

DRAFT



Report Back on Small Business Strategy

Ministry of Economic Development and Growth
Minister Responsible for Small Business

Cabinet
October 25, 2017

Minister

Deputy Minister

SUMMARY OF PROPOSAL

To address heightened stakeholder concern about cost, competitiveness and growth challenges facing Ontario small and medium-sized businesses, the Ministry of Economic Development and Growth is proposing a small business strategy with three pillars:

- 1) Lower costs
 - 2) Create opportunities
 - 3) Modernize government
- The strategy will feature a range of new initiatives (outlined on slides 7-16) and existing actions across multiple ministries.
 - MEDG and partner ministries are seeking Cabinet approval to implement the new initiatives, including direction to request additional resources where required, and continue with the existing initiatives under the banner of the Small Business Strategy.
 - Pending necessary approvals the strategy will be announced in Fall 2017 for implementation beginning January 1, 2018.

GOVERNMENT COMMITMENT

- On May 19, 2017, Ontario announced proposed measures, to be introduced in Fall 2017, to help business grow and cut red tape, including reviewing licence and registration fees paid with a goal of providing relief to small- and medium-sized enterprises (SMEs).
- On May 29, 2017, Ontario announced a reduction to the regulatory fee required to sell beer, cider and wine by \$2,000 per year for small, independent grocers.
- On September 14, 2017, Ontario introduced the Cutting Unnecessary Red Tape Act. If passed, the Act would help build a more modern regulatory environment by rooting out unnecessary burdens and streamlining regulations.

CONTEXT FOR ACTION

- Small businesses are vital to the Ontario economy. They are responsible for two-thirds of private sector employment, and provide essential goods and services to larger companies, consumers and government.
- In an increasingly competitive economy where change is the norm, small businesses face increasing costs – such as energy costs and the cost associated with cap and trade - and other pressures affecting their bottom-line. Employment in small businesses have been growing slower, on average, than larger businesses since the recession.
- Locally-oriented industries such as retail, construction and restaurants may address the bottom-line impact of cost pressures by raising prices over the medium-long term. However, in the short term bottom-line deterioration could be acute in these and other sectors, negatively affecting business activity and employment.
- Export-oriented firms such as those in manufacturing cannot manage cost impacts by raising prices, nor by quickly enhancing productivity.
- As businesses are faced with increasing cost pressures that will affect their profitability, Ontario needs a plan to help a wide range of small and medium-sized businesses to manage this period of transition.

SMALL BUSINESS CHALLENGES

Small businesses are challenged by rising input costs.

- The Ontario Chamber of Commerce (OCC) estimates a cap and trade regime will raise gasoline prices by 4.3 cents a litre.
- An OCC survey finds that 33% of Ontario small business believe rising energy prices will cause member firms to delay or cancel investment.
- A CFIB survey finds that over a third of their respondents are considering closing or selling their businesses in response to Bill 148.

Small businesses are constrained by low levels of productivity and skilled labour shortages.

- An OCC survey found a mismatch between the nature of job vacancies and the qualifications of those seeking work. 39% of employers said they had difficulty filling a job opening as they cannot find qualified employees.

Small business identifies regulation as an impediment to business.

- Small business owners often lack the capacity and resources required to navigate government regulation effectively or to absorb the costs of compliance.

Small business identifies lack of access to capital as an impediment to growth

- Small businesses have not had the collateral or revenue streams to qualify for financing from traditional financial institutions.

EXISTING GOVERNMENT SUPPORT

- Small business programs commonly focus on start ups and innovation, e.g.:
 - The small business innovation challenge to help small and medium-sized businesses develop public sector technology solutions
 - 2 challenges have been launched, three new challenges under development;
 - Starter Company Plus, which supports small business start-ups
 - Launched in June 2017 so results not yet confirmed.
 - Starter Company supported the starting of 2,482 businesses and creation of 3,443 jobs;
 - The Ontario Network of Entrepreneurs, which connects “Main Street” entrepreneurs with business acceleration experts
 - Assisted in starting over 4,600 new businesses and expanding 2,175 businesses resulting in the creation of over 7,600 new jobs; and
 - The MaRS business acceleration program, which provides specialized mentorship, educational services and competitive market intelligence to technology-based start-ups
 - Supported the creation of 187 new companies and 1,346 jobs and the retention of 7,007 jobs.
- Programming exists to target established and main street businesses, but more is needed:
 - The small business deduction from corporate tax;
 - The Fair Hydro Act, 2017 - reducing electricity bills for up to half a million small businesses
- MIT, through the Global Trade Strategy, has expanded its suite of programs and services.
 - This includes advisory and mentoring services, one-window access to export ecosystems, an exporter preparation program - Accelerate to International Markets (AIM), market/sector specific seminars, funding to prepare and enter markets, incoming buyers, and in-market support through trade missions.

A need exists to better support established and main street small businesses adapt to a changing environment and chart a course for future prosperity.

ONTARIO'S SMALL BUSINESS STRATEGY

Initiatives For Decision At This Time	Other Initiatives Tracked Elsewhere	Ongoing Program (no decision required)
Lower Cost		
Edible Horticulture Support Program	Reduced property tax rate for Small-Scale Agri-Food Business on farms	WSIB Premiums
Create Opportunity		
Main Street Improvement Fund	Group Sponsorship for Apprentices*	Global Trade Strategy
Access to Capital	Graduated Apprenticeship Grant for Employers	Exporter Marketing
Procurement		Magnet Pilot
Transitional Employment Supports for Youth		Accelerate to International Markets program
		Northern Business Opportunity Program
		Northern Innovation Program (NOHFC)
		Northern Ontario Internship Program
Modernize Government		
Small Business Access		
Risk-based Inspections by Default		
Coordinated Inspections Pilot		
Equivalency		

*While this initiative is being approved through a separate Cabinet Submission, additional resources are being sought as part of this submission (see slide 16).

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EDIBLE HORTICULTURE SUPPORT PROGRAM

Description

- A time-limited (two-year) support program targeted at small and medium edible horticulture businesses.
- The payment will provide support for Ontario's small and medium fruit and vegetable farming businesses to help them adapt to a changing small business climate.
- Eligible farms (approx. 2,700) will receive payments for two years based on their allowable net sales already calculated under agriculture business risk management programs based on information in their Statement of Farming Income tax form. Total cost would be approximately \$30M per year.
- Payments will be tiered based on size of operation with smaller operations receiving higher payments.
- Farmers producing edible horticulture who meet the eligibility definition of the Self-Directed Risk Management program will be eligible. Initial eligibility will be drawn from farmers that are already enrolled in the government business risk management programming for edible horticulture producers, which captures majority of edible horticulture operations.
- Payments could start in the last quarter of this fiscal year, if necessary.
- Delivery would be through the government agency Agricorp, that already administers existing business risk management programming for agriculture.

Expected Cost

2017/18 - \$0.2M (admin)
2018/19 - \$30M
2019/20 - \$30M

Risks and Considerations

- Proposal covers only about 2,700* of 45,000-50,000 producers who will be extremely critical of being excluded.
- Edible horticulture producers are likely to criticize level of funding as insufficient to address cost increases.
- Based on OMAFRA experience, allowing applications from those edible horticulture producers not currently enrolled in business risk management programs is highly recommended.
- Within horticulture, producers facing similar costs to produce inedible products (e.g., flowers) would not be eligible, including about half of greenhouse producers.
- Based on OMAFRA experience, allowing applications from those not currently enrolled in business risk management programs is highly recommended.
- Data integrity – payments would be generated based on a previous year's tax data; some may receive a higher/lower payment than they may expect based on their current situation.
- Delivery/administration costs ~ 8-10%.

Stakeholder Views

- Agricultural producers have expressed concerns generally over increasing cost pressures with edible horticulture producers being among the most vocal.

*Plus a small, undefined population of small producers who are not in the current program database.

MAIN STREET IMPROVEMENT FUND

Description

Main Street Improvement Fund to include the following initiatives:

1. A Main Street Revitalization Program that includes:
 - a) Planning and Implementation stream - funding for municipalities (rural and urban), NGOs and Indigenous communities for Main Street revitalization planning and implementation activities, and
 - b) CIP Implementation stream- direct business support for capital improvements through Community Improvement Plans (CIPs).
2. A Digital Main Street initiative – expanding existing program outside of Toronto, to support businesses across the province located in a BIA.
3. Energy Audit initiative – to increase awareness and promotion of energy audit programs in collaboration with small business.
 - Two out of three program components of the Fund are built on existing programs by OMAFRA (Downtown Revitalization) and the City of Toronto (Digital Main Street) – January 2018 announcement with phased implementation for Main Street Revitalization Program February 2018. Implementation of other programs still to be determined
 - Performance measures include job and business creation and retention, decreased commercial vacancy rates, increased property values, increased competitiveness, decreased costs through Energy Audits, total investments (including private-sector) on revitalization.

Expected Cost

- 2017/18 - \$8.5M*
- 2018/19 - \$11.5M
- 2019/20 - \$20M (project costs may flow into 2020/21)
- FTE requirements – 3

*\$6 million of this funding depends on approval of a Cash Management Directive exemption.

Risks and Considerations

- Implementation details of Energy Audits to be coordinated through Ministry of Energy.
- Digital Main Street to be delivered by partners. Impact is dependent on broadband access in rural Ontario.
- Current OMAFRA-led Downtown Revitalization program is specific to Rural Ontario.
- The Main Street Improvement Fund will be complimentary to programs delivered by the Ministry of Tourism, Culture and Sport.

Stakeholder Views

- Significant share of Main Street: Retail, Professional services, Food and Accommodation impacted by minimum wage; challenges with tax assessment; the availability of vacant unit rebates which impacts investment attraction on Main Street; and meeting accessibility requirements in small businesses.

ACCESS TO CAPITAL

Description

- Pilot Program to enable FinTech firms to partner with existing institutional lenders to improve access to capital to small businesses.
- Provides a new source of capital for Ontario small businesses through new emerging innovative FinTech platforms.
- Augments traditional lending by credit unions and other institutional lenders and creates new partnerships both for financial institutions (FIs) and FinTech businesses.
- Broadens the amount and sources of capital beyond specific FinTech subsector (i.e. P2P lending) to include traditional players (e.g. credit unions) as partners.
- While requiring rigorous screening of new market entrants, pilot enables financial institutions and FinTech businesses to pilot new lending partnerships in a staged manner within a “regulatory sandbox”.
- Performance measures could assess changes in access to capital for small businesses (e.g. broader range of small businesses being financed, access to desired loan amounts).

Expected Cost

- Pilot, consultation and advisory annual costs \$ 2.5 million for each of three years. [Additional costs would depend on the desired scope of number of businesses / loans and the number of platforms to support.]
- Above includes \$500K for administrative costs to Ministry of Finance and its regulatory agencies to monitor/consult with FIs and FinTech businesses on regulatory issues.
- 4 FTEs (2 to implement the pilot; 2 for industry consultation.).

Risks and Considerations

- Risks relate to partners lending to questionable / controversial small businesses (lack of collateral/revenues), ensuring equitable access to capital, expense risk / fiscal impact associated with bad debts, financial / regulatory issues with lending partners, and stakeholder perception of supporting “payday loans”.

Stakeholder Views

- Not available

PROCUREMENT

Description

Multiple initiatives to demonstrate government is open for business for small and medium enterprises (SMEs):

- Designate 33% of government procurement spend to SMEs by 2020
- Exploring eliminating or reimbursing bidding fees for vendors doing business with the Ontario government on the Ontario Tenders Portal and MTO's RAQS system (maintenance of roads)
- Publish ministry procurement plans
- Focus on outcome-based procurement
- Enhanced outreach and education; explore ways to eliminate barriers and avoid new barriers to doing business with Ontario

Phased implementation recommended in OPS. Potential future expansion to agencies and BPS to be explored.

May require procurement policy, operational process and systems changes.

Implementation to begin in 9 – 12 months.

Expected Cost

- \$3.5M - \$5M annual funding (estimated) required for eliminating vendor fees on OTP and MTO RAQs and expanded outreach.
- Additional funding/resources required to support new ministry procurement planning requirements, expanded outreach program and acceleration of outcome/innovation procurement (TBD).
- Program delivery, procurement costs and administration costs expected to increase with no identifiable offsets.

Risks and Considerations

- Tracking/reporting mechanisms are limited leading to possible criticism and audit risk.
- Elimination or reimbursing of user fees is not likely to increase bids received.
- OTP is at end of contract life and would require negotiations with vendor for timely and costly systems changes.
- Ministry procurement plans will need to be developed and published.
- To avoid bid, trade and legal disputes, processes must be, and be perceived, to be fair, open, non-discriminatory and transparent.

Stakeholder Views

- Not available

TRANSITIONAL EMPLOYMENT SUPPORTS FOR YOUTH

Description

- Using the existing delivery network, provide employers with a **maximum \$2,000 grant to hire and retain youth (approximately a \$2/hr subsidy for a youth employed full-time for 26 weeks)** as follows:
 - For **Employment Service (ES)** assisted youth clients matched with a small business (less than 100 employees) between January 1, 2018 and March 31, 2018, a **\$1,000 retention payment at 3 months followed by a \$1,000 retention payment at 6 months.**
 - For **ES** assisted youth clients matched with a small business after April 1, 2018, **\$1,000 upon hiring followed by an additional \$1,000 retention payment at 6 months in the job.**
 - For the **Youth Job Connection (YJC)** program a **retention payment of \$1,000 would be payable after 3 months with a further \$1,000 payable after 6 months** to incentivize small and large employers to retain multi-barriered (homelessness, lack of labour market experience, low levels of education etc.) youth for placements made after January 1, 2018.

Expected Cost

- For ES, the cost is \$45M per year for FY2018-19, and FY2019-20, and \$11.25M for FY2020-21 and would serve approximately 23,000 youth annually.
- For YJC, the cost is \$10.4M per year for FY2018-19 and FY 2019-20 and \$2.75M for FY2020-21 and would serve approximately 10,000 youth annually.
- These amounts include 15% for administrative costs to service providers.

Risks and Considerations

- Potential for – and perception of – that some youth would have obtained employment without the benefit of a signing or retention bonus.
- This program will create incentives for employers to choose youth over other barriered clients (e.g. Persons with disabilities, Indigenous etc.)

Stakeholder Views

- Youth and small businesses expected to react favourably.
- Stakeholders or employment service providers have not had an opportunity to be consulted on the proposed changes.
- The administration of the payments could be perceived as onerous by service providers due to additional follow up requirements.

SMALL BUSINESS ACCESS

Description

- Many small businesses do not have the time or resources to know and understand changing business requirements or the government services available to support the SME sector. Ontario's Small Business Access would function as a coordinated approach to promote a streamlined small business service offerings.
- For a January 2018 launch:
 1. Ontario.ca/SmallBusiness - will be a trusted site that provides information to assist small businesses get started, grow, and manage day to day operations.
 2. A telephone Contact Centre – In discussions with Canada Business Ontario to operate and provide a high level of customer service to small businesses and respond to inquiries related to government programs.
 3. Awareness and Education – third party providers, including the Ontario Chamber of Commerce will deliver information and training for businesses; and a domestic marketing campaign to promote Ontario's small business strategy.

Expected Cost

- 2017/18: \$0.9M – \$0.95M
- 2018/19: \$1.15M - \$1.65M
- 2019/20: \$0.45M - \$0.95M
- *MEDG/MRIS is also seeking to make 4 temporary FTEs permanent to support the execution and ongoing support for Ontario Small Business Access.*

Risks and Considerations

- Depending on the other items included in the small business strategy, there is a risk that small businesses will see this initiative as a minimal effort to assist with the transition to compliance with Bill 148.
- Small business may be confused as to who to call and likely to start with ServiceOntario's contact centre. SO's Business Information Line (BIL) provides one-window tool to over 14 government programs and related contact centres.

Stakeholder Views

- Stakeholders welcome the initiative to simplify their interactions with government.
- The domestic marketing campaign will be an important component to increase awareness of services available to small businesses.

RISK BASED INSPECTIONS BY DEFAULT

Description

- All government compliance programs impacting business are already risk-based.
- MEDG is seeking Cabinet direction to build on the work of the Economic and Regulatory Deputy Minister's Committee (EDRMC) and Treasury Board Secretariat's Enterprise Risk Management Unit to identify and adopt an OPS-wide risk framework that will guide risk-based approaches.
- A government lead would identify and facilitate key ministry partnerships to improve data analysis and information sharing.
- By improving the data analytics used by government to target their inspections, it is anticipated that compliant businesses will experience fewer unnecessary inspections.
- Government resources would be better utilized to target businesses that are non-compliant.

Expected Cost

- 2017/18 – \$0
- 2018/19 - \$0
- 2019/20 - \$0
- No new FTEs, however a percentage of existing FTE time will be required from each participating ministry.

Risks and Considerations

- Many OPS programs have sector-specific components. **Mitigation:** Ensure the OPS-wide Risk Framework is flexible enough for ministries to continue to use sector-specific approaches.

Stakeholder Views

- Ministries agree that using a risk-based approach reduces burden on compliant small business while allowing them to deploy their resources more effectively.
- Businesses are expected to support this approach as compliant businesses would benefit from an inspections approach that better utilizes a risk based approach.

COORDINATED INSPECTIONS PILOT

Description

- MEDG is seeking Cabinet approval to implement a coordinated inspections pilot for the restaurant and bar sector.
- Through better data sharing, coordinated inspections help target non-compliance of “bad actors” while reducing inspections (i.e., reducing burden) for “good actors”.
- For the purposes of the pilot, regulators would use effective and systematic information sharing to coordinate compliance activities. Using a “head’s up” approach, regulators would share information/data on both critical problems (top 5 observable risks) and examples of excellent compliance.
- It is anticipated work on the administrative components would begin in early 2018, and - systematic information sharing could begin April 1, 2018.

Expected Cost

- 2017/18 – TBD*
- 2018/19 - TBD*
- 2019/20 - TBD*
- No new costs for MEDG, however partner ministries may require additional funding for FTEs to support the administration of the pilot.

Risks and Considerations

- Partner ministries/municipalities still need to be confirmed. **Mitigation:** Discussions with potential partners are underway.

Stakeholder Views

- Businesses are expected to support this pilot as compliant businesses would experience reduced and targeted inspections from improved data analytics and information sharing amongst participating regulators.

EQUIVALENCY

Description

- MEDG is seeking approval to add a seventh Regulatory Modernization Principle. The seventh principle, equivalency, would state that ministries should 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.
- Regulatory equivalencies are already used in Ontario and abroad. MEDG is aware of at least 32 distinct examples of regulatory equivalency provisions in existing Ontario regulations.
- MEDG will work with Cabinet Office and affected ministries to incorporate equivalency into the regulation development process, where appropriate.

Expected Cost

- 2017/18 – \$0
- 2018/19 - \$0
- 2019/20 - \$0

Risks and Considerations

- Assessing regulatory compliance may be more difficult when regulatory equivalency is used.
Mitigation: Individual ministries would be responsible for determining how to best assess alternative means of compliance for their specific program.

Stakeholder Views

- Businesses are expected to support the additional flexibility provided by equivalency. If the same or better outcomes can be achieved by different means than stipulated in the regulation, businesses may use alternative means of their choosing to reduce their regulatory burden while achieving the intended policy outcome.

PROPOSED INITIATIVES - FISCAL IMPLICATIONS

Ministry	Initiatives	2017/2018	2018/2019	2019/2020
OMAFRA	<u>Edible Horticulture Support Program</u>	\$0.2M (admin)*	\$30.0M	\$30.0M
OMAFRA (components may be delivered by different ministries and partners)	<u>Main Street Improvement Fund</u> (new funding and FTEs would be required, no internal offset available)	\$8.5M 1 FTE	\$11.5 million and 3 FTEs (total)	\$20 million and 3 FTEs (project costs may flow into 2020/2021 to enable project completions)
MEDG	<u>Access to capital</u> – Pilot with Credit Unions	\$2.0M plus 2 FTEs	\$2.0M plus 2 FTEs	\$2.0M Plus 2 FTEs
	MOF - Consultation with FinTech industry on regulatory issues	\$0.5M and 2 FTEs	\$0.5M and 2 FTEs	\$0.5M and 2 FTEs
MGCS	<u>Procurement</u> 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	n/a	\$3.5 – 5M	\$3.5 - 5M
	Additional funding may be required for MGCS and ministries to support new procurement planning and publication requirements	n/a	TBD	TBD

*Payments would start in the last quarter of 2017-18, if necessary.

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PROPOSED INITIATIVES - FISCAL IMPLICATIONS

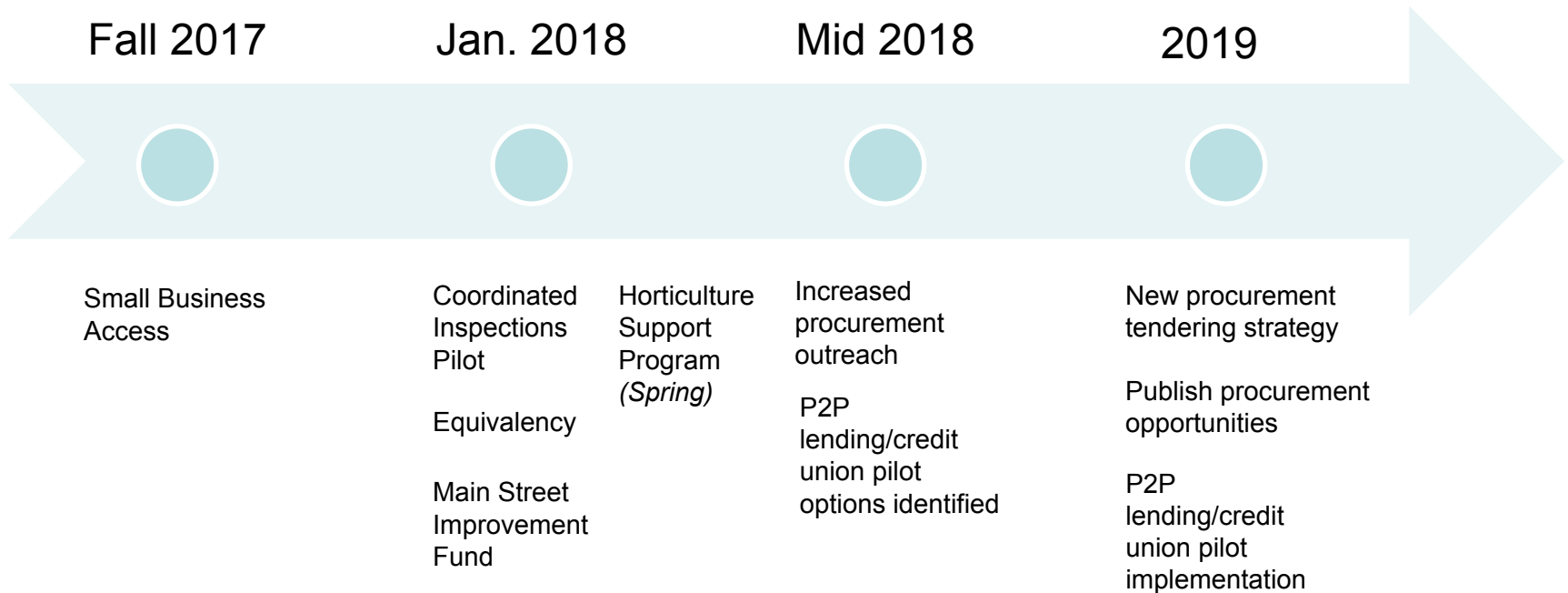
Ministry	Initiatives	2017/2018	2018/2019	2019/2020
MAESD	<u>Youth Employment</u> Employment Service program Youth Job Connection Program	\$0	\$55.4M	\$55.4M*
MAESD	<u>Apprenticeship</u> Group Sponsorship for Apprentices	\$2M	\$0	\$0
MEDG	<u>Small Business Access</u> Contact Centre – operated by Canada Business Ontario Awareness and 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
MEDG	<u>Risk-based by default</u>	\$0	\$0	\$0
MEDG	<u>Coordinated inspections</u> No new costs for MEDG, however partner ministries may require additional funding for FTEs to support the administration of the pilot.	TBD*	TBD*	TBD*
MEDG	<u>Equivalency</u>	\$0	\$0	\$0
NEW INITIATIVES SUB-TOTAL				

*\$14M will required for FY2020-21 to account for carry-over clients

PROPOSED INITIATIVES - FISCAL IMPLICATIONS

Ministry	Initiatives	2017/2018	2018/2019	2019/2020
Other Small Business Resources Requirements				
MEDG	<u>Burden Reduction</u>	7 FTEs	7 FTEs	7 FTEs
MEDG	<u>Rural Regional Growth</u>	5 FTEs	5 FTEs	5 FTEs
MEDG	<u>Policy, Communications and Corporate Services</u>	12 FTEs	12 FTEs	12 FTEs
OTHER RESOURCES SUB-TOTAL				
<u>TOTAL SMALL BUSINESS STRATEGY</u>		\$m tbd Y FTEs tbd		

IMPLEMENTATION TIMELINE



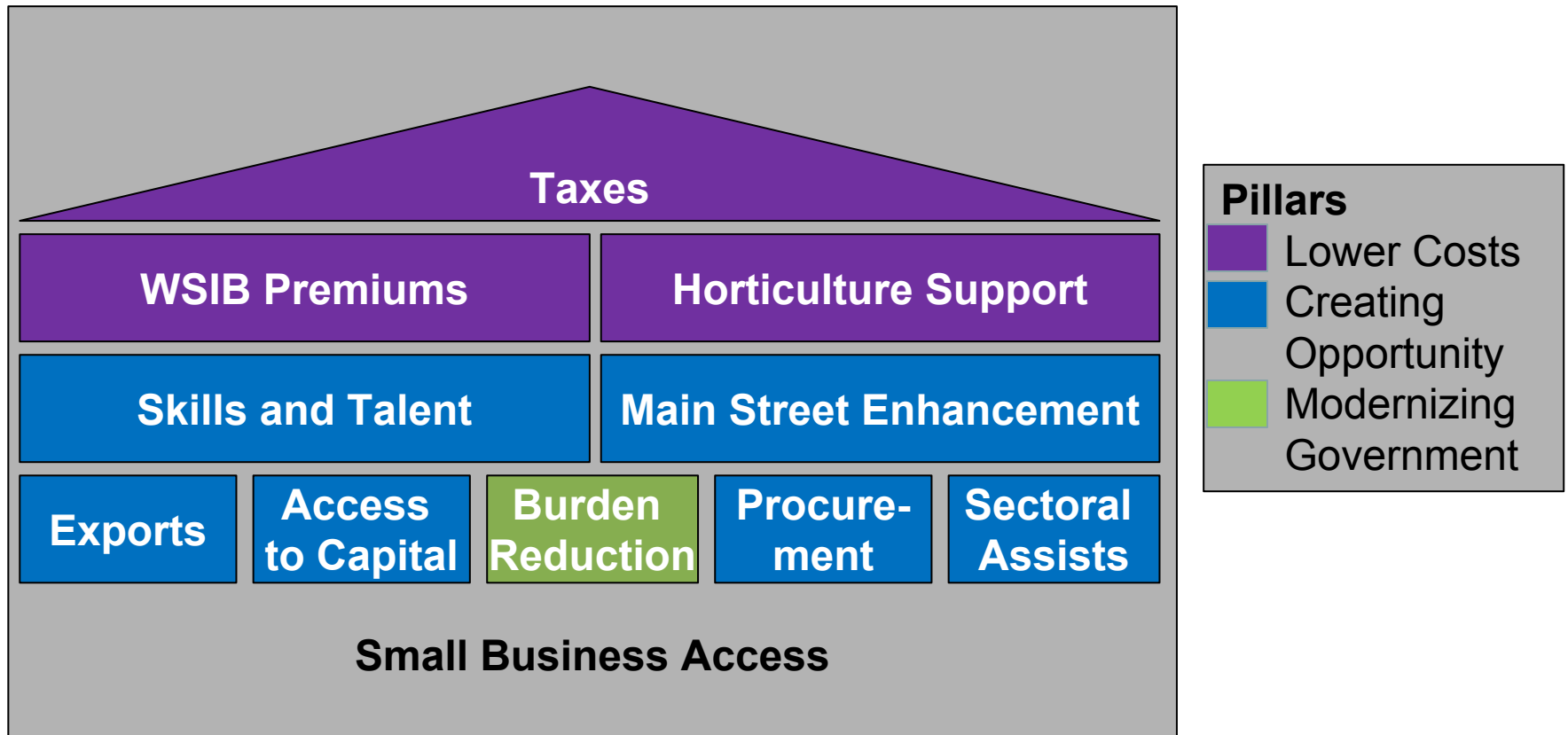
INITIATIVES DEVELOPED/CONSIDERED ELSEWHERE

Initiatives	Ministry	Description
Group Sponsorship for Apprentices (pending decision)	MAESD	To enhance the group sponsorship model as part of the apprenticeship modernization strategy underway. Additional support for apprenticeship group sponsors may help small businesses to attract, support and train apprentices while reducing administrative burden.
Graduated Apprenticeship Grant for Employers (pending decision)	MAESD	MAESD is considering options for converting the Apprenticeship Training Tax Credit (ATTC) into a graduated grant for employers to support apprenticeship completions. The grant will be designed to be easier to access and reduce administrative burden for employers.
Reduced property tax rate for Small-Scale Agri-Food Business on farms	MOF	This initiative will provide municipalities the option to incentivize on-farm innovation through a reduced property tax rate on a portion of the assessment attributable to small-scale value-added or commercial activities.

ONGOING PROGRAMS (NO DECISION REQUIRED)

Initiatives	Ministry	Description
WSIB Premiums	MOL	Building on a 6.2 per cent reduction to the average premium rate in 2017, the Board of Directors has approved a 3.3 reduction to the average premium rate for 2018. This brings the total cumulative reduction to the average premium rate since 2016 to 9.3 per cent. The reduction will bring the average 2018 premium rate down to \$2.35 for every \$100 of insurable earnings from \$2.43 in 2017.
Global Trade Strategy	MIT	Ontario's Global Trade Strategy aims to help companies export to global markets, creating jobs in Ontario. The Strategy sets out Ontario's approach to expand and advance international trade in Ontario.
Exporter Marketing	MIT	Execute an integrated marketing campaign to raise awareness of the benefits of exporting as a way to grow business and increase participation in the relevant programs and services for exporters
Magnet Pilot	MIT	MIT has partnered with Ryerson University to develop an export growth business portal using the Magnet technology platform. The portal will provide Ontario SMEs with targeted information about exporting programs and services from a number of partners.
Accelerate to International Markets (AIM) program	MIT	Increases export readiness and competitiveness in international markets. Increased exports have proven to produce more high paying jobs in the local economy.
Northern Business Opportunity Program (including funding for Small Business Start-Up Projects, NOHFC)	MNDM	The Northern Business Opportunity encourages business productivity and expansion, and global investment in Northern communities.
Northern Innovation Program (NOHFC)	MNDM	The Northern Innovation Program supports the development and commercialization of new technologies that will contribute to future prosperity in Northern Ontario, and by fostering collaboration and partnerships among the private sector, academic institutions, and research institutes.
Northern Ontario Internship Program (NOHFC)	MNDM	The Northern Ontario Internship Program strengthens Northern Ontario's competitive advantage and builds economic development capacity by attracting and retaining graduates in the North. The program provides recent graduates who are interested in launching and building their careers in Northern Ontario access to internships.

COMMUNICATIONS FRAMEWORK



COMMUNICATIONS

Strategic Approach:

- Targeted, proactive and coordinated communications approach led by MEDG with support and active participation from partner ministries.

Small Business Key Messages:

- The Ontario government is committed to promoting fairness and opportunity for all Ontarians.
- Small businesses are vital to Ontario's economy. There is an opportunity for government to enhance its small business supports to ensure the continued vitality and inclusive growth of this mainstay segment of the Ontario economy.
- The Ontario government is committed to modernizing the way the government interacts with small business and their workers.

BGI Messaging:

- Ontario's five-year, \$650-million Business Growth Initiative is helping to grow the economy and create jobs by addressing some of the very real challenges Ontario's economy is facing.
- Our efforts are focused in three key areas:
 - Lowering business costs through modernized, streamlined regulations that impose fewer obstacles to growth.
 - Scaling up — catapulting more Ontario firms into global leadership, from startups to ambitious medium-sized firms. We need lots more of these — and ultimately home-grown large-scale firms.
 - And creating an innovation-driven economy.

COMMUNICATIONS

Rollout:

- MEDG, with the affected ministries, will work with the Premier's Office and Cabinet Office on the implementation of an integrated communications strategy. More detailed communications activities/rollout for the proposed initiatives will be provided when the details are approved and confirmed.
- More immediately, there is an opportunity for Minister Leal to announce Small Business Access during the Small Business Week (Oct 15-21).
- Should the first phase of this online resource be ready for that timeline, a Newsroom statement by the Minister is recommended.
- This will support the phasing in of the Small Business Strategy and raise awareness of the upcoming changes and new programs.

Considerations:

- Some stakeholders may question what this new strategy will actually do for their businesses. They may not find the proposed initiatives to be effective to offset the challenges they're facing.
 - **Response:** highlight that the government is working to enhance its small business supports and modernize the way we do business with them to ensure the continued vitality and inclusive growth of this mainstay segment of the Ontario's economy.

PROPOSED CABINET MINUTE

The Ministry of Economic Development and Growth, with Ministry of Government and Consumer Services, Ministry of Finance, Ministry of Agriculture, Food and Rural Affairs, and Ministry of Advanced Education and Skills Development, will develop a small business strategy for Ontario. The strategy will feature a range of new initiatives and existing actions across multiple ministries. The strategy is based on three pillars:

1. Lowering costs
2. Creating opportunities
3. Modernizing government

PROPOSED CABINET MINUTE

Cabinet agreed that

1. The Ministry of Economic Development and Growth will:

Coordinated Inspections

- A. Work, in collaboration with partner ministries (including MOECC, MOF, MCSCS, ADO and others), to implement a Coordinated Inspection Pilot for the restaurants and bars sector that seeks to target non-compliant businesses while reducing inspections (i.e., reducing burden) for compliant businesses.

Risk-Based Inspections by Default

- B. Work with the Treasury Board Secretariat, to identify and adopt an OPS-wide risk framework to guide risk-based approaches.

Equivalency

- 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.”

PROPOSED CABINET MINUTE CONTINUED

One Window Service for Small Business Access

- D. Work with Cabinet Office and MMA, Energy, MOECC, MAESD, MRIS, MIT, OMAFRA, MGCS, MOL, MOF, MNDM and ADO develop Ontario.ca/Smallbusiness webpage with content that supports small businesses.
- E. Establish contact centre with third party provider to receive incoming inquiries from small businesses.

Access to Capital

- F. In conjunction with MRIS, MOF and its regulatory agencies, consult with FinTech businesses on regulatory issues related to these platforms (e.g. Know Your Client and Anti-Money Laundering).
- G. With the support of the Ministry of Finance:
 - 1. encourage FinTech businesses to secure partnerships with existing accredited financial institutions
 - 2. encourage Credit Unions to form partnerships with FinTech businesses and authorize regulators (e.g., OSC, FSCO and DICO) to monitor the pilots and report back to the Ministry of Finance, as well as the pilot participants, on any regulatory issues that may need to be addressed.

PROPOSED CABINET MINUTE CONTINUED

2. The Ministry of Government and Consumer Services will:

Procurement

Work with Treasury Board Secretariat, MEDG, and ministries, as required to:

- A. Develop and implement a framework to designate 33% of procurement spend to small and medium enterprises by 2020.
- B. Identify options to enhance its vendor outreach program.
- C. Enhance procurement planning towards publication of upcoming ministry procurement opportunities
- D. Explore options to eliminate user fees for the Ontario Tenders Portal and MTO RAQ's.
- E. Explore considerations for the potential future expansion to provincial agencies and/or the Broader Public Sector.

PROPOSED CABINET MINUTE CONTINUED

3. The Ministry of Agriculture, Food and Rural Affairs will:

Edible Horticulture Support Program

- A. Work with Agricorp to develop a program to support the edible horticulture sector.

Main Street Improvement Fund

- B. Work with the Ministries of Municipal Affairs, Northern Development and Mines, and Energy as well as Treasury Board Secretariat, to develop initiatives that provide supports for small businesses in downtowns and traditional main street areas, including the following initiatives:
- i. A Main Street Revitalization Program with a
 - a. Planning and Implementation stream – to expand OMAFRA's *Downtown Revitalization Program*,
 - b. CIP Implementation stream – to include direct business support for capital improvements through Community Improvement Plans (CIPs),
 - ii. Digital Main Street initiative – to expand the program outside of Toronto,
 - iii. Energy Audit initiative – to increase awareness and promotion of energy audit programs in collaboration with Small Business Access and,

PROPOSED CABINET MINUTE CONTINUED

4. The Ministry of Advanced Education and Skills Development will:

Transitional Youth Employment Supports

- A. Implement transitional employment supports for youth, working with Employment Service and Youth Job Connection service providers.
- B. The transitional employment supports would support employer hiring and retention beginning on January 1, 2018.

Communications

5. 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, to deliver a domestic marketing campaign and work with third party organizations to deliver education and awareness of Ontario's small business strategy.

Report Backs

- 6. MEDG will report outcomes of the Coordinated Inspections Pilot back to Cabinet, once the pilot is complete.
- 7. Ministries will report to Treasury Board on any resource or FTE requirements related to the Small Business Strategy in Fall 2017.

APPENDIX A: ITEMS FOR DECISION

BACKGROUND INFORMATION

EDIBLE HORTICULTURE SUPPORT PROGRAM

Context

- The agri-food industry operates in an open international market, where commodity prices are set on the world market.
- As such, farmers are not able to pass along increases in their input costs to consumers.
- Relative to competing jurisdictions (e.g. Mexico, U.S.), Ontario is already a high-cost producer for horticulture. Increased costs can shift investment to nearby jurisdictions or result in sellers choosing imports over domestic products.
- Several large greenhouse growers have been targeted by competing jurisdictions to expand their operations in the U.S. Growers are being offered reduced taxes, access to waste heat from other industries, and support for training new employees.
- A localized, negative economic event (e.g. unforeseen and large increase in input costs), will translate into reduced profits for Ontario farmers, particularly in the horticulture (fruit and vegetable, etc.) sector.
- Because of mounting cost pressures (e.g. energy, labour, etc.) a mitigation solution that would help the horticulture sector adjust to the new small business climate is necessary to support its viability.

Outcomes and Metrics

Performance measures could include:

- Number of edible horticulture businesses supported by the program
- Total support provided to small and medium edible horticulture businesses
- Timeliness and administrative simplicity of payments

Logistical Details

- Payments will be made by OMAFRA's delivery agent Agricorp, with extensive experience in delivering agriculture and horticulture support programming.
- Agricorp has relevant data from which to make payments, facilitating timeliness of payments and simplicity of administration.
- Producers not in current program databases will have an opportunity to apply.

MAIN STREET IMPROVEMENT FUND

Context

- Small businesses in downtowns and traditional main street areas struggle to compete with other commercial nodes (e.g. large format retail) and emerging technologies (e.g. e-commerce).
- Financing for business development and commercial real estate has gradually shifted from downtowns and independent small businesses, to favouring larger scale developments.
- Commercial districts can lack the collective market focus and organizational capacity to strategically address challenges and opportunities.
- Healthy and vibrant downtown and main street areas can benefit businesses and property owners, as well as residents, community organizations, and local government.
- OMAFRA has delivered a Downtown Revitalization program since 2005. Over 70 communities across rural Ontario have been supported by the program since that time.

Stakeholder Views

- Top issues raised by Ontario Business Improvement Areas Association (OBIAA): New definition of a BIA's roles in the Municipal Act is needed; challenges with tax assessment; the availability of vacant unit rebates which impacts investment attraction on Main Street; and meeting accessibility requirements in small businesses.

Other Jurisdictions

- Through its state-level affiliates, the US National Main Street Center delivers its Main Street Approach to revitalization (on which OMAFRA's program is modelled).
- The Approach is centered on balancing annual economic development planning and implementation activities in four areas, called the Four Points: Economic Vitality, Design, Promotion, and Organization.

MAIN STREET IMPROVEMENT FUND

Option 1

- A. Introduce a Main Street Revitalization Program that would strengthen and expand OMAFRA's *Downtown Revitalization Program* by allocating funding for i) Main Street revitalization planning and implementation activities and ii) include direct business support for capital improvements through Community Improvement Plans (CIPs).
- *Pros - Built on a proven model already deployed in Ontario; existing resources can be leveraged; Cons - Some benefits to business may be diffuse and indirect; high fiscal impact; direct business support is available to communities with CIP only.*
 - Targeted funding recipient: i) municipalities, NGOs, indigenous communities, ii) municipalities.*
- *Funding flowed to municipalities who then disperse to businesses as defined in their CIP
-
- B. Expand the *Digital Main Street* program outside of Toronto - an online platform and service for main street businesses that can help with the adoption of digital tools and/or technologies. Digital Main Street was created in 2016 in partnership with the City of Toronto and TABIA (Toronto Association for BIAs) and is supported by private sector partners.
- *Pros – direct support to modernize businesses; Cons – Impact still uncertain; excludes non Main Street businesses.*
 - Targeted funding recipient: Direct funding to businesses within a BIA.
-
- C. Energy Audit initiative. Increase awareness and promotion of energy audit programs in collaboration with Small Business Access to focus on reducing energy consumption and deploying energy saving measure
- *Pros – Helps Main Street control rising energy costs; Cons – Uptake of such programs run through some LDCs has been low; excludes non Main Street businesses.*
 - Targeted funding recipient: Direct funding to businesses.

MAIN STREET IMPROVEMENT FUND

Option 2

- *Main Street Business Incubator Hubs Fund.* Through such a fund, the province could support the revitalization of Main Street by encouraging small businesses to grow in the area and expand into other spaces on main streets.
- *Pros - Fosters growth of innovative businesses on Main Street; Cons – ignores existing Main Street businesses.*

MAIN STREET IMPROVEMENT FUND

Recommendation

- Option 1 (Main Street Revitalization Program (including support for CIPs), Digital Main Street, Energy Audits).

Rationale for Recommendation

- Leverages a proven model, already in use by OMAFRA.
- Holistic Main Street focus through place-based revitalization efforts, as well as direct support to Main Street businesses in addressing competitiveness challenges and redevelopment costs.

Logistical Details

- Municipalities, OBIAA, and TABIA could possibly assist in the development of some program components and assessment of applicants for the awarding of funds.
- BIAs, with the support of local municipalities, businesses, and other community organizations could lead the development and implementation of strategic plans.

Risks and Mitigation Strategies

- Main Street Revitalization Program would leverage lessons learned through over 12 years of program delivery to mitigate risks with community investment.
- Current OMAFRA-led *Downtown Revitalization* program is specific to Rural Ontario. Scoping strategies will need to be undertaken for expansion to urban areas.
- Internet broadband availability/speed in Rural Ontario may impact uptake for *Digital Main Street* program.
- Investment in community-based organizations (e.g. BIAs) less risky than direct investment in businesses.
- Targeting main street areas may limit access to other businesses that could benefit from the programs.
- Funding for business projects (e.g. façade improvement) can only be delivered through a CIP, limiting the number of municipalities that could receive funding.

MAIN STREET IMPROVEMENT FUND

Costs

- **\$40 million total**
 - \$26 million (\$6 million Main Street Revitalization, and \$20 million CIP Implementation)
 - \$14 million (\$2 million Energy Audits and \$12 million Digital Main Street) *
 - *\$6 million under Digital Main Street (pending approval of a Cash Management Directive exemption; through a transfer payment agreement to a third party; to support program establishment and initial contract negotiations) and \$2.5 million under CIP Implementation (to municipalities for business incentive activities) could possibly be flowed as early as 2017/18 (reducing 2018-19 funding to \$11.5 million). Funding could be promoted at the Rural Ontario Municipal Association conference in January 2018. Feasibility and capacity to deliver will need to be confirmed with potential third party delivery agent(s).*

** It may be possible to include these in the Main Street Revitalization Program. However, data on costs and feasibility for Digital Main Street and Energy Audits needs to be confirmed.*

Outcomes and Metrics

- Business attraction, business retention, business expansion, employment growth, increased occupancy in main street properties, private sector investment.
- Increased collaboration among businesses, local government, and community organizations.
- Communities that have moved through OMAFRA's downtown revitalization program have achieved notable impacts in these areas (Appendix).

Industries Expected to Benefit

- Retail trade
- Other services (e.g. personal services)
- Accommodations and food
- Health care and social assistance
- Professional, scientific, and technical services
- Note: Rural communities (25-100K), there is a higher share (Vs. Urban) of : Arts, Entertainment, Recreation, Finance, and Real estate.

ACCESS TO CAPITAL

Context

- **Access to Capital.** Small businesses need better access to financing to grow. FinTech platforms facilitate access to capital in the market.
- **Lowering Costs of Doing Business.** Innovations enabled by FinTech can reduce costs associated with obtaining growth capital and increase the profitability / cash flow of small businesses.
- **Supporting Startups/Scale-ups.** Supporting FinTech companies to gain and expand their market share.

Stakeholder Views

TBD

Other Jurisdictions

- Federal government worked with large financial institutions to introduce the \$500 million Canadian Business Growth Fund.
- UK's British Business Bank has worked with a number of financial institutions and funding platforms (including Fintech-enabled lenders) to support small business lending.

ACCESS TO CAPITAL

Option 1

- Request that the Ministry of Economic Development and Growth, Ministry of Research, Innovation and Science and Ministry of Finance and its regulatory agencies to consult with FinTech businesses on regulatory issues related to lending platforms
 - This would provide a platform for a wide range of Ontario's FinTech businesses to come forward and work directly with regulators to address the key regulatory issues.

Option 2

- Encourage Credit Unions to form partnerships with FinTech businesses
 - Provide a multi-year grant to willing Credit Unions to partner with FinTech businesses (e.g. P2P Lenders). The grant would offset the marketing and other implementation costs (e.g., system changes) to participating credit unions.

Option 3

- Encourage FinTech businesses to secure partnerships with existing accredited Financial Institutions such as Credit Unions.
 - Provide grants to FinTech businesses that partner with FIs. The grant would offset the marketing and other implementation costs to both FIs and FinTech businesses.

ACCESS TO CAPITAL

Recommendation

- Consult with FinTech businesses on regulatory issues.
 - Encourage Credit Unions to form partnerships with FinTech businesses. Authorize the regulators (e.g., OSC, FSCO and DICO) to monitor the pilots and report back to the Ministry of Finance, as well as pilot participants, on any regulatory issues that may need to be addressed.
-

Rationale for Recommendation

- Encourages Credit Unions, whose members include small businesses, to explore new technology platforms, while allowing for the identification of potential regulatory issues.

Risks

- Risks relate to partners lending to questionable / controversial small businesses, ensuring equitable access to capital, expense risk / fiscal impact associated with bad debts, financial / regulatory issues with lending partners, and stakeholder perception of supporting “payday loans”.
-

Mitigation Strategies and Logistical Details

- Broadens program design beyond specific FinTech subsector (i.e. P2P lending) and includes traditional players (e.g. credit unions).
- MEDG/MRIS to do rigorous screening of proposed partners in pilot program, while regulators ensure that credit union participants operate in accordance with regulatory requirements (note: may require new FTEs or other resources).
- Program design needs to assess the financial risk of lending program. It will also need to give consideration to resolving potential financial / regulatory issues.

ACCESS TO CAPITAL

Costs

- Approximately \$4.5M per year plus 8 FTEs to create the partnership, consult and conduct research on regulatory barriers.
-

Outcomes and Metrics

- Longer term performance measures could assess ability of program to improve access to capital of small businesses (e.g. broader range of small businesses being financed, access to desired loan amounts).

Next Steps

- Consult with Credit Unions on potential partnerships.
- Consult with potential funding platform providers on the program and potential lending partners.

PROCUREMENT

Overview

Multiple initiatives to demonstrate government is open for business for small and medium enterprises (SMEs).

- Designate 33% of government procurement spend to SMEs by 2020.
- Explore eliminating or reimbursing bidding fees for vendors doing business with the Ontario government on the Ontario Tenders Portal and MTO's RAQS system.
- Publish ministry procurement plans.
- Focus on outcome-based procurement.
- Enhanced outreach and education; explore ways to eliminate barriers and avoid new barriers to doing business with Ontario.

Logistics

- Recommend phased implementation in the OPS (ie - large spend ministries) and potential future expansion to agencies and BPS to be explored.
- May require procurement policy, operational process and systems changes.
- Implementation will require 9 – 12 months.

Risks and Other Considerations

- Tracking/reporting mechanisms are limited leading to possible criticism and audit risk.
- Elimination or reimbursement of user fees is not likely to increase bids received on OTP.
- OTP is at end of contract life and would require negotiations with vendor for timely and costly systems changes prior to the new contract.
- Ministry procurement plans do not exist and will have to be manually developed and published.
- To avoid bid, trade and legal disputes, processes must be, and be perceived, to be fair, open, non-discriminatory and transparent.

PROCUREMENT

Costs

- \$3.5M -\$5M annual funding (estimated) required for eliminating or reimbursing vendor fees on OTP and MTO RAQS and expanded outreach.
- Additional funding/resources required to support new procurement planning requirements, acceleration of outcome/innovation procurement (TBD).
- Program delivery, procurement costs and administration costs expected to increase with no identifiable offsets.

Outcomes and Metrics

- % of SME participation in procurements (posted on OTP and RAQS) and outreach.
- Data not available to support additional metrics.

Next Steps

- Explore options to eliminate or reimburse bidding fees for OTP and RAQS.
- Develop engagement plan for vendors, vendor associations and SME stakeholders.
- Develop procurement planning process for ministries.
- Develop communications plan for vendors and ministries.
- Consult with TBS on policy requirements, if any, and considerations for agencies and BPS in future phases.

Industries Expected to Benefit

- Construction, road maintenance, IT and professional services sectors would benefit most from the procurement changes.
- Elimination of user fees is not likely to increase bids received on OTP or RAQS.

SMALL BUSINESS ACCESS

Objective

Many small businesses (i.e., those with fewer than 100 employees and/or revenue of \$30,000 to \$5 million) do not have the time or resources to know and understand changing business requirements or the government services available to support the SME sector. Ontario's Small Business Access would function as a coordinated approach to promote a streamlined small business service offerings.

SMALL BUSINESS ACCESS

The proposal/options being developed

1. Website

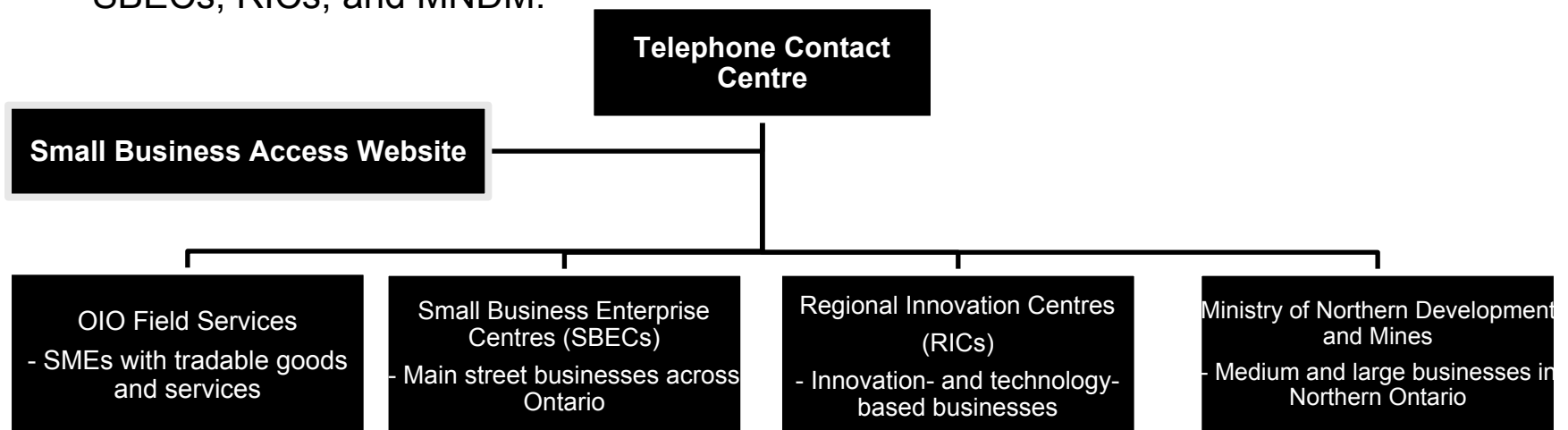
The Small Business Access website will support Ontario small businesses by providing information to assist them with getting started, their growth plans and day to day operations.

- Website information will include:
 - New content and resources to make it easier and more effective for businesses to interact with government;
 - Information on MEDG's small business measures (e.g. proposed fee reduction measures, export promotion, procurement, funding, etc.);
 - Details on and links to the services available to different businesses across the province (e.g. SBECs, RICs, OIO Field Services, third parties);
 - A link to MOL's Bill 148 implementation tools (currently under development); and
 - A link to the [Ontario Business Programs Guide](#), a service to help businesses find business support programs and initiatives.

SMALL BUSINESS ACCESS

2. Telephone Contact Centre

- Operated by Canada Business Ontario (CBO), the Small Business Access phone line will answer questions and provide a high level of customer service to small businesses.
- With their current partners which include MIT's 1-877 Go Trade line, CBO is able to fully execute 80% of calls. With a higher level of training, MEDG would seek to achieve at least 95% call completion without the need for further triaging.
- The remaining calls would be connected with the government services they need to start, run or grow their small business in Ontario, including OIO Field Services, SBECs, RICs, and MNDM.



SMALL BUSINESS ACCESS

3. Awareness and Education, including Domestic Marketing Campaign

- Drive small business traffic to the website and telephone centre, which would be ready to launch January 2018.
- MEDG is in discussions to partner with the Ontario Chamber of Commerce (OCC) to deliver information events across Ontario to educate small businesses on Bill 148 and to promote Small Business Access.
- The OCC would hire a small business expert to support / provide outreach to small businesses through local chambers across the province and conduct face to face interactions with business.
- Leveraging the OCC's existing network of small businesses to communicate information and material related to Small Business Access through social media and membership.

SMALL BUSINESS ACCESS

Current Status:

- The Ontario Investment Office is working towards the following being ready to launch in January 2018:
 - Ontario.ca/smallbusiness webpage that includes links to existing content as well as net new content for small businesses;
 - A telephone contact centre delivered by Canada Business Ontario that provides information to small businesses;
 - Partnerships with third party vendors to deliver education and awareness on Bill 148 to small businesses across the province; and a
 - Domestic marketing campaign to increase traffic to website and program uptake.

Next Steps:

- Liaise with Cabinet Office on necessary web approvals;
- Work with cross-ministerial working group on development of web content;
- Execute transfer payment agreement with Canada Business Ontario;
- Continue discussions with education and awareness third party providers (CPA and OCC); and
- Work with Cabinet Office to develop and deliver a domestic marketing campaign using an external marketing agency.

Industries Expected to Benefit

- Small businesses with tradable goods and services;
- Main street businesses across Ontario; and
- Innovation- and technology-based businesses.

RISK-BASED INSPECTIONS BY DEFAULT

Overview

- All government compliance programs impacting business are already risk-based.
- Using a risk-based approach reduces burden on compliant small business.
- MEDG is seeking Cabinet direction to build on the work of the Economic and Regulatory Deputy Minister's Committee (EDRMC) and Treasury Board Secretariat's Enterprise Risk Management Unit to identify and adopt an OPS-wide risk framework that will guide risk-based approaches.

Logistics

- Government lead will identify and facilitate key ministry partnerships to improve data analysis and information sharing.
-

Risks and Other Considerations

- While there are commonalities in definition of risk and risk assessment, it is not clear whether the OPS Enterprise Risk Management Framework is used as a guide for risk-based inspections across all ministries. **Mitigation:** Work with ERDMC and TBS's Enterprise Risk Management unit to identify current practices.
- Many OPS programs have sector-specific components. **Mitigation:** Ensure the OPS-wide Risk Framework is flexible enough for ministries to continue to use sector-specific approaches.

RISK-BASED INSPECTIONS BY DEFAULT

Costs

- n/a

Next Steps

- Establish government lead to identify and facilitate key ministry partnerships to improve data analysis and information sharing.

Outcomes and Metrics

- By improving the data analytics used by government to target their inspections, it is anticipated that compliant businesses will experience fewer unnecessary inspections.
- Government resources would be better utilized to target businesses that are non-compliant.

Industries Expected to Benefit

- All sectors would benefit.
- Compliant businesses subject to risk-based inspections would benefit from reduced inspections resulting from improved data analytics and information sharing amongst ministries.

CO-ORDINATED INSPECTIONS PILOT

Overview

- Coordinated inspections help target non-compliance of “bad actors” while reducing inspections (i.e., reducing burden) for “good actors”.
- For the purposes of the pilot, coordinated inspections would use effective and systematic information sharing between regulators to coordinate compliance activities. Using a “head’s up” approach, regulators would share information/data on both critical problems (top 5 observable risks) and examples of excellent compliance.
- A technical working group recommended the **restaurant and bars** sector for the pilot.

Logistics

- It is anticipated work on the administrative components would begin in early 2018, and formal information sharing could begin April 1, 2018.

Risks and Other Considerations

- Partner ministries/municipalities still need to be selected. **Mitigation:** Discussions with potential partners are underway.
- The province will need information sharing agreements with provincial and municipal partners. **Mitigation:** The current Delivery Plan has time allocated to the completion of the necessary agreements.

CO-ORDINATED INSPECTIONS PILOT

Costs

Exact costs are still TBD. There will be no new costs to MEDG, however, partner ministries may require additional funding for FTEs to support the administration of the pilot.

Outcomes and Metrics

- Coordinated inspections result in compliant businesses undergoing fewer inspections.
- Coordinated inspections lead to efficiencies for regulators and focus inspection resources on non-compliant businesses.

Next Steps

- Finalize partner ministries/municipalities.
 - Develop and launch pilot – Fall/Winter 2017/18
-

Industries Expected to Benefit

- Compliant businesses within the Restaurant and Bar sector would benefit from reduced inspections.

EQUIVALENCY

Overview

- MEDG proposes adding a seventh Regulatory Modernization Principle to the six principles approved by Cabinet in May. The seventh principle, equivalency, would state that ministries should 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.
- Regulatory equivalency provides businesses with flexibility on how they comply with regulations. If the same or better outcomes can be achieved by different means than stipulated in the regulation, businesses may use alternative means of their choosing.
- This addition aligns with the themes and policy objectives of existing and proposed burden reduction initiatives.
- Guidelines for equivalency will be available in late fall 2017.

Logistics

- Regulatory equivalencies are already used in Ontario and abroad. MEDG is aware of at least 32 distinct examples of regulatory equivalency provisions in existing Ontario regulations.
- MEDG will work with affected ministries to incorporate equivalency into the regulation development process, where appropriate.

Risks and Other Considerations

- Assessing regulatory compliance may be more difficult when regulatory equivalency is used. **Mitigation:** Individual ministries would be responsible for determining how to best assess alternative means of compliance for their specific program.

EQUIVALENCY

Costs

- n/a
-

Outcomes and Metrics

- Prescriptive regulations can deter innovation by businesses. Regulatory equivalency provisions provide an outcomes-based approach, allowing businesses to choose their method of regulatory compliance provided the results are equal or greater than required. This encourages businesses to develop innovative and creative ways to comply with regulations that will both inform government and reduce burden on businesses.

Next Steps

- MEDG will consult with affected ministries, including MAG, to understand the circumstances where it would be appropriate to incorporate equivalency, including the potential legal and enforcement impacts.
-

Industries Expected to Benefit

- Would apply to all sectors.
- Industries that are provided equivalency options would benefit from additional flexibility in meeting regulatory requirements.