CABINET BRIEFING NOTE

Minister Responsible for Small Business

Small Business Strategy

Cabinet (Policy): October 25, 2017	TB/MBC: TBC	Announcement Date: Fall Bill

This government's commitment	We're going to work with small businesses and in the fall we'll bring forward some initiatives that will help business to get through this transition. July 26, 2017 Premier Wynne We're celebrating Ontario's vibrant small business community and their hard work to provide good jobs for families, strengthen local communities and grow our economy. Providing supportive tools to enable businesses to succeed is a key focus for our government. October 16, 2017 Jeff Leal, Minister Responsible for Small Business

SUMMARY OF PROPOSAL

The Minister Responsible for Small Business (MRSB) is seeking approval of a Small Business Strategy that would promote fairness and opportunity for small businesses in Ontario and support continued vitality and inclusive growth for communities across the province. Ontario's more than 400,000 small businesses are essential to the economy, creating 28% of the provinces' GDP.

A number of recently announced initiatives will provide support to many small business, including the federal government's decision to lower the small business tax rate and the Ontario Workplace Safety and Insurance Board's (WSIB) decision to lower premium rates for the second year in a row.

However, small businesses are still facing significant challenges and cost pressures, such as energy costs, cost associated with cap and trade, and pressures related to the implementation of Bill 148, Fair Workplaces, Better Jobs Act, 2017, (Bill 148) that will impact their competitiveness. Most businesses will experience a 23% increase in the general minimum wage between September 2017 and January 1, 2018; with a further increase in January 2019. In recognition of these challenges, MRSB and partner ministries have developed a strategy that would provide transitional support for a wide range of small businesses, as well as several targeted initiatives for sectors that employ the highest proportion of minimum wage workers.

The proposed Strategy would be complimented by other broad measures directed at reducing costs for small business, which are expected to be announced in the Fall Economic Statement.

The proposed Small Business Strategy would include a range of initiatives from multiple ministries, including Ministry of Government and Consumer Services (MGCS), Ministry of Agriculture, Food and Rural Affairs (OMAFRA), Ministry of Advanced Education and Skills Development (MAESD) and the Ministry of Finance (MOF), seeking to create opportunities for small business to grow and succeed as well as to modernize government to support small business competitiveness.

Some of these measures are expected to have a broad impact across a large number of small businesses, while certain measures would be more targeted towards specific sectors facing particular cost pressures that affect profitability. All of the measures are expected to be short term supports for business as the economy goes through a period of transition.

Initiatives proposed as part of the Strategy include:

1. Enhanced access to capital through supports for peer-to-peer lending;
2. Procurement initiatives including designating 33% of government procurement spend to small and medium businesses (SMEs) and eliminating bidding fees.
3. Small Business Access, launching in January 2018 with a new website and a call centre to provide targeted information for small business and, in partnership with the Ontario Chamber of Commerce (OCC), a marketing program to promote Ontario small business offerings.
4. Risk-based inspections by default;
5. A pilot to coordinate inspections for the restaurant and bar sector;
6. An government-wide commitment to facilitating equivalent means of regulatory compliance where appropriate;
7. A “Main Street” enhancement fund to support traditional “main street” businesses that may not otherwise benefit from government programs;
8. Transitional employment supports for Youth with grants through Employment Service and the Youth Job Connection program; and
9. An edible horticulture support program to provide transitional supports for farmers.

What is the regulatory impact of this proposal?

A number of the proposed initiatives, such as the transitional employment supports for youth, Small Business Access, the edible horticultural support program and the procurement initiatives would provide direct assistance to small businesses or indirect support for the small business community. The aim of these programs would be to provide support or assistance with minimal requirements for business in order to achieve the full impact of the strategy’s policy intent.

The proposed strategy would also include several initiatives that would continue to modernize government by reducing burden on business and streamlining regulations:

- Procurement initiatives would seek to reduce regulatory requirements for business by exploring the elimination of bidding fees and provide enhanced outreach and education for vendors seeking to do business with government. In addition, MGCS will explore ways to eliminate barriers and avoid any new barriers to doing business with Ontario.
- Risk based inspections by default would facilitate key ministry partnerships to improve information sharing and data analysis to help government target its inspections with a goal to reduce burden on compliant small business, and focus government resources to deal with non-compliant business.
- A coordinated inspections pilot will also utilize data sharing and enable coordinated inspections to target non-compliance of 'bad actors' in the restaurant and bar sector This approach is intended to reduce burdens for 'good actors' and level competition.
- A commitment to equivalency government-wide would increase the government's existing support for equivalency, and is expected to provide business with additional flexibility, where appropriate, to use an alternative means to achieve the intended policy outcome while reducing regulatory burden.
- Enhanced access to capital through supports for peer-to-peer lending would include discussions with stakeholders and regulatory agencies, including the Ontario Securities Commission (OSC), Financial Services Commission of Ontario (FSCO) and the Deposit Insurance Corporation of Ontario (DICO), to identify potential regulatory issues that may need to be addressed to support Financial Technology platforms.

The proposed strategy does not set out a single definition of "small business". For government programs there is no single definition of small business. However, in general, the proposal recognizes that "small business" is a business with fewer than 100 employees and/or annual revenue of $30,000-$5M.

Using this general definition of small business for all government programs and purposes may create unintended consequences. Specific programs may use different definitions of small business in order to ensure that a policy purpose is addressed. For example, the Ontario Small Business Deduction reduces the general corporate income tax rate on the first $500,000 of active business income of Canada-controlled private corporations, and the Accessibility for Ontarians with Disabilities Act, 2005 defines a small organization as having 1-50 employees. Therefore, the definition of small business is somewhat elastic even for initiatives within the proposed Strategy in order to adapt as needed to address policy purposes.

What is the expected cost to government?

	Ministry	Initiatives	2017/2018	2018/2019	2019/2020
1	MEDG	Access to capital – with MOF – consult with FinTech industry and regulators on opportunities to support FinTech platforms and increase access to capital for small	$2.0M plus 2 FTEs $0.5M and 2 FTEs	$2.0M plus 2 FTEs $0.5M and 2 FTEs	$2.0M Plus 2 FTEs $0.5M and 2 FTEs

Commented [NW1]: CO question from MRSB – are these numbers accurate? Pg. 41 of the deck says $4.5M/year. I understood direction was to be $2M/yr or under.

		business			
2	MGCS	Procurement Eliminate bidding fees for vendors doing business with the Ontario government on the Ontario Tenders Portal and MTO's RAQS system and funding/resources required to support expand outreach program Additional funding may be required for MGCS and mministries to support new procurement planning and publication requirements	$0	$5M	$5M
3	MEDG	Small Business Access Including website Contact Centre – operated by Canada Business Ontario; Education: Domestic Campaign, Third Party services (e.g. OCC)	$0.15M - 0.2M $0.75M 4 FTEs	$0.3M $0.85 M - $1.35M 4 FTEs	$0.3M $0.15 M - $0.65M 4 FTEs
4	MEDG	Risk-based inspections by default - Adopt an OPS-wide risk framework that will guide risk-based approaches including improving the data analytics used by government to target their inspections	$0	$0	$0
5	MEDG	Coordinated inspections Implement a coordinated inspections pilot for the restaurant and bar sector	$0	$0	$0
6	MEDG	Equivalency Adopt alternative compliance approaches where firms demonstrate they meet reg. requirements	$0	$0	$0
7	OMAFRA	Main Street Improvement Fund (New funding and FTEs would be required, no internal offset available. Components may be delivered by different ministries and partners)	$40M 1 FTE		
8	MAESD	Youth Employment Employment Service program Youth Job Connection Program	$14M	$55.4M	$55.4M
9	OMAFRA	Edible Horticulture Support Program	$0.2M (admin)	$30.0M	$30.0M

How will the changes be communicated?

A high profile and sustained communications approach is recommended. The Small Business Strategy will be announced in the Fall Document, which is tracking for public release this fall. A few initiatives of the strategy have been announced ahead of the Fall Document to recognize Small Business Week from October 15-21. On October 16, Minister Leal announced support by increasing government procurement opportunities and providing resources online and over the phone to make it easier for small businesses to interact with government and get the supports they need. There may be standalone announcements to highlight the other initiatives of the strategy following the release of the Fall Document.

CABINET OFFICE ANALYSIS

The success of small businesses is vital to maintaining prosperous communities in the province. Small businesses are responsible for two-thirds of private sector employment and are a critical supply of goods and services to larger companies, consumers and government. However, since the recession in 2008-10 small businesses, on average, are growing at a slower rate than large businesses.

Recently announced initiatives, including the federal government’s commitment to lower the small business tax rate to 10 per cent effective January 1, 2018, and to 9 per cent effective January 1, 2019; as well as the WSIB lowering premium rates for the second year in a row, with a three per cent reduction to the average rate for 2018, provide direct support and cost relief for small business.

The province also provides ongoing supports to the small business sector including by maintaining a competitive corporate environment. Other measures to increase support to small business may be considered as part of the 2017 Fall Economic Statement, which could include tax relief.

Other recent supports to small businesses have included Bill 154, Cutting Unnecessary Red Tape Act, and the government's regulatory modernization initiatives such as the Red Tape Challenge, as well as direct supports such as through the Small Business Enterprise Centres, Ontario Network of Entrepreneurs (ONE) or grants through Starter Company Plus. The government is committed to building a more modern regulatory environment by streamlining regulations, and cutting costs for business, while providing targeted assistance to help grow business in Ontario.

However, with the increasingly competitive economic environment, and increasing costs, including energy costs, costs associated with cap and trade and the changes resulting from Bill 148, Fair Workplaces, Better Jobs Act 2017, small businesses are facing pressures that affect profitability. The OCC and the Canadian Federal of Independent Business (CFIB) have indicated that small businesses continue to have difficulty navigating government regulation effectively and are unable to absorb the costs to be compliant. Many businesses would benefit from support to manage this period of transition or they will need to raise prices, which could exacerbate competitiveness concerns, or potentially reduce employment.

Small businesses are also facing rising input costs, and are constrained by low levels of productivity and skilled labour shortages. These challenges, when combined with other increasing costs, are resulting in concerns from small business that they will not be able to absorb the full consequences of changes in the short to medium term.

MRSB, along with ministry partners, is proposing a Small Business Strategy that would support locally-oriented industries such as retail and restaurants to address the bottom-line impact of cost pressures. The strategy would seek to support established small businesses adapt to a changing environment and chart a course for future prosperity by focusing initiatives in two areas: creating opportunities for business and modernizing government to ensure a regulatory environment that supports growth.

The proposed Small Business Strategy also features a proposed initiative by MAESD to support businesses to recruit and retain youth workers. According to MAESD, youth tend to have low wages, for example, 94 per cent of workers aged 15-19 earned $15/hour or less, and nearly 66 per cent of workers aged 20-24 earned $15/hour or less, however, the incidence for workers 25-44 and 45-64 was less than 20 per cent.

Commented [AM(2]: CO question to MAESD: What year is this data based on?

The proposal includes seven initiatives which would support small business across all sectors by creating opportunities for growth and prosperity:

1. **Improving Access to Capital** would deliver a three year pilot program to facilitate access to capital for small businesses by using Financial Technology (FinTech) platforms and peer to peer financing. MEDG, MOF and MRIS would engage with regulators (OSC, FSCO, DICO) as well as Fin-tech companies and small businesses to discuss regulatory issues related to lending platforms. Ministries would also work with Credit Unions/other Financial Institutions and FinTech companies on opportunities to partner with each other to offset marketing and other implementation costs. The goal of these activities would be to promote access to capital for small business and support for FinTech in Ontario. It is expected that stakeholders would support these measures, but they have not been consulted on this initiative as part of the planning process.
    - Potential risks include the potential for unequitable access to capital, and possible financial or regulatory issues with lending partners. MEDG and MOF would work to mitigate these risks during the implementation of the pilot program, and would report back on opportunities to expand the program following the pilot. There may also be some overlap between this initiative and the Red Tape Challenge, approved as part of the Business Growth Initiative (BGI) which supports ministries in conducting consultations with specific sectors to identify and address regulatory barriers.
2. **Procurement opportunities** for small and medium enterprises would be phased in across the public service over the next nine to twelve months. Once these initiatives are fully implemented, MEDG, MGCS and TBS would explore expanding the initiatives to government agencies and the Broader Public Service. Initiatives would include:
    a. Designating 33% of procurement spend to SMEs by 2020
    b. Eliminating bidding fees for vendors on the Ontario Tenders Portal (OTP) and MTO's RAQS system (maintenance of roads)
    c. Publishing ministry procurement plans
    d. Focusing on outcome-based procurement
    e. Enhancing outreach and education for small business in order to eliminate barriers to doing business with Ontario

- Potential risks include that tracking and reporting mechanisms may be limited leading to possible criticism and audit risk. Further, the OTP is at the end of its contract and would require negotiations with the vendor for potentially timely and costly systems changes to fully implement the initiative regarding bidding fees. There are also risks associated with potential bid, trade and legal disputes. In order to mitigate risks, MGCS will need to ensure that processes are fair, open, non-discriminatory and transparent. It is expected that stakeholders would support these measures, but they have not been consulted on this initiative as part of the planning process.

3. Ontario's **Small Business Access** is an online resource and call centre that would support small and medium sized business which often do not have the time or resources to know and understand changing business requirements or the government services available. Beginning in January 2018, Small Business Access would provide directed customer service, with the OCC providing support and promoting the program.

    - Potential risks include that small business may be confused between this initiative and ServiceOntario's Business Information Line (BIL), a one-window tool to over 14 government programs. These risks are mitigated given that this initiative is one program within a broader strategy, including potential FES initiatives, and there will be an education and awareness campaign with the OCC to support this resource.

4. **Risk-based Inspections by Default** would identify and adopt a government-wide framework to guide risk based approaches to inspections. This proposal would create a compliance program to ensure that ministries default to risk-based inspection systems. By improving the data analytics used to target their inspections, it is anticipated that compliant businesses will experience fewer unnecessary inspections. In addition, government resources would be better utilized to target businesses that are non-compliant.

    In order to implement this initiative, a government lead would need to be identified [why not MEDG/MRSB?] to facilitate ministry partnerships, improve data analysis and business information [any concerns re privacy or procedural fairness/natural justice?).

    - Potential risks include that government compliance programs impacting business are already risk-based but use differing definitions of risk and risk assessment. MEDG and ministry partners would seek to mitigate against possible duplication with OPS programs while ensuring sufficient flexibility to use sector-specific approaches. There is also risk that some in the community may misinterpret risk-based inspections as a reduction in enforcement. MEDG and other ministries will need to communicate carefully to ensure that it is clear that risk-based inspections lead to better outcomes in terms of better compliance, focussing resources on poor actors and easing burdens on compliant businesses.

5. A **Coordinated Inspections Pilot** for the restaurant and bar sector would use better data sharing and coordinated inspections to help target non-compliance by "bad actors" while reducing inspections (i.e., reducing burden) for "good actors". For the purposes of the pilot, regulators would share information to coordinate compliance activities for both problems (e.g. top five observable risks) and examples of excellent compliance.

Planning for the pilot would begin in early 2018, and systematic information sharing could begin April 1, 2018.
   - The risks and mitigation measure for the Coordinated Inspections Pilot are similar to those for Risk-based Inspections by Default.
6. Equivalency would be added as a seventh Regulatory Modernization Principle to…. This principle would have ministries facilitate equivalent means of regulatory compliance where a business can demonstrate an alternative approach that meets or exceeds the requirement of the regulation, where appropriate.
   - The potential risk is that incorporating equivalency into the regulation development processes, where appropriate, and assessing regulatory compliance may be difficult. Individual ministries would need to determine how to best assess alternative means of compliance for specific programs. Further, the process for assessing equivalency or alternative means of compliance must be transparent and maintain public confidence that the intended health, safety, social and environmental outcomes of regulation are still be achieved or exceeded.
7. The **Main Street Improvement Fund** – a $40M fund over two years to support enhancements to main street/traditional town centres and to promote cost savings and digital opportunities. Further details, including on eligibility are being developed. This support would be targeted to municipalities, both urban and rural, and include main street businesses, NGOs and indigenous communities:
   a. A "Main Street" revitalization program that includes planning and implementation activities for main street revitalization, and direct support for capital improvements through Community Improvement Plans (CIPs).
   b. An expanded Digital Main Street initiative to provide an online platform and service to support the adoption of digital tools and technologies.
   c. An Energy Audit initiative aimed at increasing awareness and promotion of existing energy audit programs focused on energy savings measures.
      - Potential risks include typical implementation challenges including properly scoping the program, developing fair and transparent criteria, providing sufficient resources to ensure successful delivery and measuring and reporting on success. The ministry will mitigate these risks as it continues detailed program design with affected ministries, and seeks associated program and financial approvals.

The proposed Strategy would also include initiatives which would provide targeted support to small business in particular sectors that are facing particularly significant cost increases:

8. **Employment Ontario programs** (Employment Service, Youth Job Connection) would provide incentive payments to businesses to support youth job placements and matching with businesses. The proposed incentive payments would be focused on supporting businesses to hire and retain new youth workers (15-29yrs). However, businesses with incumbent youth workers would not be eligible for the payments and could face challenges in retaining youth workers.
   a. Potential risks including the displacement of existing youth workers by businesses. There are also potential risks that the proposed approach would displace or disadvantage other workers (e.g. older workers, people with disabilities), or not be fully subscribed by employers (e.g. due to barriers

Commented [AM(3]: CO question to MAESD: CO's understanding is the Employment Service and Youth Job Connection (YJC) proposals would focus on new hires. However, the MAESD deck prepared for Major Projects notes that for the YJC proposal: "As well as supporting new hires, payments related to incumbent YJC clients currently in job placements would be possible for those clients eligible for 3 and 6 month follow ups once the program has been implemented." Can you clarify the youth eligibility of the proposals?

related to administration or completing placements). Overall, it will be important to communicate the rationale of the proposed approach, develop appropriate risk mitigation strategies, and monitor the impact of the program in supporting its desired outcomes.

9. **Edible Horticulture Support Program** would provide support for two years targeted at small and medium edible horticulture businesses (approx. 2,700). The payment would provide support for Ontario's small and medium fruit and vegetable farming businesses to help them adapt to a changing small business climate. Eligible farm businesses would receive payments based on their allowable expenses, already reported to the government to access agriculture business risk management programs through their Statement of Farming Income tax form. Payments will be tiered based on size of operation with smaller operations receiving higher payments relative to their expenses. Initial eligibility will be drawn from farmers that are already enrolled in the government business risk management programming for edible horticulture producers, which captures the majority of edible horticulture operations. The program would also allow for applications for those that meet eligibility but are not currently enrolled. Delivery would be through the government agency Agricorp, which already administers existing business risk management programming for agriculture.
    - There are potential risks resulting from the small size of the proposal, which covers only approximately 2700 of 45-50,000 producers. Those not eligible are likely to be critical of being excluded, in addition to criticism from edible horticulture producers that the level of funding is insufficient to address the cost increases they are facing. However, while other sub-sectors of agriculture are likely to be impacted by upcoming cost increases (e.g., cost of labour), the severity is not expected to be as significant as is expected for horticulture. Furthermore, although the inedible horticulture sub-sector (e.g., flower producers) faces a cost structure similar to that of edible horticulture, the link to local food and Ontario's food security is stronger with edible horticulture. Existing federal/provincial agriculture business risk management programs are available to all producers and would provide some level of support to participating agriculture businesses.

Linkages

Fair Workplace, Better Jobs (FWBJ): The proposed Fair Workplaces, Better Jobs Act responds to the final report of the Changes Workplaces review, which was the first independent review of the Employment Standards Act, 2000 and Labour Relations Act, 1995. If passed, the Act would create more opportunity and security for workers by for example, raising Ontario's general minimum wage to $14 per hour on January 1, 2018 and then to $15 per hour on January 1, 2019; mandate equal pay for part-time temporary, casual and seasonal employees doing the same job as full-time employees and expand personal emergency leave to 10 days, among other changes to Ontario's employment standards and labour laws.

The Business Growth Initiative (BGI), including Scale-Up strategies, is the government's economic strategy to fast-track Ontario's knowledge-based economy by tapping into the creativity, education and skills of our people. The Strategy will commit $650 million over the next five years and leverage Ontario's highly skilled workforce to compete through innovation. Small and medium-sized businesses are an important part of Ontario's business landscape, but often face challenges as they look to expand into new markets and grow. BGI is focused on helping businesses develop, test and model innovative solutions for government, and supporting competitiveness by increasing access to the capital, resources and expertise businesses need to grow. Initiatives include the ScaleUp Voucher Program, the Small Business Innovation Challenge, and the ScaleUp Ventures Fund. The Small Business Strategy aligns with BGI themes and will support competitiveness for Ontario firms to drive growth.

Ontario's Fair Hydro Plan – On June 1, 2017, the *Ontario Fair Hydro Plan Act, 2017* became law, reducing electricity bills for residential consumers and as many as half a million small businesses and farms across the province. The OFHP also helps electricity consumers by enhancing a number of electricity support programs.

The Global Trade Strategy (GTS) aligns activities to increase international trade by Ontario companies. Investments in international trade are necessary to promote new revenue and growth opportunities for small companies trying to scale-up, as well as established companies expanding their growth potential. GTS aligns with the proposed Small Busines Strategy because it is designed with stakeholder input to ensure that trade supports, especially for small business, are flexible and responsive.

The Highly Skilled Workforce Strategy (HSW) is an integrated strategy to bridge education, training and skills development with the demands of an evolving economy. HSW is a multi-year strategy to modernize Ontario's apprenticeship system, which includes initiatives to make it easier for employers including small businesses to access financial supports and participate in apprenticeships (e.g. through the proposed new Graduated Apprenticeship Grant for Employers, which is subject to TB/MBC approvals and conditional on approval of the wind-down of the Apprenticeship Training Tax Credit and Employer Completion Bonus, and apprenticeship group sponsorship models). This work is aligned with the small business strategy and will help support the strategy's focus on supporting small businesses including supports for apprenticeship employers.

Business Risk Management (BRM) Programs: Through BRM programming, OMAFRA provides financial support to Ontario's primary agricultural producers to mitigate the effects of environmental factors (e.g., weather, pests, disease) and market risks (input costs and market prices) inherent to the agricultural sector which are beyond producer control.

Stakeholder response and Other Risks

Some stakeholders are expected to be supportive of initiatives that simplify their interactions with government, including Small Business Access, risk based inspections, the coordinated inspections pilot in the restaurant and bar sector and the commitment to equivalency, or programs that provide them with benefits or cost reductions. Youth and some small business are expected to react favourably to the transitional employment supports for youth. However there has not been an opportunity to consult employment service providers, small businesses or other stakeholders on many of the proposed changes.

Small businesses and their advocacy bodies will see individual elements of the strategy, and even the strategy as a whole, as not being sufficient to assist with current challenges or will not find the proposed initiatives to be effective to offset the costs that they are facing. This risk will be mitigated because, in addition to the individual elements of the strategy outlined in this proposal, government support for small business would include measures to reduce costs as part of the Fall Economic Statement. Communications on the proposed strategy will need to highlight all of the ways that the government is working to enhance its small business supports in a single narrative. That narrative will also need to include government's initiatives to modernize the way it does business to ensure the continued vitality and inclusive growth of small business as a critical element in Ontario's economy.

The Agricultural sector has expressed concerns about increasing cost pressures, particularly since the industry is heavily dependent on low skilled labour. Edible horticulture producers have been the most vocal of that sector and are expected to be supportive of the directed horticulture supports, but may be critical of the level of funding. In addition, producers of inedible products within the horticulture sector, such as flowers, would not be eligible for edible horticulture program and are expected to express concern that the program excludes them.

The small manufacturers sector is also expecting significant cost challenges during this period of transitions, and has been critical of government decisions which impact the sector's competitiveness. While specific strategy initiatives would target some sectors that are expected to experience significant impacts from Bill ill 148, the small manufacturing sectors' unique challenges are not addressed nor does the strategy provide specific supports which would benefit the sector. [MEDG please add additional information to help specify the impact on small manufacturers and expected stakeholder reaction].

The initiatives proposed as part of the strategy are being implemented over the next 3 months to a year, and are intended to be time limited. It will take some time for the full impact of all the proposed initiatives to be felt by the business community. Existing costs from cap and trade, and expected increases to other cost pressures from Bill 148 are likely to continue to be immediate and urgent concerns for the small business sector even as the proposed strategy is rolled out over time. The intention of the strategy to provide transitional support may not be sufficiently proximate to provide timely relief.

There is also uncertainty across the economy, including as a result of the Federal government's consultation on tax reform for small businesses, the ongoing renegotiation of NAFTA, and geopolitical uncertainty in the United States. This uncertainty may delay or repress investment in and by small business, including deferring business and employment expansion. Although the strategy cannot address these externalities, it is likely that the potential benefits of the strategy will be muted by these factors.

PROPOSED CABINET MINUTE

Cabinet agreed that

1. The Ministry of Economic Development and Growth (MEDG), with Ministry of Government and Consumer Services (MGCS), Ministry of Finance (MOF), Ministry of Agriculture, Food and Rural Affairs (OMAFRA), and Ministry of Advanced Education and Skills Development (MAESD), work with other affected ministries as needed on the implementation and launch of a small business strategy for Ontario based on three pillars:
    a. Lowering costs;
    b. Creating opportunities; and
    c. Modernizing government.

2. MEDG will:
    a. Work, in collaboration MOECC, MOF, MCSCS, ADO and other partner ministries to implement a Coordinated Inspection Pilot for the restaurant and bar sector that seeks to target non-compliant businesses while reducing inspections (i.e., reducing burden) for compliant businesses in a manner that does not detract from overall health, safety, social and environmental intent of regulation.
        i. Report back to Treasury Board/Management Board of Cabinet (TB/MBC) on results of the pilot and a proposal to expand coordinated inspections to additional sectors.
    b. Work with Treasury Board Secretariat (TBS), and other regulatory ministries, as appropriate, to identify and develop an OPS-wide risk framework that could be used to guide risk-based approaches to government inspections of businesses.
    c. Amend the Regulatory Modernization Principles, as referenced in the May 17, 2017, Cabinet minute, to include a new seventh principle regarding equivalency that would read: "Facilitate equivalent means of regulatory compliance where a business can demonstrate an alternative approach that meets or exceeds the requirement of the regulation, where appropriate."
    d. Work with Cabinet Office and the Ministry of Municipal Affairs (MMA), the Ministry of Energy (ENERGY), MOECC, MAESD, the Ministry of Research, Innovation and Science (MRIS), the Ministry of International Trade (MIT), OMAFRA, MGCS, the Ministry of Labour (MOL), MOF, the Ministry of Northern Development and Mines (MNDM) and the Accessibility Directorate of Ontario (ADO) to develop a Small Business Access initiative to integrate communications of programs relevant to small business
    e. Establish a contact centre with a third party provider to receive incoming inquiries from small businesses and align with the Ontario.ca/Smallbusiness webpage.
    f. Working with MRIS, MOF and its regulatory agencies, consult with Financial Technology (FinTech) businesses on how financial technology platforms could improve access to capital for small business, as well as identifying and

Commented [NW4]: Would there be an amendment proposed to Bill 154?

seeking feedback on regulatory issues arising from the use of such platforms.

   g. Working with MOF:
      i. Consult with FinTech businesses and Credit Unions on opportunities for partnerships Work with regulators (e.g., Ontario Securities Commission, Financial Services Commission of Ontario and the Deposit Insurance Corporation of Ontario) to identify potential regulatory issues that may need to be addressed; and
      ii. Monitor outcomes of the pilot project and develop options to enable Fintech platforms to support greater access to capital for Ontario business.

3. MGCS will:
   a. Work with TBS, MEDG, and other ministries, as required, to help small business better access government procurement opportunities, including:
      i. Develop and implement a framework to designate and retain, at minimum, 33% procurement spend to small and medium enterprises by 2020;
      ii. Identify options to enhance its vendor outreach program;
      iii. Enhance procurement planning to enable publication of upcoming ministry procurement opportunities;
      iv. Explore options to eliminate user fees for the Ontario Tenders Portal and MTO RAQ's; and
      v. Explore considerations for the potential future expansion of these supports for small business to access procurement to provincial agencies and/or the broader public sector.

4. OMAFRA will:
   a. Work with Agricorp to develop a two year program to support the edible horticulture sector with the following design parameters:
      i. Eligibility based on the existing Self-Directed Risk Management program for edible horticulture, and including an application process for eligible producers that do not currently participate in ministry business risk management programs;
      ii. Payments would be based on allowable net sales already calculated for OMAFRA's Self-Directed Risk Management Program based on information in the Statement of Farming Income tax form; and
      iii. Payments would be progressive based on size of operation with relatively smaller operations receiving proportionately higher payments.
   b. Work with MMA, MNDM, Energy and TBS to develop initiatives that provide supports for small businesses in downtowns and traditional main street areas, including:
      i. A Main Street Revitalization Program to expand OMAFRA's existing *Downtown Revitalization Program*;
      ii. A Community Improvement Plans Implementation stream;
      iii. A Digital Main Street initiative, to expand the program outside of Toronto; and

iv. An Energy Audit initiative – to increase awareness and promotion of energy audit programs to support small business.

5. MAESD will:
   Implement transitional employment supports for youth, working with Employment Service and Youth Job Connection service providers to support employer hiring and retention beginning January 1, 2018.

6. MEDG, and all other affected ministries, to seek TB/MBC approval for all initiatives with detailed business cases, offsets and program details prior to making any announcements or implementing programs or other initiatives as part of the strategy.

7. MEDG, with MOF, MGCS, OMAFRA, MAESD, MNDM, MTCS and other affected ministries, work with the Premier's Office and Cabinet Office on the implementation of an integrated communications strategy.

APPENDIX A: Multi-Year Action Plan – Small Business Strategy

Below is an extract taken from the MYAP which demonstrates the overall strategic plan for the initiative that this policy submission supports. This excerpt represents the approved plan to date, and may not reflect the specific policy and delivery timelines identified in the Cabinet Minute above.

Milestone Legend: Ongoing Activity · Policy Approval · Delivery Milestone

Key Activity Status Legend: Heightened Management Attention Required · Management Attention Required · Monitoring · Satisfactory

1.05 - Small Business Strategy (and Supporting Regional Communities) (2017-10-20)

KEY ACTIVITIES	YEAR 1 (2014-2015)	YEAR 2 (2015-2016)	YEAR 3 (2016-2017)	YEAR 4 (2017-2018)	YEAR 5 (2018-2019)	GOVERNANCE AND RISKS
	A M J J A S O N D J F M	A M J J A S O N D J F M	A M J J A S O N D J F M	A M J J A S O N D J F M	A M J J A S O N D J F M	
01.05 | Small Business Strategy (and Supporting Regional Communities) **Pillar:** Strategic Partnerships		Cluster Development Partnerships for Jobs and Growth Crowd-Funding Regime	Reg. Eco str-ategies RB	Small Business Strategy Small Business Strategy Regional Strategies North		**Lead:** MEDG, MRSB **Supporting:** MRIS, OMAFRA, MOF, MTCS, MMA, MNRF, MNDM **Risk Categories:** Financial, Policy, Stakeholder / Perception **Last updated: 23-06-17** Unchanged Risk Status →