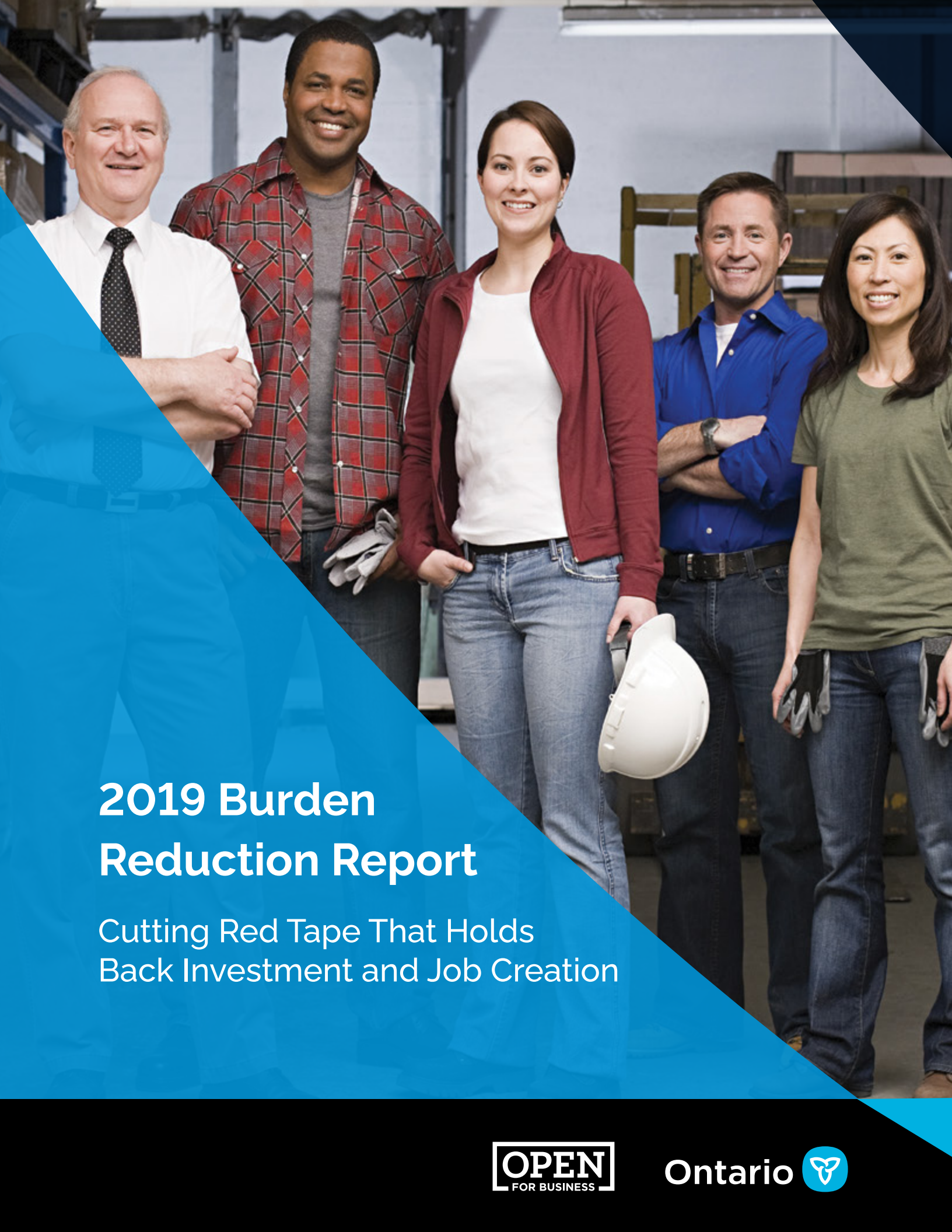




2019 Burden Reduction Report

Cutting Red Tape That Holds
Back Investment and Job Creation



Costly and burdensome regulations have been squeezing businesses in every sector and driving jobs and investment out of Ontario. Read about how we're cutting the unnecessary regulations that are holding back job creators — while maintaining the regulations needed to keep people safe and healthy, and to protect the environment.

The background of the lower half of the image features abstract, overlapping geometric shapes in various shades of blue. These shapes, which include large triangles and curved polygons, create a sense of depth and movement, contrasting with the solid blue background of the upper half.

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A Message from the Premier

One of the most important promises we made to the people of Ontario was to work hard every day to cut red tape.

And that's what we're doing.

We're making Ontario **open for business**, so we can keep and grow good-paying jobs right here at home. We're getting government out of the way of job creators, so companies can thrive and expand opportunities for workers. We're cutting the red tape that adds to the high cost of doing business, so we can bring jobs and investment back to our province.

When we took office, it cost Ontario companies an average of \$33,000 per year to comply with regulations. That was the highest of any province. We've been bringing that cost down by eliminating unnecessary regulations — while maintaining standards to keep people safe and healthy, and to protect the environment.

And our work is being recognized.

In January, the **Canadian Federation of Independent Business (CFIB)** gave Ontario **an A- in its 2019 Red Tape Report Card**. That was Ontario's highest grade ever — and a big jump from C+ the year before. The CFIB said it gave Ontario an A- because of our commitment to tackle red tape right across the government. It also said that improving from C+ to A- after just six months in office was a particularly impressive accomplishment.

We're committed to saving Ontario businesses at least \$400 million in the cost of complying with regulatory requirements. Preliminary estimates are that by June 2019 we had achieved \$126 million in net savings through actions that had been completed by then. This total will increase substantially once these changes are fully in place. As well, by June 2019 we had reduced fees, charges and levies by \$160 million.

These savings come on top of the \$5 billion we are reducing costs for businesses in 2019 by cancelling the cap-and-trade carbon tax, keeping the minimum wage at \$14 per hour, reducing Workplace Safety and Insurance Board premiums, and delivering Corporate Income Tax relief.

And our work goes beyond regulatory burdens that affect businesses. We've also started to streamline our processes to simplify interactions between the province and municipalities, universities, colleges, school boards and hospitals.

For instance, we inherited a system that required municipalities to file huge numbers of reports to provincial ministries. We're cutting way back on the number of these reports. We've identified 94 unnecessary reports that we will wind down, and another 27 that we will consolidate and simplify.

We're also reducing a data collection burden on school boards. We identified 379 requirements for school boards to provide data to the Ministry of Education that were outdated and duplicative of information that we were already collecting. So we've eliminated all 379 requirements.

And we're just getting started.

The regulatory burden in Ontario holds back our entire province, because red tape drives up business costs and makes it tougher for companies to create good jobs.

Our government believes that if you're prepared to do the work, you deserve a shot at a good job. That's why we're making Ontario open for business and open for jobs.

And we won't stop until we get the job done.

Doug Ford



Premier of Ontario



A Message from the Minister

We have a real problem in Ontario with red tape. That's why we got down to work on day one to tackle this problem and start saving job creators money to enable them to create good jobs.

Far too many regulatory requirements are inefficient, inflexible, out of date or duplicated at the federal or municipal levels. These costly and burdensome regulations are squeezing businesses in every sector and driving jobs and investment out of our province.

We're not against regulation — we're against unnecessary regulation.

Ontario families expect and deserve clean air and clean water. They expect and deserve safe products and safe working conditions. And regulations are there to ensure these things.

Smarter government does not have to come at the expense of protecting public health and safety, or the environment. When operating properly, the two go hand in hand. But all too often, businesses are required to spend time and money filling out forms and complying with rules that go well beyond what's needed to achieve the goals of the regulations.

Just because a regulation is necessary doesn't mean businesses should have to jump through hoops to comply with it. Our aim is to make complying with regulations as low-cost and painless as possible — so that companies can spend less time and money on paperwork, and more on growing their business and creating good jobs.

And we're listening to what businesses are telling us about their biggest pain points from regulatory burden. Every MPP in our caucus is now on a red tape reduction team, and we hosted roundtables in Summer 2019 to hear directly from companies about their regulatory issues.

We're committed to saving companies at least \$400 million per year in the cost of complying with regulations by 2020. And we're off to a great start:

- On November 22, 2018, the legislature passed the **Making Ontario Open for Business Act**, which repealed onerous regulatory burdens introduced by the previous government
- On April 2, 2019, the legislature passed the **Restoring Ontario's Competitiveness Act**, which is taking 31 actions to cut red tape in 12 sectors

- On June 12, 2019, we announced our **Spring Regulatory Modernization Package**, which is eliminating regulatory irritants in the auto sector and other manufacturing sectors
- This fall, we'll introduce another far-reaching red tape bill that will take us much closer to meeting our targets.

We're also cutting red tape as part of broader legislative packages. For example:

- On June 6, 2019, the legislature passed the **More Homes, More Choices Act**. It is significantly speeding up processes for the approvals that companies must obtain before they can build or expand a plant — planning and development approvals under the Planning Act, and licences and permits under various environmental legislation.
- The Putting Drivers First plan in the **2019 Ontario Budget** is enabling auto insurance companies to offer more innovative new products, such as pay-as-you-go insurance, and removing regulatory barriers.
- On May 29, 2019, the legislature enacted the **Simpler, Faster, Better Services Act** when it passed the Protecting What Matters Most Act (Budget Measures). This Act includes actions to reduce red tape by, for example, allowing government notices to be provided by email instead of on paper.

This report highlights the work we are doing around the clock to make it better, simpler and faster to do business in Ontario. Cutting red tape is a huge step towards building prosperity and putting Ontario back on track as the economic engine of Canada.

Prabmeet Sarkaria

A stylized, handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

**Associate Minister of Small Business and Red Tape Reduction
Ministry of Economic Development, Job Creation and Trade**

The mess we inherited

These facts and figures help demonstrate the need for regulatory burden reduction and modernization in Ontario.

Business Investment Comparison Planned Investment in 2018



Ontario had the highest cost of complying with regulations in Canada

ONTARIO
\$33,000
per business



Most other provinces
\$25,000 to
\$27,000
per business

Ontario's regulatory requirements by sectors



FOOD PROCESSORS
2,181

AUTOMAKERS
1,724

Manufacturing in Ontario



320,000
manufacturing jobs lost
in Ontario from 2003 to 2009

Net growth in manufacturing
jobs since 2009: **0%**

Ontario's North American GDP Per Person Ranking

46th of 64 jurisdictions

the bottom third,
similar to Oklahoma



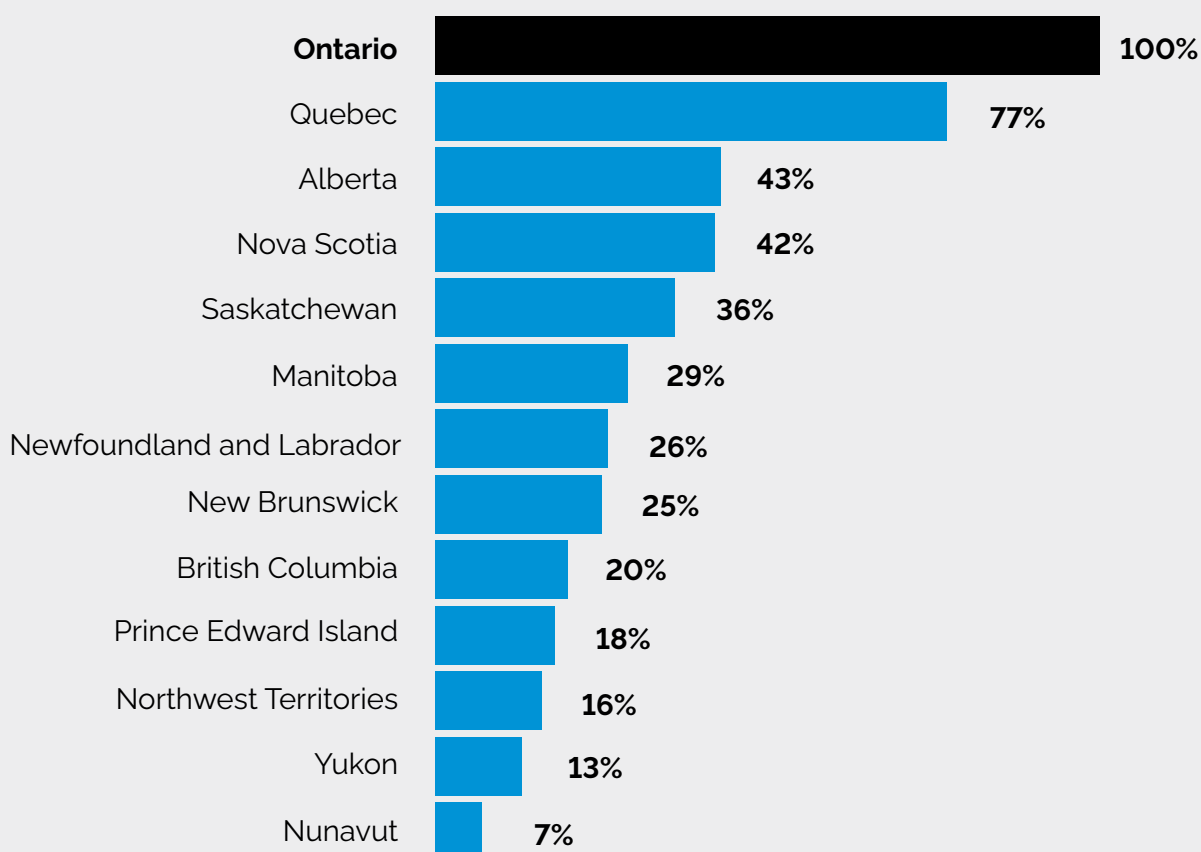
Grade the **Canadian Federation of Independent Business** gave the previous government in its 2018 Red Tape Report Card

Ontario businesses are highly regulated

As the illustration below shows, when the government took office in June 2018, Ontario had the highest number of regulatory requirements of any province or territory in Canada.

In order to make an “apples to apples” comparison, this illustration includes only regulatory requirements from legislation and regulations — because figures are available for every province and territory.

Regulatory requirements in June 2018 relative to Ontario*



* Includes only requirements from legislation and regulations

Source: RegData Canada, Mercatus Center, George Washington University, Arlington, Virginia

Getting Ontario back on track

What is red tape?

“ Red tape consists of rules that are duplicative, outdated, unclear, overly prescriptive, poorly designed, contrary and generate unnecessary burden or costs.”

— Organisation for Economic Co-operation and Development

Launching the Open for Business Action Plan

On August 29, 2018, the Cabinet approved the Open for Business Action Plan to make Ontario companies more competitive by reducing regulatory burden and modernizing regulatory compliance.

The Action Plan is comprehensively reviewing regulations, to streamline the ones that are needed and eliminate unnecessarily complicated, outdated and duplicative ones. Its goals are to:

- Save Ontario companies at least \$400 million per year in the cost of complying with regulations
- Bring forward twice-annual red tape reduction packages
- Advise on best-in-class regulatory design
- Develop a “How may I help you?” culture.



Taking action against over-regulation



We have regulations to keep workers and families safe and healthy, and to protect the environment. But all too often, businesses are required to spend time and money complying with rules that do nothing to achieve these goals.

Here are two examples of how we are tackling over-regulation that is holding back jobs and investment in the auto sector:

- 1. Regulating auto plants as if they were gas stations:** When a new vehicle comes off the assembly line, an autoworker puts some gas into it so it can be driven to a distribution centre. Currently, automakers must apply for a variance from rules that would otherwise regulate an assembly plant as if it were a gas station. And if they have more than one assembly plant in Ontario, they have to apply separately for an exemption for each plant. The government is proposing to exempt every auto plant in Ontario from this unnecessary requirement, which is found in the Liquid Fuels Handling Code. All other requirements under the Liquid Fuels regulation and the Liquid Fuels Handling Code related to storing and handling fuel on-site would remain in place.
- 2. Requiring government review of minor construction projects in auto plants:** Currently, companies are required to notify the Ministry of Labour of any construction or renovation project in the workplace costing at least \$50,000. This threshold was set back in 1991 and has never been updated. These days a \$50,000 project could be as minor as one to upgrade the sinks and toilets in an employee washroom. The government shouldn't be in the business of requiring notification of minor projects like that. This change eliminates unnecessary notifications by raising the threshold in the auto sector to \$250,000.

What businesses are saying about our work to cut red tape

"The Coalition of Concerned Manufacturers and Businesses of Canada is relieved that finally a government is listening to the hardships of business competitiveness and crushing red tape in Canada. We commend the Ford government for making it easier to operate a business and keep people employed in this province."

— **Jocelyn Bamford**

President, Coalition of Concerned Manufacturers and Businesses of Canada
Vice President, Automatic Coating Limited

"Toyota Motor Manufacturing Canada is proud to operate in Ontario. Efforts by the Government of Ontario to reduce red tape will support Toyota's operations in Ontario, and will bolster the economic competitiveness of the province's broader automotive manufacturing sector."

— **Fred Volf**

President, Toyota Motor Manufacturing Canada

"We welcome the Government of Ontario's actions to further reduce the regulatory burden for manufacturers. We look forward to working with the government towards achieving a world-class, agile regulatory system that supports innovation and investment, while protecting the environment, and the health and safety of Ontarians."

— **Dennis A. Darby**

President and CEO, Canadian Manufacturers & Exporters (CME)

"The Ontario government continues to walk the talk on cutting red tape. It isn't letting up on taking concrete actions — both big and small — to make running a small business easier."

— **Julie Kwiecinski**

Director of Provincial Affairs (Ontario)
Canadian Federation of Independent Business

We want to hear from you

We are identifying the key pain points that red tape causes for businesses, and helping companies resolve their regulatory impediments.

Contact us to report red tape



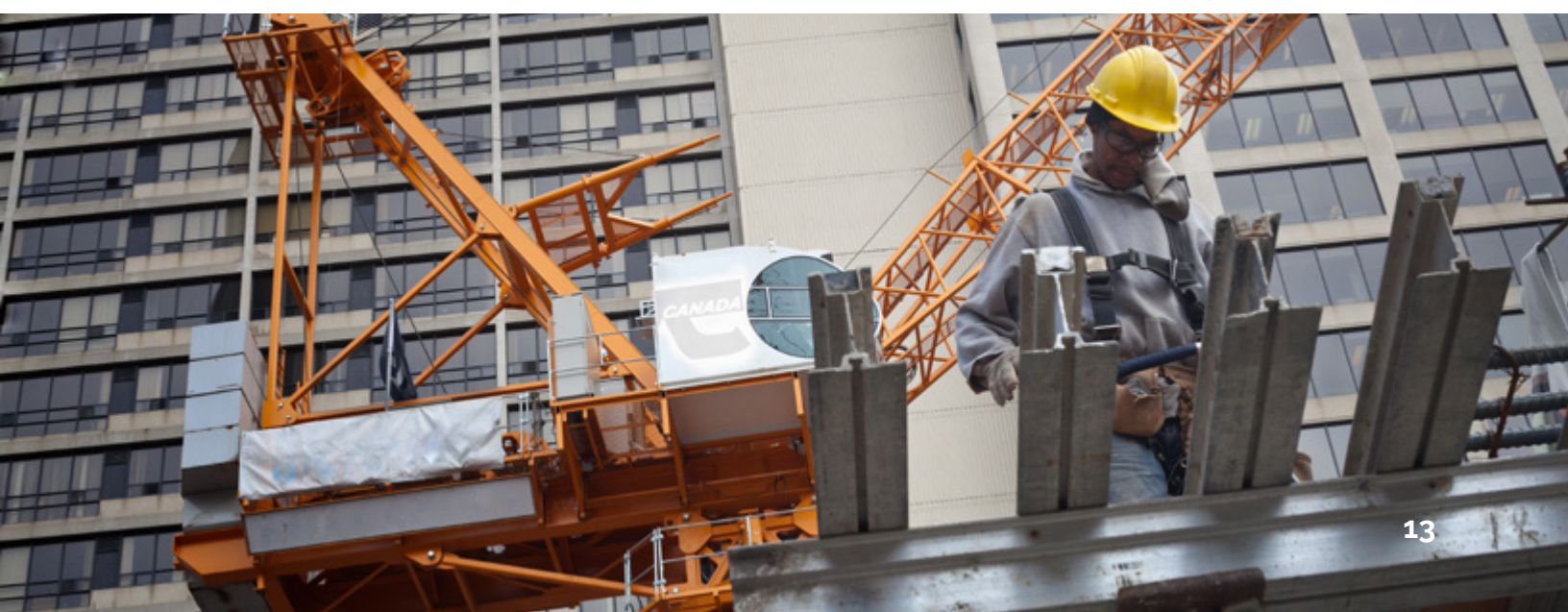
Business Relief Unit

The Business Relief Unit (BRU) has worked directly since its creation in November 2018 with over 75 companies and 30 stakeholder groups and/or industry associations to help them overcome specific and costly regulatory obstacles. It has reviewed over 400 issues for regulatory hurdles — and started or completed action to address them.

The BRU brings together key ministry partners to address complicated regulatory burdens that often involve multiple ministries. Drawing upon its analysis of stakeholder concerns,

and leveraging its strong working relationships with ministries, the BRU identifies the most streamlined approach to solving regulatory issues for businesses.

The goal is to offer a business-focused point of contact to help confront and overcome obstacles to investment, growth and competitiveness, and to help businesses navigate Ontario's regulatory framework.



Success stories



The Business Relief Unit (BRU) worked with the Ministry of Labour, a major automaker and the Canadian Vehicle Manufacturers' Association to align occupational health and safety regulations more closely with ones in the U.S. states that are also key centres for auto production. The effort reduced burden while adding clarity to the requirements. These changes gave all eight auto-assembly plants in Ontario more flexibility in how they comply with the rules — while keeping worker safety the highest priority.

Businesses facing regulatory challenges often struggle with the complexity of navigating the bureaucracy. A company that provides a key service to makers of industrial pipes wanted to shift operations from the field to its plant. But it worried that this would saddle it with the cost of being regulated as if it were a waste management site. The BRU helped the company work through the issue with the Ministry of the Environment, Conservation and Parks which offered a simple solution.

The BRU's work is helping to change perceptions. The company's vice president wrote to Open for Business: "What a complete change from the previous administration. We should get the message out to business owners who have all but given up on this province that Ontario is indeed now open for business."

Business roundtables

Open for Business has hosted sector-focused roundtables with business leaders to discuss red tape and regulatory burdens impacting competitiveness. Roundtables have highlighted regulatory issues for the government to track and help resolve. Examples include:

- In March 2019, 16 senior executives from generic and branded pharmaceutical companies identified regulatory burdens impacting drug modernization, as well as related cost and pricing issues when bringing drugs to market.
- In May 2019, 18 senior executives from medical technology companies identified regulatory burdens that impact innovation and commercialization in their sector.
- Since the summer of 2019, Minister Sarkaria has heard directly from businesses about their regulatory issues at red tape roundtables for

small businesses, high-growth tech firms and artificial intelligence companies.

As well, ministers and parliamentary assistants across the government have held well over 20 industry-specific roundtables on reducing regulatory burden.

Journey mapping

A journey map is a visualization of the process that a person goes through in order to accomplish a goal. It is used to understand and address customer needs and pain points.

Open for Business and the Ontario Digital Service worked with four companies to map out their experiences interacting with the government, and more journey-mapping exercises are being finalized. These exercises will help inform our work to streamline regulatory processes.

Listening to businesses



Six common themes emerged from the first round of journey mapping:

- Government processes are stifling business innovation
- Complex regulatory requirements weaken competitiveness
- Lack of guidance leads to confusion
- Meeting regulatory requirements is good business
- Inflexible requirements create the opposite effect of regulatory intent
- Ontario's regulatory requirements are costly, inefficient and duplicative.

Actions we've taken to date

The government is introducing twice-annual packages to cut red tape and reduce regulatory burden. These packages include actions to modernize and streamline regulations that we need; eliminate unnecessary regulations that are burdensome, inefficient and inflexible; and maintain standards to keep Ontario workers and families safe and healthy, and to protect the environment.

Bill 47: Making Ontario Open for Business Act

On November 21, 2018, the **Making Ontario Open for Business Act became law**. The changes implemented include:

- Repealing changes that the previous government made to labour standards and employment laws under Bill 148
- Modernizing the apprenticeship system to make it easier for companies to hire the skilled workers they need.
- Preliminary estimates are that we will save businesses \$91.2 million.

Bill 66: Restoring Ontario's Competitiveness Act

On April 2, 2019, the **Restoring Ontario's Competitiveness Act became law**. The changes implemented to cut red tape and help businesses include:

- Taking over 30 actions to reduce specific regulatory burdens in 12 sectors, including agrifood, manufacturing, construction and the auto sector

- Cutting business costs, harmonizing regulatory requirements with other jurisdictions, ending duplication and reducing barriers to investment.
- Preliminary estimates are that we will save businesses \$37.5 million.

Spring Regulatory Modernization Package

On June 12, 2019, we announced the **Spring Regulatory Modernization Package**, which consists of a series of regulatory changes that are being enacted, and announcements of proposals for other regulatory changes. These changes are to address long-standing regulatory irritants that are holding back investment and job creation in the auto sector — and other manufacturing sectors. Preliminary estimates are that we will save businesses \$2.8 million.

Fall Red Tape Bill

The government will introduce a far-reaching bill this fall that will propose actions to reduce regulatory burdens across a wide array of sectors, as well as across the economy.



Simpler, faster, better government

Applying a red tape lens to regulatory changes

We now evaluate all proposed regulatory changes for their impact on regulatory burden. All proposed legislation is vetted by applying a red tape lens to significant regulatory changes before the legislative process begins.

Cutting red tape across the government

This government was elected on a mandate to make Ontario open for business and open for jobs by reducing red tape. All ministries are responsible for bringing forward actions that will reduce regulatory burden across multiple sectors. Examples include:

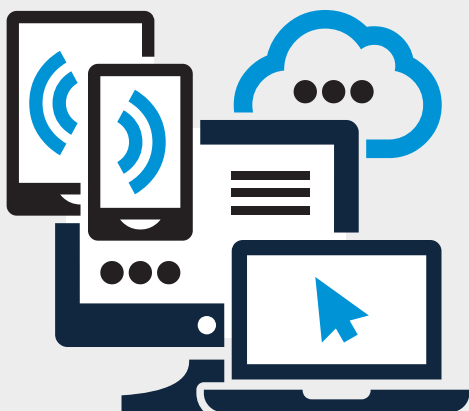
- **Housing Supply Action Plan:** On June 6, 2019, the legislature passed a major package of reforms under this plan through the **More Homes, More Choices Act**. These reforms will streamline, simplify and speed up industrial development

projects, through everything from changes to the Planning Act and the Conservation Act, to modernizing the Endangered Species Act and the Environmental Assessment Act.

- **Auto insurance reform:** The **Putting Drivers First** plan is part of the 2019 Ontario Budget. The plan would enable auto insurance companies to offer more innovative new products — such as replacing paper pink slips with electronic proof of insurance and introducing pay-as-you-go insurance — and remove regulatory barriers.
- **Electricity reform:** The overhaul of the governance structure at the **Ontario Energy Board** lays the foundation for simpler processes and streamlined decision making, which will reduce the regulatory burden on the energy sector.



Taking a digital first approach that will cut red tape



On May 29, 2019, the legislature passed the Protecting What Matters Most Act (Budget Measures). This enacted the **Simpler, Faster, Better Services Act**, which is part of a new digital plan that

will make Ontario the first jurisdiction in Canada to bring government into the 21st century.

The government is adopting new digital practices and technologies so it can provide simpler, faster and better delivery of services, and modernize how people and businesses interact with the government. The digital plan is a key pillar of the red tape reduction strategy. It includes removing barriers to digital service delivery by updating 15 pieces of legislation and five regulations that currently require paper-based processes or formats.

For example, changes to the Collection and Debt Settlement Services Act, the Consumer Reporting Act and the Discriminatory Business Practices Act will allow government notices to be provided using digital means, such as email. These changes will increase the efficiency and timeliness of document delivery and allow government to engage with companies in their preferred format. This will help reduce time waiting for government notices and decisions, reduce red tape and administrative burden on businesses and improve customer service experience with government.

Harmonizing regulations with other jurisdictions

The federal, provincial and territorial governments are working together through the Canadian Free Trade Agreement enacted in 2017 to reduce trade barriers within Canada. As part of this, they are negotiating through the Regulatory Reconciliation and Cooperation Table (RCT) to address regulatory burdens facing companies that do business across provincial and territorial boundaries.

In 2018–19, the RCT negotiated three reconciliation agreements that covered:

- **Occupational health and safety:** Recognized common standards in all jurisdictions relating to the contents of first aid kits, personal flotation devices and lifejackets, and personal protective equipment, such as for head, foot, face and eye safety
- **Transportation:** Agreed on weight parity within jurisdictions for single wide-base tires and dual tires
- **Business registration (pressure equipment design):** Reconciled the Canadian Registration Number (CRN) for pressure equipment design across Canada by way of mutual recognition.

The RCT is continuing its work in 2019–20. Ontario's priority items are:

- Harmonizing the **building code**
- Aligning **energy efficiency standards** for household appliances
- Addressing overlap and duplication among provinces and territories for **upholstered and stuffed articles**.

As well, on May 10, 2019, Ontario's Premier Doug Ford and Saskatchewan's Premier Scott Moe agreed to work toward **the creation of a Joint Red Tape Reduction Working Group** to engage with the private sector and identify ways to reduce interprovincial trade barriers.



Transforming services to businesses

Reducing regulatory burden isn't just about eliminating unnecessary regulations and modernizing the ones that are needed to keep people safe and healthy. It's also about transforming services to make interactions with government easier, more predictable and efficient.

The government is taking an array of approaches to re-engineer the way we administer regulations to make compliance lean, fast and minimally intrusive. Our goals are to:

- Build an inspection regime that is efficient, transparent and service-focused, and that promotes compliance
- Develop a mandatory updated code of practice to help create a "How may I help you?" culture
- Use new technologies to modernize compliance and regulation
- Develop a 1-800 number for businesses to provide feedback on the government's service
- Reward good actors that have a track record of complying with the rules, and focus regulatory compliance instead on high-risk businesses and activities
- Develop a barcode so that businesses can track the status of their applications, such as for permits, licences and environmental approvals
- Establish a single window for government approvals
- Implement a maximum one-year service guarantee or standard for government approvals.



Success Stories

The Ministry of Labour has been developing a good actors program called Supporting Ontario's Safe Employers that will recognize employers who have implemented an accredited occupational health and safety management system.

Participation in this program will promote a positive health and safety culture, encourage continual improvement and contribute towards a reduction in workplace illnesses and injuries in Ontario. Recognized employers may be eligible for incentives.

Job Site Challenge: Bringing jobs and investment to Ontario

Ontario is missing out on new investment and job opportunities because of red tape.

The past 10 years have been a time of substantial growth in auto manufacturing in the U.S. and Mexico. Over the same decade, although Ontario has remained one of the leading centres in North America for automaking, our share of total production has been shrinking.

One of the reasons is that Ontario has been slow to approve the permits, licences and environmental approvals an automaker must obtain before it can get shovels in the ground.

These approval processes can take anywhere from two to several years. Automakers have also told us that one of the biggest barriers they face if they want to build or expand an assembly plant is the availability of large-scale sites for manufacturing. It isn't easy to find sites like that. Automakers need sites with good access to servicing, skilled labour and transportation — and that aren't on the Greenbelt or Oak Ridges Moraine, or anywhere that development is restricted by a Source Water Protection Plan.

So we're adopting an idea that several U.S. states have used successfully to attract major auto investments.

This fall, we will launch the Job Site Challenge to invite municipalities and private landholders to propose large sites where an automaker could build an assembly plant.

These sites will be evaluated, and those that go forward will be internationally certified by site-selection professionals. The first certified sites are expected to be made available to investors in Fall 2020. Investors will then go through a rapid approvals process so they can start construction much sooner.

We refuse to keep losing out to our competitors because of red tape.



“

Ontario is a role model in reducing the regulatory burden on businesses. I am impressed by the government's leadership in making regulation more agile by applying a small business lens and taking a lighter touch to enforcing regulations. We need to take this approach across Canada.”

DOMINIC BARTON

Global Managing Partner Emeritus at management consultancy
McKinsey & Company



For more information on how we're making Ontario
better for people and smarter for business, visit

[Ontario.ca/openforbusiness](https://ontario.ca/openforbusiness)

All figures are in Canadian dollars unless otherwise noted.
This information is accurate at the time of printing.

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