

## **Small Business Support:**

### **H. Keeping Ontario's Small Business Support Services Strong**

Submitted by: The Vaughan Chamber of Commerce and Newmarket Chamber of Commerce and co-sponsored by the Timmins Chamber of Commerce.

#### **Issue**

Ontario's small businesses and entrepreneurs rely on the hands-on training and support they receive from the Province's Small Business Enterprise Centres (SBEC) to start and grow their business. Many of these businesses go on to become important members of Ontario's chambers of commerce and boards of trade. The future of this network, funded by the Province of Ontario's Ministry of Economic Development, Job Creation and Trade (MEDJCT) and host municipalities, is crucial for the success of communities across Ontario. This network requires long term, sustained resources.

#### **Background**

Ontario's 47 SBECs are in every corner of the Province. They provide business advisory services like consultation and seminars, along with Province of Ontario programming, to locals interested in starting and growing a business. Their local expertise has made the difference for countless Ontario businesses.

Ontario's SBECs have been the Province's primary resource for main street businesses and entrepreneurs since the 1990s. Small businesses represent 98% of Ontario business. To the more than 400,000 small enterprises employing fewer than 100 people in Ontario, SBECs offer:

- free consultations with a qualified business consultant
- access to business research
- review of business plans
- referrals to local support resources like chambers of commerce
- workshops and seminars
- guidance on licenses, permits, registration, regulations and other documents you need to start a business
- import and export information
- information on patents, copyright and trademarks
- mentoring and networking opportunities

Over the most recent fiscal year, April 2017 to March 2018, SBECs responded to over 198,000 individual public inquiries and helped over 8,300 businesses start or grow, leading to the direct creation of almost 9,500 jobs. This is the result of support delivered in over 27,000 one-on-one business consultations. Furthermore, SBECs referred nearly 1,400 growing businesses to chambers of commerce to help those entrepreneurs on their journey.<sup>13</sup>

The chambers of commerce in Ontario would like to express their support for SBECs as important local partners in business development. Ontario's small businesses and entrepreneurs would greatly benefit from the SBEC network's continued work, backed by long term support from the Province of Ontario.

#### **Recommendations**

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

1. Implement dedicated long-term and stable funding through the Ministry of Economic Development, Job Creation and Trade for Ontario's Small Business Enterprise Centres (SBECs), recognizing that they have been important resources for Ontarians as they start and grow businesses since the late 1990s.

## **P. Establishment of the Provincial Termination Severance Fund**

Submitted by: Vaughan Chamber of Commerce and Newmarket Chamber of Commerce

### **Issue**

Without Government intervention, multiple businesses are liable to enter insolvency once a final date is set for the *Employment Standards Act, 2000* ("ESA") temporary layoff date, and then resulting termination date.

### **Background**

Understanding the severity of the COVID-19 pandemic on struggling SMEs, the Provincial Government has delayed the start of temporary layoff periods prescribed under the ESA<sup>228</sup>, with the current delay due to expire on July 3, 2021<sup>229</sup>. Moving this date has ensured that businesses do not have to worry about the length of time that an employee is placed on a temporary layoff, thereby avoiding the necessity of having to pay statutory termination pay and severance pay pursuant to the ESA should the employee not be recalled to work within the prescribed time limits under the legislation.

While prudent Government policy after the pandemic should assist in an economic recovery, there will still be many unable to recover and permanent job losses. This will particularly be true in some of the hardest-hit sectors such as tourism, hospitality and retail. Such companies will be at risk once the Provincial Government decides to finalize the end of the delayed start of temporary layoff period. At this point, businesses which cannot recall employees to the workplace will effectively be on a temporary layoff pursuant to the ESA, and if not recalled within the prescribed time limits, necessitate the payment of statutory termination pay and severance pay, which can be as high as 34 weeks of wages. Should the July 3<sup>rd</sup> date remain, multiple companies will go under between the second half of 2021 and the first half of 2022 when they are required to pay the statutory amounts pursuant to the ESA.

The Government could continue to delay this date but there may be a challenge to this through the courts. An employee could challenge the temporary lay-off period in the courts, by arguing that the layoff is the equivalent to a constructive dismissal, which would require their employer to provide them with common law notice. Both due to the aforementioned common-law challenge and public opinion, the government will need to prepare for this layoff period once the pandemic has ended.

While the Federal Government has established some loans, there will still be several companies that require long-term relief. The CEBA<sup>230</sup> loan provides too small a sum to cover costs, whilst the HASCAP<sup>231</sup> requirements are too limited to cover all businesses. The Federal Wage Earner Protection Program<sup>232</sup> does provide compensation in cases of business insolvency when wages or outstanding severance payments but the sum provided is minimal.

Accordingly, companies that are unable to claim this support and unable to recall employees from a temporary layoff due to the downturn in the economy will eventually have to provide statutory termination

pay and severance pay. This will likely result in insolvency for several of them. Businesses remaining open is central to any provincial economic recovery and is imperative that those unable to afford statutory payouts are provided with a support mechanism to keep their doors open.

## **Recommendations**

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

1. Establish a Provincial Termination Severance fund or to support businesses that may enter insolvency, either by covering the costs of statutory termination pay or severance pay on a retroactive basis to March 15, 2020, until a date to be determined in consultation between employers and government.
2. Work with the Federal Government, CRA, and financial institutions to understand which companies have fallen through the cracks of the HASCAP, specifically those who have seen less than a 50% decline in revenue.
3. Work with the financial institutions of businesses to disperse funding easily in accordance with previous government programs.

## **HH. Scale back the “One-size fits all” Scheduling Provision of Bill 148**

Submitted by the Newmarket Chamber of Commerce and sponsored by the Vaughan Chamber of Commerce, Greater Sudbury Chamber of Commerce, Sarnia-Lambton Chamber of Commerce, Peterborough Chamber of Commerce, Greater Niagara Chamber of Commerce and Timmins Chamber of Commerce

### **Issues:**

The Government of Ontario’s “one size fits all” provision for scheduling fails to take into account the operational requirements of businesses in different sectors across Ontario.

### **Background:**

As part of Bill 148, Fair Workplaces, Better Jobs Act, the Ontario Government made substantial changes to the Employment Standards Act (ESA). Particularly important were the changes to the rules around scheduling. Under the new rules set out for employers in Bill 148:

- Employees would have the right to request schedule or location changes after having been employed for three months, without fear of reprisal.
- Employees who regularly work more than three hours per day, but upon reporting to work are given less than three hours, must be paid three hours at their regular rate of pay.
- Employees can refuse to accept shifts without repercussion if their employer asks them to work with less than four days' notice.
- If a shift is cancelled within 48 hours of its start, employees must be paid three hours at their regular rate of pay.

- When employees are "on-call" and not called in to work, they must be paid three hours at their regular rate of pay. This would be required for each 24-hour period that employees are on-call.
- If a collective agreement is made between an employer and a union, the agreement would prevail in place of some of these new rules.

Remaining mindful of Ontario's business competitiveness is a top concern as it directly relates to economic growth and sustainability. The heightened restrictions around scheduling will impact Ontario's economic standing in the long-term. This will result in increased costs to operations, add unnecessary administrative burdens, and negatively impact the required flexibility and efficiency to remain competitive.

The scheduling changes in the Bill also enhance the perception of Ontario not being an ideal environment for business investments. Special Advisors Mitchell and Murray in their Final Report on the Changing Workplaces Review specifically acknowledged that scheduling "cannot be the same for all employees employed in all businesses. Scheduling can be a very complex and difficult subject". Recommendation 90 is that "government should adopt a sector-specific approach to the regulation of scheduling".

The Newmarket Chamber of Commerce supports this recommendation. A targeted approach would mitigate unintended consequences for businesses across Ontario.

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**Recommendation:**

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

1. Delay the implementation of the scheduling provision which is currently scheduled for January 2019 until consultations with each sector have been completed and scheduling rules are created that factor in the operational needs of each sector.