

Improving Digital Services and Identity for Ontario Businesses

Authored by the Hamilton Chamber of Commerce.

Cosponsored by the Milton, Greater-Kitchener-Waterloo, Newmarket and Cambridge Chambers of Commerce.

Issue

Within Canadian law, legislation applicable to traditional commerce is also understood to apply to business conducted via the Internet. Laws governing business incorporation, business name registration, taxation, consumer protection, advertising, importing or exporting, product safety, product standards, intellectual property and liability and so on, apply to e-business. The Province of Ontario was one of the leading jurisdictions in the world through the passing of the Ontario Electronic Commerce Act (s.o.2000 Chapter 17); However, businesses in Ontario believe that the current status quo on Provincial E-Government services and policies governing provincially regulated industries has not kept pace with other jurisdictions.

Background

In addition to feedback from members of the Ontario Chamber of Commerce network and the outcome reports from the Ontario Red Tape Challenge (2016-2017), global indices point to objective gaps in Canada and Ontario's performance. According to the 2016 United Nations (UN) e-government index, Canada slipped three positions to a ranking of 14th overall.

To their credit, the Province has recognized these challenges through the appointment of a Minister Responsible for Digital Government, the creation of the Ontario Digital Service (ODS) unit and a commitment to become Canada's Most Open, Transparent and Digitally Connected Government¹.

Businesses in Ontario would like to prescribe the following as priority areas:

E-Government

With exponential advances the capability of online service delivery and interfaces, there is a growing expectation from businesses for digital service delivery by Governments. Financial institutions allow clients to quickly check balances, transfer funds or pay bills through mobile applications. Online retailers offer more selection, delivery on demand, and easy returns. Uber, Airbnb and other organizations active in the "sharing economy" are disrupting and overhauling established industries. In a digital era where businesses are investing in and benefitting from the productivity enhancements from these delivery mechanisms, governments must rise to the challenge.

While private sector firms have shifted to a rapid response, customer-centric delivery models where "there's an app for that," many government processes and transactions continue to operate on paper,

¹Province of Ontario Mandate letter: Digital Government. <https://www.ontario.ca/page/september-2016-mandate-letter-digital-government>

mail services and in-person visits. Ontario's Red Tape Challenge process has revealed several gaps, ranging from the user experience to the unavailability of services like Ontario Business Information System (ONBIS) registry system on evenings and weekends².

Once self-service systems are implemented they result in significantly lower cost service delivery. A customer service interaction on the web is nearly 11 times less expensive than a phone transaction and 25 times less expensive than a face-to-face meeting.³

Facilitating Digital adoption in Regulated Industries

With advancements and industry-wide adoption of robust online security standards and emerging technologies like Block Chain, many businesses and their customers are also confident that they can migrate various transactions and records of note to electronic mediums.

One example affecting millions of Ontarians every day is the mandatory requirement for drivers to carry their printed proof of auto insurance (commonly known as "pink slips") by the Financial Services Commission of Ontario. Almost every U.S. jurisdiction allows consumers to receive proof of auto insurance electronically. Through smart regulation design, privacy concerns have been assuaged, with legislation that expressly outlines the scope of law enforcement's authority when checking proof of auto insurance on an electronic device.

In January 2018, Nova Scotia became the first province to give consumers the option to receive their proof of insurance electronically.

This is one of many examples from industries that are facing an escalating regulatory burden. Ontario's Minister of Finance completed an independent evaluation of the mandate reviews of the Financial Services Commission of Ontario (FSCO), the Financial Services Tribunal (FST), and the Deposit Insurance Corporation of Ontario (DICO). The expert advisory panel recommended the agencies' mandates under review be modernized and acknowledged major changes in governance structure and associated accountability mechanisms are essential for improving mandate alignment⁴.

Amalgamation of Digital Business Identity (One business number)

Any business owner in Canada deals with all three levels of government separately. These interactions, especially for business startups have plenty of overlap leading to paperwork redundancy.

²Opportunities: Corporate and commercial law, Ontario Red Tape Challenge (2017)
<https://www.ontario.ca/document/red-tape-challenge-financial-services-report/opportunities-corporate-and-commercial-law>

³ Society of Information Technology Management, <https://www.ibm.com/blogs/commerce/2012/02/part-4-social-media-and-the-city-new-value-for-local-government/>

⁴Expert panel proposes "radical change" after mandate reviews of Ontario financial regulators.
<https://www.osler.com/en/resources/regulations/2016/expert-panel-proposes-radical-change-after-manda>

ServiceOntario is the Ontario government's primary public-facing service delivery organization, with responsibility for delivering information and high-volume routine, rules-based transactions to both individuals and businesses.

The national Business Number (BN) was developed by the Federal Government in the 1990s to enable both business and government to streamline operations and realize efficiencies. With the BN, businesses are assigned a single registration number for their dealings with various participating public sector programs.

In Ontario, the BN is currently used by businesses for taxation returns, occupational health and safety, employment standards and labour disputes. However, in other provinces the BN has been successfully implemented for registries, licensing, procurement, application for permits and reception of government benefits.

Several municipalities have also declared an interest in pursuing a singular BN, some of them even signing MOU's with Service Ontario. The Province does not currently have a clear timeline for a full BN migration.

Recommendations:

1. Create a common corporate registry, with provisions for information-sharing between provinces, to eliminate the need to register a business multiple times.
2. Conduct a comprehensive evaluation and identify a strategy for the introduction of online submissions as an option for common transactions between businesses and the Province of Ontario, in particular, the Articles of Amendment (Form 3 under the Business Corporations Act).
3. Further explore Regulatory Sandbox experiments, which are sector-based temporary approvals, allowing both established and new businesses to test out innovative new products and services without incurring all the normal regulatory consequences of engaging in those activities.
4. Government should allow insurers to offer an electronic option for proof of auto insurance and other insurance documents,
5. As part of Ministry of Economic Development and Growth's Red Tape Challenge, implement a new engagement exercise aimed at improving E-Governance and online services.
6. In collaboration with interested municipalities, explore the replacement of the Ontario Business Identification number with the Federal common Business Number across an expanded set of applications

Estimated Financial Impact to the Province:

- Entail a small cost to government (less than \$10M)
- Create cost savings for government