

Addressing the challenges of Ontario's largest economic sector: Small Business

Submitted by the Greater Sudbury Chamber of Commerce & the Greater Peterborough Chamber of Commerce; Co-sponsored by Kawartha Chamber of Commerce and Tourism, Newmarket Chamber of Commerce, Trent Hills Chamber of Commerce, Northumberland Central Chamber of Commerce, Port Hope & District Chamber of Commerce, Brighton/Cramahe Chamber of Commerce

Issue

The cumulative regulatory burden, constant legislative changes and reporting requirements present a disproportionate impact on small businesses (fewer than 100 employees) and are an obstacle to prosperity, growth and competitiveness.

Background

Throughout consultations during the *Small Business: Too Big to Ignore* campaign, business owners repeatedly highlighted the cost of regulatory compliance as a barrier to investment and growth. Business owners told us that they find it incredibly difficult to navigate the regulatory framework – especially when that framework is frequently changing due to new and/or updated legislation. When new and/or updated legislation unwittingly introduces hidden costs, the problem is only worsened. The results of consultations across Ontario indicate that government needs to take steps to reduce red tape for small businesses and make it easier for them to be able to understand and comply with regulations.

Recent years have seen significant changes implemented or proposed to WSIB, labour relations, the minimum wage and pension plans. Businesses can expect to see even more changes as a result of the Changing Workplaces Review and Cap and Trade. While neither regulations nor the changes to them are necessarily “bad”, they can have a lasting, negative impact on businesses if they are implemented haphazardly or if government does not make compliance easy. The cost of such changes disproportionately burdens small businesses that often do not have dedicated human resource departments or dedicated personnel.

The Minister Responsible for Small Business recently announced Ontario is home to 407,000 small businesses, representing 98% of the businesses in this province. Reducing regulations affecting small businesses by expanding the Red Tape Challenge to include small business as a unique economic sector would be a good step toward addressing the regulatory challenges these businesses face. While the Ontario government has already made significant steps in this direction – eliminating 80 000 regulatory burdens since 2008 (17% of all regulatory burdens) – there is still much work to do: the average business in Ontario has to deal with eight different branches or ministries of the provincial government alone, to say nothing of municipal and federal governments. The Ontario government recognizes that reducing unnecessary red tape will save businesses time and money and that such reduction is an integral part of growing Ontario's economy. We applaud government's efforts to reduce red tape thus far, but government needs to recognize the unique challenges facing small businesses by treating it as a specific sector in the Red Tape Challenge.

Government can also ease the regulatory burden by establishing a regulatory concierge service for small businesses in Ontario. Such a concierge service would be a single-access point for information, support and expertise on regulatory compliance in Ontario. The concierge service would offer one-on-one support to small businesses so that they could successfully navigate regulatory frameworks and achieve compliance with much greater ease so they could devote their limited resources to growing their businesses and the economy.

Such a concierge service is nothing new. The federal government already runs a program called *Concierge*, which is “a single access point to funding, expertise, facilities, and global opportunities for small and medium-sized enterprises (SMEs) seeking to grow through innovation.” *Concierge* does not offer funding itself; it provides customized, one-on-one guidance to innovators so that they can find funding and take advantage of other government programs. *Concierge* leverages the expertise of a team of “innovation advisors” so that business owners can spend their time and energy more effectively.

The federal government has also recently announced a \$218 million concierge service for international investors. The service will make it easier for international investors to deal with federal, provincial, and municipal governments and regulations. The goal is to make investment in Canada easy by offering a single-window service that guides investors.

Other jurisdictions have understood the benefit of one-stop support for businesses.

- Hamilton’s One-Stop for Business
- The British Columbia Business Registry
- One Stop Business Registration Portals in Wisconsin and Virginia

While certain single-window initiatives in Ontario exist, such as Service Ontario’s ONE-Key, these are ‘self-serve’ initiatives rather than concierge services, and they do not address the regulatory burden that weighs on Ontario’s small businesses.

Small Business as a Red Tape Challenge category will benefit the government, as well as business, in that government will have a fulsome understanding of the legislation and ministries impacting small business. Creating a team of industry experts to guide business owners through regulations in Ontario will make Ontario attractive for investment and allow existing businesses to spend their resources more efficiently.

Recommendations:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Expand the Red Tape Challenge, by April 2018, to include small business as an economic sector to be examined and consulted in order to reduce regulations and provide value added data about this sector of the economy.
2. Create a concierge service, by June 2018, to provide single-window, one-on-one, customized consultations for small business to guide them through the regulatory process and achieve compliance.
3. Develop interconnectivity between municipal, provincial, and federal concierge services to enable knowledge-sharing and to ensure that each is able to provide the best guidance and expertise to its clients.

Estimated Financial Impact to the Province

Entail a small cost to government (less than \$10M)

OCC Policy Committee Position: The Policy Committee supports this resolution.