ontario in Budget 2020.¹⁰⁴ Microcredentials can be part of a rapid retraining approach for displaced workers.¹⁰⁵ Employers can accelerate and support this trend by establishing clear signals to workers and educational institutions about which credentials will be valued, and supporting HR departments and hiring managers with guidance to understand these new programs.

Work to measure, mitigate, and reverse workforce trends that have disproportionately impacted women, people with disabilities, and racialized people

The impacts of COVID have not been evenly felt, and historically marginalized populations have been hit harder and face an even more challenging road to recovery. The economic strain has been disproportionately higher on women, with immigrant women in particular seeing the highest jump in unemployment.¹⁰⁶ Even before the pandemic, the unemployment rate of racialized Canadians was consistently higher than for non-racialized Canadians.¹⁰⁷ Race-based employment inequity is

a long-standing challenge, but one that urgently needs to be addressed if Toronto is to keep its talent advantage and live up to our promise as a fair, inclusive society. These pressures overlap with other dimensions of a sector recovery strategy; women make up a higher share of workers and business owners in some of Toronto’s hardest-hit economic sectors like food services and retail.¹⁰⁸

In the medium-term, governments and industry should invest in promoting entrepreneurship opportunities for women, people with disabilities, and racialized communities. Recovery efforts should ensure supports extend to new businesses as well as existing ones and pair those initiatives with targeted programs to address the particular post-pandemic needs of marginalized communities.¹⁰⁹ For example, research from Ryerson University points to an underrepresentation of women in STEM, management positions, and business ownership as being key issues that require action to prevent a “new [post-pandemic] normal” being one that reduces gains made by equity-seeking groups.¹¹⁰ On the heels of our ‘Reimagining Our Workforce’ Summit, the Board has been looking to take further action on these important issues. This includes the potential establishment of a Women in the Workforce Advisory Council to form strategic partnerships and identify collective solutions that can make an impact.



Attract, retain, and re-skill newcomers to power Toronto's workforce

Constraints on immigration and newcomer participation are constraints on Toronto's regional economic growth. As Canadian banker Dan Rees wrote in the *Globe and Mail*, "immigrants are a form of economic stimulus".¹¹¹ But accessing that stimulus and source of talent is constrained by immigration policy that has significantly limited Toronto's share of newcomers in recent years.¹¹²

Immigrants are the reason why Toronto's CMA has the fastest-growing population in the US or Canada.¹¹³ In medium-term recovery efforts, more needs to be done to keep immigration high: continue the flow of newcomer arrivals, make it easier for people who come to work or study here to stay here, and give new Canadians the opportunity to contribute to their fullest ability. Work done by the federal government to improve immigration pathways for new graduates — including making an open work extension for existing Post-Graduate Work Permit holders and creating the new Foreign Graduate Start-Up Visa stream — will do much to help Toronto's regional sectors access in-demand talent. Ongoing support for programs that help businesses recruit specialized and highly skilled foreign workers and fast-track their path to the Canadian labour market — like the Global Talent Stream work permit — will be necessary for Toronto to keep its talent edge in the post-pandemic economy.¹¹⁴

While immigrants tend to have more post-secondary education than the Canadian-born population, we are not creating conditions to let them apply their talents.¹¹⁵ Credentialism is a meaningful barrier to newcomer success, and requires efforts from both government, industry organizations, and regulatory bodies to address.¹¹⁶ Discrimination too plays a significant role.¹¹⁷ Where labour market integration is needed, initiatives like occupation-specific language competency, expanded bridge training programs, and equivalency recognition will help newcomers to put their skills to work in sectors looking for talent.¹¹⁸



Immigrants are the reason why Toronto's CMA has the fastest-growing population in the US or Canada. In medium-term recovery efforts, more needs to be done to keep immigration high.



Actions for partnerships

The Toronto Region Board of Trade will:

- Work with business, cultural groups, and government to develop a workforce development strategy designed to retain Toronto's global talent advantage through rebuilding efforts.
- Encourage the federal and provincial governments to make meaningful investments in re-skilling, up-skilling, and micro-credentialling supports that are sector-responsive and include industry partners.
- Continue to demonstrate the value of place-based labour market information and advocate for the more effective use of data to connect people to in-demand jobs.



5

Improve liveability and connectivity

Businesses want to invest where strong talent wants to live. Where people can get a job that gives them quality of life and allows them to fully participate in the workforce. Before the pandemic, Toronto's well-known liveability gaps were already barriers to the city's economic future: costly housing, fractured transportation networks, and inaccessible childcare made life in the region more expensive and difficult. In a post-COVID-19 world, prioritizing affordability, connectivity, and public services is both urgent and necessary — not only to attract skilled talent and enable business growth — but to support the essential workers who have kept Toronto on its feet.

GOVERNMENTS AND BUSINESS LEADERS SHOULD COLLABORATE TO:

Take steps to integrate Toronto's existing transit infrastructure by creating a transit federation for the region.

Policymakers should create a transit federation for the Toronto region that can coordinate municipal transit agencies and GO transit, including integrated fares, scheduling, and system planning. Recent research released by the Board explores the idea of a transit federation as a simple, low-cost solution to address some of Toronto's transit issues in the medium-term.¹¹⁹ Municipal transit systems would retain an important degree of autonomy while also providing transit users with the kind of seamless, rider-centred experience available in other city-regions around the world.

Industries and employment areas that are underserved by transit — such as around Toronto Pearson Airport — would benefit significantly. Currently, transit is disproportionately oriented towards travel to Toronto's centre and riders are financially penalized for crossing system



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The adjustment period of pandemic recovery may be a good time to reconsider bold policy actions like value pricing or tolling, that would both alleviate congestion and reduce emissions.

boundaries. Fare and service integration could help break down hiring and employment barriers caused by the need to travel across municipal boundaries, hardships that disproportionately impact low-and-middle-income workers.¹²⁰

Plan for how the region can keep goods moving as the economy returns to full capacity.

Policymakers should consider prioritizing goods movement issues in city planning and policy decisions for medium-term recovery. Even before the pandemic, Toronto’s congestion issues increased the cost of goods, disrupted industry supply chains, and reduced firms’ productivity.¹²¹ The region has some of the worst traffic bottlenecks in North America.¹²² This congestion affects all of the Toronto region’s economic sectors but has a particular impact on the competitiveness of manufacturing, large retailers and grocers, and infrastructure. While a reduction in commuting may have eased these pressures through the pandemic, these issues won’t magically disappear when the economy rebounds.

To keep goods moving, decision-makers should continue efforts to improve urban logistics through initiatives like the City of Toronto’s *Freight and Goods Movement Strategy*.¹²³ The adjustment period of pandemic recovery may be a good time to reconsider bold policy actions like value pricing or tolling, that would both alleviate congestion and reduce emissions. Since the status quo of traffic and movement has already been disrupted, implementation and adaptation may be smoother in establishing a “new normal”.





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A rebuilding process grounded in diversity and inclusion should address the role of childcare and childcare workers in the post-pandemic economy.

Prioritize affordable, accessible childcare as a core component of an inclusive economic recovery.

Attracting talent and ensuring an inclusive recovery in the Toronto region will depend on an ambitious strategy to expand the supply of affordable, high-quality childcare spaces. Toronto’s childcare gap is a major barrier to the full participation of parents, especially women, in the economy. The pandemic put the impact of that gap in stark relief and showed that inadequate childcare impedes working parents’ productivity and well-being.

Tackling the gendered components of Toronto’s medium-term recovery depends on making accessible childcare a core component of economic strategy. The Toronto region has the highest childcare prices in the country, with the top seven most expensive cities for childcare falling within the region.¹²⁴ Building childcare capacity is not a quick fix and will depend on collaboration between all levels of government, the non-profit sector and private providers. But taking bold actions on childcare in the medium term will help parents and parents-to-be imagine a future for their families in Toronto. This is especially true of women and racialized families: a rebuilding process grounded in diversity and inclusion should address the role of childcare and childcare workers in the post-pandemic economy.¹²⁵



Supportive measures in the medium-term could include speeding up planning and approval processes for new housing development, with a focus on expanding the housing complement near transit stations.

Take coordinated action to increase access to housing for workers at all income-levels.

Policy choices around housing supply and affordability made in the coming years could have a major impact on the shape and speed of economic recovery in the Toronto region. Recent research from Woodgreen and the Toronto Region Board of Trade outlines how a lack of affordable housing limits the region's competitiveness.¹²⁶ The Toronto region has a critical shortage of housing, especially serving those with modest incomes that form the core of our workforce.¹²⁷ An effective policy response calls for a truly regional affordable housing strategy that works to create affordable rental housing options throughout the GTHA to serve different needs and communities.¹²⁸

Supportive measures in the medium-term could include speeding up planning and approval processes for new housing development, with a focus on expanding the housing complement near transit stations.¹²⁹ Future rounds of the federal Housing Supply Challenge could also focus on innovative measures to reduce housing costs for mid-rise construction essential to intensification in the region.

Toronto's continued economic growth depends on finding an answer to the increasingly urgent problem of housing the region's workers — particularly for key sectors like healthcare, education, and hospitality. One promising practice may be found in workforce housing initiatives. Workforce housing models from around the world can provide useful lessons.¹³⁰ Recent strides made by the City of Toronto in building modular, prefabricated supportive housing could represent a pathway to not only address homelessness but rapidly open up much-needed housing supply for Toronto's essential workers in the coming years.¹³¹



Actions for partnerships

The Toronto Region Board of Trade will:

- Continue to develop advocacy and research that clearly connects the health of Toronto's social infrastructure with the region's economic growth.
- Advance work on Board policy reports like *Housing a Generation of Workers* and *Erasing the Invisible Line*. This research outlines key initiatives to improve both quality of life and global economic competitiveness in the region.



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With proactive planning, Toronto can position itself as an early destination where business and leisure travelers can plan to visit events in-person, accelerating our recovery and long-term growth.



6

Be an aggressive champion for the Toronto region

Creating the right conditions for inclusive economic recovery is not a case of “if we build it, they will come.” We need to proactively tell the story of Toronto’s strengths and invite investors, businesses, and skilled talent to be a part of building the region’s promising future. Before the pandemic, Toronto was increasingly recognized as one of the fastest-growing, most globally competitive cities in the world. As Toronto looks “inward” to address recovery, we must also look outwards: actively championing Toronto as a great place to invest, live, and play.

GOVERNMENTS AND BUSINESS LEADERS SHOULD COLLABORATE TO: **Tell the Toronto region’s story to an international audience.**

As borders tighten and regions across the world’s focus remains closer to home, Toronto should accelerate our efforts to tell our story to the world. That means aligning the efforts of organizations like World Trade Centre Toronto, Toronto Global and Destination Toronto along with private sector partners to tell a shared story and share it loudly to position Toronto as a top destination as international mobility returns in the coming years.

On the surface, efforts to attract tourism, major events, international talent and Foreign Direct Investment have different priorities and audiences. But these efforts are all interlinked as part of telling the world what makes the region great. People who visit here are more likely to do business here, invest here, move here, or share word of Toronto’s benefits in their home regions.

Efforts of other major city regions can provide a model. Toronto’s international voices should explore options to create a regional strategy that builds on successes of unified efforts like the London & Partners international trade, investment and promotion agency.¹³² The ability to coordinate promotional and investment attraction activities is key to success in a world where many global city-regions are competing for the same people and dollars.¹³³ Coordination between different levels of government is particularly important to our ability to bring the world to Toronto.¹³⁴



Position Toronto to be one of the first trusted international destinations for conferences, tourism, culture, and live events.

From global business conferences, music festivals, and live sporting events to diverse and innovative bars and restaurants — these are the attractions that draw people and businesses to the region. These experiences help connect visitors to the region and contribute to the vibrancy of the region.

While these signature events are on pause during the pandemic, they will return. With proactive planning, Toronto can position itself as an early destination where business and leisure travelers can plan to visit events in-person, accelerating our recovery and long-term growth. Beyond active attraction efforts and critical efforts to get the pandemic in check, this will depend on ensuring confidence domestically and internationally in the safety of these gatherings. This could include clear safety protocols for large in-person events, effective rapid testing schemes, and proof of vaccination schemes.

Bring Toronto's businesses to the global market.

Championing Toronto is not just about bringing the world to Toronto — it's about bringing more of the region to the world. Targeted strategies and resources to help businesses reach global markets will be needed to fully activate and benefit from

Canada's free trade agreements. Governments and industry partners should help the region's sectors to tap into the global trade ecosystem by actively supporting businesses to export to and move into priority growth markets. Government should work with sector leaders to identify these priority markets and help companies to increase and diversify their trading activity in targeted jurisdictions.¹³⁵

There are already trade-centred business support programs offered by different agencies and orders of government — however, finding and accessing the right program for a company's size and sector can be difficult. Government should invest in creating greater clarity and accessibility for these resources, and actively support the development of international trade advisory supports. Programs like the World Trade Centre Toronto's Trade Accelerator Program (TAP), which is operated across Canada, and Market Activation Program (MAP), will be important to help businesses navigate available trade opportunities and expand their company's reach into global export markets.¹³⁶ By making a concerted effort to develop the international trade capacity of SMEs — who are less likely to export than larger enterprises, and face particular barriers to market entry — programs like TAP and MAP can help the Toronto region quickly harness untapped growth potential.¹³⁷



Leverage public procurement to champion local businesses

Throughout the sector recovery tables discussions in spring 2020, the Board heard consistently that a major challenge for the growth of their businesses is the chance to compete in public procurement. Public sector spending is a major driver of our economy — the Ontario Chamber of Commerce estimated that government spending represents 20 per cent of the province’s economic output.¹³⁸ But the way public sector procurement is managed often blocks out local suppliers, especially small- and medium-sized businesses.

When our region’s innovative companies compete in export markets, they are often asked why their own governments have not shown confidence in their offerings. Governments should act more frequently as a “first buyer” for local innovations. Championing local businesses is not about shutting out the world, but about ensuring the rules allow local businesses to compete. For example, ensuring better access for small businesses will increase the share of local businesses in public spending.¹³⁹ Governments can also explore alternative procurement approaches, such as ‘Most Economically Advantageous Tenders’ — used widely in the European Union — that consider other factors rather than just price, including quality, local enterprise, and environmental and social considerations.¹⁴⁰

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Championing local businesses is not about shutting out the world, but about ensuring the rules allow local businesses to compete.



Actions for partnerships

The Toronto Region Board of Trade will:

- Work to plug Toronto SMEs into the global market and trade ecosystem, with a focus on overcoming barriers to exporting to key global growth markets.
- Partner with regional organizations to tell Toronto’s story to a global audience.



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