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# REMOVING OBSTACLES TO ENTREPRENEURSHIP



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REMOVING OBSTACLES TO ENTREPRENEURSHIP:  
FIRST PROGRESS REPORT ON THE FEDERAL RESPONSE  
TO PAPERWORK PROBLEMS IN THE  
SMALL BUSINESS COMMUNITY

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Minister of State (Small Businesses and Tourism)

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## INTRODUCTION

In the Speech from the Throne of October 1, 1986, the federal government affirmed its commitment to economic renewal and strengthening the competitiveness of the private sector. To help remove obstacles to economic growth, the government pledged to continue its efforts to reduce the burden of paperwork and regulation. Specific initiatives to respond to the needs of small business were identified.

This document is the first in a series of progress reports by the Minister of State (Small Businesses and Tourism) concerning federal actions to alleviate paperburden problems of small businesses in Canada. It is, as well, an initial response by the government to the studies on small business regulatory/paperburden problems that were commissioned by federal and provincial governments in the Spring of 1986. These studies disclosed a variety of problems associated with federal, provincial and municipal paperwork requirements and regulation, and were released publicly in December, 1986 under the title "Obstacles to Entrepreneurship".

This progress report indicates the types of corrective activities that have been undertaken and are ongoing within the federal government. It details in particular a new formal internal mechanism to be established within the Government of Canada to ensure an ongoing paperwork reduction approach. It also sets out the context for the initiatives announced in the Speech from the Throne, including further work directly responsive to the study results.

The general acceptance of regulation was evident in the Federal-Provincial-Territorial Small Business Regulatory/Paperburden studies. Firms interviewed throughout Canada had very few problems with much of the substance of regulatory requirements. What they want is that outdated regulations be done away with, and that the effects of regulation on business be given appropriate consideration prior to adoption.

Documentation and records - paperwork - is also recognized by small business as a necessary element in

some government programs. For example, information provided from the private sector is required to allow the government to monitor the effectiveness of regulatory activities and adjust them as necessary.

Similarly, statistical data provided to the federal government are used to develop economic statistics essential for business planning, and to help fashion effective policies, and ensure that programs, particularly business assistance programs, are well-designed. The small business studies indicated that, while small businesses do not object in principle to supplying information to governments, they do want to be sure that the information demanded is required, and is actually being used. Costly and unnecessarily burdensome paperwork requirements are counter-productive. For this reason, there is a need to constantly review forms, procedures and surveys by the government.

#### **A COMMITMENT TO ACTION**

From the time that it first took office, this government has been concerned about the burden of paperwork and regulation affecting small business. The government understands the difficulties that these types of problems create for the private sector, and particularly, for small businesses.

Complying with excess paperwork and regulatory requirements diverts the scarce resources and time of individual entrepreneurs away from productive activities that create wealth and provide jobs for Canadians. Individually, these demands represent a source of irritation and, in some cases, a significant addition to the costs of doing business. Collectively, throughout the small business sector, they add up to a major diversion of productive capacity and entrepreneurial talent--a cost that Canada can ill afford.

Tackling these problems is, and will continue to be, a priority for the federal government.

#### **A FIRST PROGRESS REPORT**

This report does not attempt to deal with every criticism and suggestion identified in the studies. It focuses on the most significant points--the problem areas that are causing the most difficulty for the most businesses. In his advocacy function, the Minister of

State (Small Businesses and Tourism) will ensure that all criticisms in the studies are brought to the attention of responsible Departments for possible resolution. To that end, the Minister of State has, with the approval of his Cabinet colleagues, instituted a formal procedure to deal with the problems of paperburden on small business. The participation of all government departments will result in action to reduce and eliminate this paperburden wherever possible.

All this and more has been accomplished, but there is still much to be done and the government is committed to getting on with the job.

### PAPERWORK AND REGULATION

Since 1984, a number of steps have been taken by the Federal Government to address the regulatory burden imposed by government on the business sector in order to reduce obstacles to entrepreneurship, generate a more dynamic economy and maximize productivity.

This process began with a review of all federal programs, including regulatory programs and business assistance programs. Consideration was also given to the degree to which regulation imposed by a large bureaucracy on small businesses was reasonable and fair.

#### New Code of Regulatory Fairness

In March, 1986, the government announced the Citizen's Code of Regulatory Fairness -- a comprehensive statement of the principles that will govern federal regulatory activities from now on. It sets high standards, and the government will be accountable for adherence to them. The Code specifically addresses the matter of the impact of regulation on small businesses. It contains numerous other provisions that set standards of conduct for federal regulatory authorities.

#### Better Control over Regulatory Intervention

A policy will be simply a piece of paper unless a mechanism exists that will ensure adherence to it. The government has established the necessary mechanism.

The internal procedures for approving new regulations and for reviewing existing programs have been

substantially re-vamped to give Ministers more control over federal regulation. A new regulatory control system now is in operation under the direction of the Minister of State for Privatization and Regulatory Affairs. Annual Regulatory Plans now must be prepared by departments and approved by Cabinet. These Plans will be published so that the private sector will be able to find out what changes and additions are planned and who to see about it.

Proposals for new regulations will get closer scrutiny by Cabinet. Departments now must prepare Regulatory Impact Analyses and indicate, among other things, whether consultation has occurred, what was learned, the possible impact of the proposals on small business, and the paperwork implications. This last requirement, long requested by small business organizations, is mandatory now.

Government regulation is a legitimate activity that is necessary for the protection of the public interest. For example, regulations which protect against fraud, safety hazards, and environmental contamination, or which regulate specific areas of commercial activity, benefit both consumer and business interests. The objective, therefore of this Regulatory Reform Program is not to eliminate all regulation but, rather to "regulate smarter".

#### **PAPERWORK REDUCTION ACTION PLAN**

In response to the studies, Cabinet has made it clear that it expects to see some improvements within the year. It has authorized the Minister of State (Small Businesses and Tourism) to take the lead in coordinating the federal action plan. Many of the federal problems identified through the small business studies can and will be dealt with in relatively quick order. Some, however, will be more difficult to tackle, because they are caused by provisions in statutes or arise from the fundamental design of major programs (e.g. Income and Federal Sales Taxes/Unemployment Insurance). It may take some time to make the necessary changes, but changes will be made.

Planning and accountability is being introduced. The Government is reinforcing its commitment to reduce paperwork imposed on small businesses by putting in place an annual paperwork reduction procedure. It requires departments to prepare an annual plan of paperwork reduction initiatives. These activities would be approved by Cabinet each year and then monitored.

As part of this new priority to cut paperwork, departments whose operations have a paperwork impact on small firms, are each appointing a senior official to oversee the process. Planning and problem-solving in terms of paperwork will be required as a regular part of departments' internal management process. This in turn, will result in a systematic approach to problems on a government-wide scale.

To strengthen the exercise even more, a private sector advisory committee has been appointed to be sure that initiatives taken by departments reflect the priorities perceived by small business.

This additional government activity will be carried out within existing resources and, in order not to simply transplant the paperwork burden, departments are expected to keep the paperwork associated with the procedure to a strict minimum.

In consultation with his colleagues who are ultimately the ones responsible for dealing with small business paperwork problems, the Minister of State (Small Businesses and Tourism) will issue periodic progress reports to the small business community. As well, special steps will be taken to be sure that paperwork and administrative changes are well communicated to small businesses throughout Canada. The Minister of State and his provincial colleagues have also agreed to monitor progress as a further insurance against increasing paperwork.

In the meantime, this report addresses actions to date and those currently planned. In some cases, problems identified in the various studies were recognized prior to the studies and work was already underway within the responsible departments to remedy the situation. In addition, when changes in requirements had been made, they were apparently not always communicated effectively to small businesses.

### **STATISTICS CANADA**

Statistics Canada has succeeded in reducing the reporting burden on small business by more than 50 per cent during the past few years, an achievement that was noted by the Auditor General of Canada.

Despite this progress, there was substantial criticism of the paperburden from federal statistical surveys. The recording of the activity of the entire economy is necessary to provide the federal and provincial governments with statistical data, essential to the



enunciation of the economic and social problems. These activities necessarily create some level of paper burden. Statistics Canada recognizes that this burden is particularly difficult for small businesses to bear and is taking steps to further lighten the load and distribute it more equitably.

#### Reducing Survey Duplication

The agency is steadily reducing duplication of information requests to a minimum by interdepartmental and intergovernmental agreements to collaborate on statistical surveys. Already, 160 such agreements are in place between Statistics Canada and federal and provincial departments and agencies. Another 40 agreements are being negotiated to minimize duplicate data collection requests to the business community.

#### Better Survey Design

Statistics Canada is reviewing all business survey questionnaires, with particular concern for their appropriateness to the activities, accounting and record-keeping practices of small business.

#### Better Feedback to Small Business Respondents

As part of Statistics Canada's current planning, each respondent to a business survey will be provided with details of why the data are being collected and how the statistics will be used. Statistics Canada also plans to provide feedback to businesses of the results of the survey(s) to which they have contributed data. In some cases this is already done. Examples include feedback to respondents to Business Conditions Surveys, the National Farm Survey and the Retail Trade Survey.

#### "Toll-Free" Assistance for Small Business Respondents

To augment Statistics Canada's regional office network, the agency is investigating the cost and complexity of installing "hot lines" in several regional offices so that respondents can get help in completing Statistics Canada questionnaires.

#### Improved Statistical Information for Use by Small Businesses

Statistics Canada is engaged in a major project to improve its information for small business (eg.

information that will be directly useful for the management and market exploration of small businesses). For example, business profiles for different industries, financial ratios, operating ratios and retail sales per square foot/metre data are being produced. Some of these data (eg. average sales per square foot/metre) are available.

This new initiative was taken in direct response to requests by the small business community for improved information of this type and is being carried out in cooperation with the federal Small Business Office and provincial governments. With good, timely, and accurate data from small business, this type of statistical information that small businesses have requested can be made available.

### **SUPPLY AND SERVICES CANADA**

Small businesses across Canada raised a number of problems with the federal procurement process administered by Supply and Services Canada (SSC). There were general complaints about complex and costly procedures, and a lack of openness and sensitivity to small business. Problems with payment forms, frequent changes to contracting regulations, inconsistent treatment, slow decision-making, slow payment of accounts, and requests for confidential information were also cited.

For the most part, these types of criticisms were known to SSC. In a major effort to improve its sensitivity and responsiveness to the needs of small business, the Department introduced a Small Business Program in February, 1986.

The Small Business Program has three key objectives:

- . to improve access for small business to the federal government market;
- . to simplify the process of doing business with government; and
- . to reduce the cost of dealing with SSC.

The Program is well underway and among the most important initiatives that benefit small businesses are the following:

#### **One-Stop Sourcing Registration**

New suppliers can now go to any office of Supply and

Services in order to be registered on source lists both in the region and at headquarters and the number of forms to be completed has been substantially reduced.

#### New Short Form Contract

The Department has introduced a new "short-form" contract, with ten clearly-written clauses. Designed for simple procurements, the form is used for the vast majority of SSC purchases. It replaces voluminous contract documents which had so many clauses and supplementary conditions they were a significant deterrent to small business participation. SSC has now moved on to simplify the terms and conditions for more complex procurements.

#### Automatic Payment of Interest on Overdue Accounts

It is the government's policy to pay invoices on the 30th day after receipt of the bill. Small businesses have been advised that where this is not possible owing to actions of the Crown, interest will be paid automatically beginning 15 days after the due date. Previously, it was the supplier's responsibility to request payment of interest on overdue accounts.

#### Foreign exchange rate fluctuations

SSC has adjusted its policy on foreign exchange rate fluctuations. The Government now assumes costs greater than \$500 resulting from such fluctuations.

#### Promoting Progress Payments/Reducing Holdbacks

One of the key problems of small businesses is maintaining an adequate cash flow. Under the new Small Business Program, SSC has made small businesses aware that progress payments are available on certain purchases; the reduction of the completion-of-work holdbacks from 25% to 10% is also being promoted.

#### Enhanced Communication with Small Business

A new publication for suppliers was introduced in the fall of 1986 and there are plans to expand the information in the weekly Bulletin of Business Opportunities. The department's Supplier Outreach program includes supplier seminars and Procurement Outlook Conferences offered across Canada. As well, SSC regional offices opened their doors to 10,000 small business people during National Small Business Week in October, 1986.

### Suppliers' Guide

A single directory called the Suppliers' Guide was launched in 1986. The directory, with enclosed registration form, details the supplier registration process, lists major goods and services purchased by SSC, and provides information about procurement procedures and departmental programs.

### Encouraging Consortia and Joint Ventures

A new policy encouraging teaming and formation of consortia took effect on October 1, 1986. SSC encourages joint ventures to bid on government contracts and ensures that joint ventures are treated on an equal basis with other bidders, for evaluation purposes.

### Sub-Contracting Data Information System

At the time of the Small Business consultations, it was clear that one of the biggest problems for small business was to learn about procurement opportunities resulting from sub-contracts. As an initial step in the development of a major government-wide policy on sub-contracting, SSC is working on developing a sub-contracting data information system that would enable the Department to fully inform small businesses about the business opportunities available through sub-contracting.

### Focused Responsibility for Small Business Within SSC Management

Senior level officers within each directorate in SSC are being designated as responsible for small business concerns. They will become, in effect, the focal points for liaison, counselling, and advisory services to customers, suppliers and contracting officers within SSC.

## DEPARTMENT OF FINANCE

Federal taxes were another problem area for small businesses. Here the criticisms focused on the complexity of the rules for federal sales taxes, the paperwork requirements, and the approach taken by government officials in administering the systems.

The government agrees that both the federal sales tax and income tax systems require improvement. As was

stated in the Speech from the Throne, the government's objective is a tax system that is fairer, simpler, and more comprehensible for all taxpayers. With simplification and streamlining of the federal tax systems, many of the paperburden and administrative problems raised by small businesses should be solved as well.

The government is preparing a discussion paper on tax reform and will be embarking on a consultation exercise which will, of course, involve small business. One of the guidelines announced for tax reform review is that compliance should be made easier by making the system simpler and more readily understood which should lead to a reduced paperwork burden. The impact of the proposed new tax arrangements on small business will be specifically and carefully assessed by the government.

#### REVENUE CANADA (TAXATION)

As most Canadians know, Revenue Canada has been making a concerted effort to be more fair and effective in administering the federal income and sales tax systems. Criticisms made in the past have been accepted and acted upon. Significant changes to address taxpayers' concerns have already been made--but the Department knows that all the problems have not been eliminated and that there is still room for improvement. The results of the small business studies will provide a focus for Revenue Canada in dealing with problems affecting small businesses.

#### Simplifying Tax Forms

Further improvements are on the way. The Department is undertaking a special review of tax returns, schedules and guides to ensure that the language is simple and clear. Changes have already been made in the Income Tax Act and Regulations to simplify filing requirements, (eg. eliminating requirements for making some filings in duplicate).

#### New "Problem Resolution Program"

To help taxpayers whose problems may overlap different areas of the Department or who are having difficulty resolving their problems through normal channels, the Department has introduced a Problem Resolution Program in the District Taxation Offices. Through this new service, problems are handled on a priority basis,

recurring problems are analyzed, and administrative changes introduced where possible to avoid any repetition of these problems. Taxpayers are encouraged to contact their local district taxation office when this type of support is required.

### REVENUE CANADA (EXCISE)

#### Improvements in Federal Sales Tax Administration

Some of the criticisms and suggestions for change in the federal sales tax system cannot be acted upon at this time. For instance, there was a suggestion that the federal government pay businesses to collect federal sales tax, in the same way that some provinces pay retailers to collect and remit provincial sales tax.

There is a fundamental difference in the two systems. In the case of provincial taxes, the purchaser is, in fact, the taxpayer and the retail outlet is performing a service (pursuant to a legal obligation) to collect and remit the tax to the government. The federal situation, however, is different, because the taxpayer is the manufacturer. The business is not collecting the tax on behalf of the federal government nor is it acting as the government's agent.

Another suggestion difficult to implement is the idea of co-ordinating federal and provincial sales tax audits, filings, and collection activities. It would be an extremely complex task to coordinate these functions between the federal system and the 12 provincial/territorial systems. The taxes are imposed at different levels (ie. manufacturers vs. retail). Each province and territory has its own rules and regulations unique to its own tax system.

While there are some changes that would not be possible without a wholesale, co-ordinated reform of both federal and provincial taxation systems, there still are many areas where the government agrees that improvements can be made. Some of these are:

Special Federal Sales Tax Filing Procedures for Small Businesses--As a result of representations, filing periods for small business have been made more flexible. In some cases, quarterly and semi-annual filings are possible.

- . Better Information to Small Businesses--  
Revenue Canada will be taking part in more seminars to better help taxpayers, associations and the general public understand the federal sales tax. The Department is open to more invitations to take part in seminars organized by trade associations, training institutions, and other groups.
  
- . Taxpayer Assistance Program-- Small businesses are now benefitting from a Taxpayer Assistance Program which involves a visit to all new taxpayers to explain the intricacies of federal sales tax. All licensed taxpayers receive regular issues of a newsletter and bulletins outlining changes. As well, all district and regional offices are available to discuss problems.
  
- . More Consistent Advice and Rulings--One criticism of the administration of the federal sales tax system was a lack of consistent rulings and advice from region to region, or among the districts, regions and Headquarters. To better serve taxpayers, the Department maintains nine regional and 24 district and sub-district offices in addition to the Ottawa Headquarters. With this decentralization, however, there is a greater chance of inconsistent rulings and advice. Revenue Canada recognized the problem and began an enhanced monitoring program in 1983.

Increasing the availability of the Department's automated RISE (Rulings Information System, Excise) has improved national consistency. This computerized system summarizes all policy decisions and is available from Q.L. Systems Ltd. which has offices in Vancouver, Calgary, Toronto, Kingston, Ottawa and Halifax. Work continues on a computerized public information system to be known as the Clientele Profile System (CPS).

#### REVENUE CANADA (CUSTOMS)

Complex customs requirements and the cost associated with processing the paperwork were identified by small businesses as problems. The government agrees that this has been an area in need of substantial improvement and Revenue Canada has continued to make significant changes that should eliminate or reduce many of the difficulties faced by small businesses.

### Canada Customs Invoice No Longer Required

The old requirement for a separate Canada Customs invoice was eliminated, as of November, 1986. Importers now can use the vendor's commercial invoice where it satisfies certain information requirements. If the information is not on the invoice, the importer can simply provide the additional information to Canada Customs authorities.

### Simplified Procedures for Small Shipments

The Department has introduced simplified documentation and import procedures for commercial shipments valued at \$900 or less. The limit will be adjusted periodically to compensate for inflation.

Imports of very small shipments have been given even more streamlined procedures under recent changes. If imported goods have a value of \$40 or less, or if the duties and taxes payable would be less than \$5, the goods can be imported duty free by courier or mail. Qualifying shipments via courier now require no entry documentation.

### Improvements in Procedures for Postal Shipments

In the past, clearing postal shipments was not only complex, but time-consuming and inconvenient -- particularly for those small businesses that only occasionally import goods. Complicated forms had to be completed and a trip to the local customs office was normally required to pick up the mailed item.

Things should be different now--very significant improvements were implemented in 1986 for imported goods in the postal system. Under the new system, importers receive their goods first, before any documents are prepared and before any duties are paid. New, simplified entry documents have been designed to make things easier for commercial and casual importers. Payments no longer need to be made by certified cheque--regular cheques and credit cards can be used.

All importers who use the postal system can call a toll-free number provided when a parcel is delivered to obtain advice and information, particularly on completing Customs forms. The numbers for the various Customs Postal Information Centres throughout the country are as follows:



B.C./Yukon	1-800-663-2011	London	1-800-265-5945
Edmonton	1-800-282-3916	Toronto	1-800-268-1572
Calgary	1-800-472-9703	Ottawa	1-800-267-9609
Saskatchewan	1-800-667-7165	Montreal	1-800-361-5113
Winnipeg	1-800-665-0019	Atlantic	1-800-565-1112

For small businesses, the result of all these changes is faster, easier and less costly clearance of imported goods.

#### Better Assistance to Businesses by Customs Officials

The Department has responded to complaints about the general complexity and cost of the customs requirements in a variety of other ways. Field personnel are instructed to help first-time commercial importers complete their entry documents. Any Canada Customs office will, when asked, send brochures and instructions to help importers complete necessary documents. To further reduce the paperwork burden, plans call for the introduction of computerized procedures. A Customs Automated Data Exchange will mean data can be transferred electronically between Canada Customs and importers and brokers.

#### Simplifying "Drawback" Procedures

Another area of criticism for Customs was the complicated and lengthy procedures for duty drawbacks (refunds of duty paid). Improving this aspect of customs procedures is an integral part of the new Customs Act proclaimed November 14, 1986. It provides for payment of interest on drawback claims that are not processed within 90 days. As well, businesses can apply for a drawback on goods held in bonded warehouses or duty-free shops for ultimate export, improving businesses' cash flow. The drawback claim form will be reviewed with the objective of simplifying it under the new system. Some forms have been eliminated and a system of interim payments has been instituted for regular claimants.

#### Improving the Consistency of Rulings/Speeding-Up Decisions

Finally, there was criticism of inconsistent rulings and the length of time required to obtain decisions on

customs matters from the Department. Revenue Canada is aware of the problem and is committed to making improvements in this area. The Department is publishing instructions to its employees which stress the importance of consistent and uniform application of its programs. New automated procedures are planned to address the problem of inconsistency. Using a technical reference system (TRS), Customs officers will be able to make informed decisions more rapidly and with greater consistency. TRS is an automated information storage and rapid retrieval system that will include classification decisions, valuation and availability rulings and other data. Direct public access to the system is planned.

### CANADA EMPLOYMENT AND IMMIGRATION COMMISSION

Small businesses indicated that they were experiencing a variety of problems with the requirements and paperwork associated with the Unemployment Insurance (UI) system. There were also problems with some employment programs administered by the Canada Employment and Immigration Commission (CEIC).

#### Ongoing Administrative Improvements

CEIC has determined that some changes to the administration of UI and employment programs are possible and the department is currently taking action.

#### UI "Blueprint"

Over the past two years, CEIC has identified a number of initiatives aimed at improving the administration and the delivery of the UI program. These initiatives are collectively referred to as the "UI Blueprint" and several of these have the potential to improve service to small business employers. For example the Record of Employment (ROE) awareness program has been implemented at the Canada Employment Centre (CEC) level to provide assistance and guidance to employers in the completion of the ROE. In addition, a training package for CEC staff designed to improve the quality of response to employers' enquiries was developed and implemented in November, 1986. Action on implementing changes in the UI Blueprint now is being accelerated.

#### Small Business Coordinators

CEIC has appointed a Small Business Coordinator in each of its 450 Canadian Employment Centres. These

coordinators are there to explain CEIC programs and services to small businesses, answer any questions that may arise, and resolve any problems. The Small Business Coordinator provides liaison for small business within the Centres and is charged with monitoring and reporting reactions of the small business community.

CEIC reorganized to focus program delivery at the local level. As these changes in CEIC enlarge the role of the Canada Employment Centres, these 450 Small Business Coordinators will also play an enhanced role.

#### Forms and Publications Review

CEIC is reviewing all of its forms and publications including those used by employers. The review, being conducted by a special task force under the direction of an Assistant Deputy Minister, should be completed by March, 1988. The objective is to reduce, consolidate and simplify forms and publications. This is an ongoing effort of CEIC and will be continued beyond 1988.

#### Improved Information on Local Labour Markets for Employers

For some time, CEIC has been aware of the need for better information on local labour markets for its employment and insurance programs. An important component of the Canadian Jobs Strategy is the development of data bases of such information, which will be available to employer clients. A system to create and maintain these data bases is being tested in each of the ten regions.

#### Review of Canadian Jobs Strategy

In June, 1986, CEIC initiated a major effort to simplify and streamline all aspects of the Canadian Jobs Strategy (CJS). CEIC is examining the design of CJS program options, systems, forms, manuals, internal training, and other administrative matters; delivery at the local level; and communication of the Strategy to the public. A key objective of the forms review component is to simplify, standardize and reduce the data requirements (and associated forms) for delivery of the program.

An important result will be a Canadian Jobs Strategy (CJS) that is more understandable, and more accessible to the small business community.

## REGIONAL INDUSTRIAL EXPANSION

Even though problems with the delivery of business assistance were not included in the general Terms of Reference for the consultant studies, delays and difficulties in delivery of business assistance funds were detected as a major problem for small business in a number of regions.

More specifically, there were complaints that the application forms for these programs are too complex and that better information and assistance should be provided to applicants.

### Review of Program Delivery Methods

The Department of Regional Industrial Expansion is completing a major review of its program delivery process for funded programs. As a consequence, the Department has made, and will continue to make, changes that will simplify the way these programs work. Turn-around time will improve significantly.

In its review, the Department is emphasizing the projects submitted by small businesses, under programs such as the Industrial and Regional Development Program, Atlantic Enterprise Program, and Western Transportation Industrial Development as well as Economic and Regional Development Agreement projects. Special procedures have been introduced to reduce the amount of information requested from small businesses seeking assistance under \$100,000 and new measures have been introduced to speed up the processing of these applications. Payment procedures are also currently under review and will be simplified before the end of the current year.

Changes have also been made in the Defence Industry Productivity Program. As a result of negotiations between the Department of Regional Industrial Expansion (DRIE) and the Aerospace Industries Association of Canada (AIAC), application forms and the approvals process have been simplified for small projects under this program. The effect of these changes is now being monitored to ensure that simplification is being achieved.

Administrative procedures under the Native Economic Development Program have been overhauled as well. As a result of these changes, projects now are moving smoothly through the approvals process.

### Realistic Time Estimates and Better Customer Service

Problems associated with the failure to provide realistic estimates of the time needed for processing and approval of applications were raised by small businesses. In its review of program delivery methods, the Department is preparing a realistic estimate of the time needed to process applications, once all the necessary information has been provided by the applicant. It is important that all the information be provided, because incomplete information adds to the processing time.

### Appeals Process

Some small businesses apparently had the impression there was no means to appeal if officials rejected an application for assistance. In fact, an appeal procedure does exist. As a first step, an applicant discusses the reasons for rejection with the responsible officials. At this time, the applicant may wish to raise new or additional information. The applicant can also discuss concerns with senior management in the regional office or write to the Deputy Minister. And, of course, an applicant may write to the Minister if still not satisfied.

### CONSUMER AND CORPORATE AFFAIRS CANADA

Generally, the studies disclosed few problems with the paperwork requirements of Consumer and Corporate Affairs (CCAC). Although not a paperwork issue specifically, one area of criticism involved the approach taken by CCAC food inspectors. The concerns expressed regarding perceived arbitrariness and inconsistency in inspections were, in fact, also expressed by some food sector associations who were consulted by the Department in the course of a recent internal evaluation of the regulatory program.

While there is clearly general support for the need and desirability of the food regulations per se, the Department is taking steps to respond to the concerns regarding enforcement. A national training program for CCAC food inspectors is being mounted and the Department is re-examining the way that it sets priorities for the inspection activities so that its efforts will be focused on important problem areas, and not on minor technical violations.

### TRANSPORT CANADA

The small business studies raised a number of issues regarding regulation of transport. These issues included the questions of transportation costs generally, the costs to business of safety requirements, and the need for caution in proceeding to de-regulate trucking. These concerns are valid and important and are reflected in legislation amendments introduced by Transport Canada.

One specific area of concern in the transport field involved the transportation of dangerous goods. Questions regarding the overall effectiveness of the regulations, the cost-benefit, as well as the complexity of its requirements and level of paperwork are being addressed in an evaluation that is targetted for completion in mid-1987.

### THE GOVERNMENT'S ON-GOING COMMITMENT TO REDUCE PAPERWORK AND OTHER ADMINISTRATIVE BURDENS

To sum up, dealing with the paperwork problems of small business is one of the top priorities for the Minister of State (Small Businesses and Tourism). The initial step has been taken of clearly identifying specific problems so that corrective action could occur. The Minister of State (Small Businesses and Tourism) has been asked by Cabinet to monitor progress and make sure that things stay on track and on schedule.

This will be accomplished through the new annual paperwork reduction procedure requiring departments to plan for and implement paperwork reduction as well as review progress. The appointment of a senior official responsible for paperwork reduction in each department, the review of specific paperwork reduction plans by Cabinet each year and the new private sector advisory committee will keep the procedure on target.

In providing input and monitoring progress, the private sector committee can also ensure small business priorities are addressed. This reflects the government's desire to respond to small business skepticism that government is serious about reducing this costly obstacle to entrepreneurship.

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