Agenda – Council – September 26, 2007

Report - Executive Policy Committee - September 19, 2007

Item No. 6 Red Tape Commission Recommendation No. 6.1 – Standardized Business Numbers
File GG-5

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 19, 2007, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That the requirement for funding identified in the report dated July 4, 2007 from the Chief Financial Officer, be referred to the City's 2008 to 2010 Operating Budget process for consideration.

2. That the Winnipeg Public Service be authorized to do all things necessary to execute the Letter of Intent between the Province of Manitoba and City of Winnipeg with respect to standardized business numbers.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Executive Policy Committee - September 19, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 19, 2007, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

COUNCIL DECISION:

On July 27, 2005, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the concept of Recommendation 6 be endorsed for implementation.

2. That the Mayor and Chief Administrative Officer be authorized to develop proposals to use the Manitoba business number system to register, track and identify City of Winnipeg businesses and business accounts, and to negotiate directly with the Government of Manitoba and the Government of Canada to achieve this goal.

3. That the Chief Administrative Officer identify cases in which standardized contracts may be used in lieu of unique City of Winnipeg contracts or documents and that a report be provided to Executive Policy Committee within 120 days on an implementation plan for this recommendation.

RE: RED TAPE COMMISSION RECOMMENDATION #6.1 – STANDARDIZED BUSINESS NUMBERS

FOR SUBMISSION TO: **EXECUTIVE POLICY COMMITTEE**

ORIGINAL REPORT SIGNED BY: **ACTING CHIEF FINANCIAL OFFICER**

REPORT DATE: **July 4, 2007**

RECOMMENDATION:

1. **That the requirement for funding identified in the report be referred to the City's 2008 to 2010 operating budget process for consideration.**
2. **That the City do all things necessary to execute the Letter of Intent between the Province and City with respect to standardized business numbers.**
3. **That the proper officers of the City do all things necessary to implement the above recommendations.**

Report Summary

Key Issues:

The Final Report of the Mayor's Red Tape Commission was adopted by Council on July 27, 2005. The Red Tape Report recommended that the City adopt the federal/provincial Business Number as the City's account number for services to business. The City has initiated discussions with both the federal and provincial governments concerning the use of the Business Number as required by Recommendation 6.1.

Implications of the Recommendation(s):

General Implications

( ) None

(x) For the organization overall and/or for other departments

(x) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s): There will be an impact on departments who provide services to business. These departments will need to adopt the Business Number format and transition business customers to use the new processes.

Policy Implications

( ) No

(x) Yes

Comment(s): There will be an impact on departments who provide services to business. Departments will need to adopt the Business Number format and transition business customers to use the new processes.

Regulatory Implications

( ) None

(x) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s): The change to a new business number format will provide business customers with easier access to City processes. This should help to reduce the effect of regulation on business customers.

Environmental Implications

(x) No

( ) Yes

Comment(s):

Human Resources Implications

(x) No

( ) Yes

Comment(s):

Financial Implications

( ) Within approved current and/or capital budget

(x) Current and/or capital budget adjustment required

Comment(s):

The City recently met with representatives from the Province and determined that annual maintenance costs would be in the range of $70,000 to $100,000. In addition, there may be costs of integrating systems within the City but costs are difficult to predict at this time. It is hoped that these costs will be limited if internal staff are able to complete the work required.

Report

REASON FOR THE REPORT:

This report provides an update on the implementation of the single business account and registry model.

HISTORY:

At its meeting of July 20, 2005, Executive Policy Committee received as information the Final Report of the Mayor's Red Tape Commission dated June 28, 2005. Further, EPC referred to the Chief Administrative Officer for review and recommendation a series of first phase recommendations of the Red Tape Commission. The Final Report of the Mayor's Red Tape Commission was adopted by Council on July 27, 2005.

At its meeting of March 22, 2006, the Executive Policy Committee directed the Chief Administrative Officer to prepare and forward reports on all remaining recommendations of the Red Tape Commission, including Recommendation 6.1 namely:

> "Negotiate with the federal and provincial governments to develop a single business account and registry model around the common PST/GST number, now used as the single Manitoba business number. This would allow City businesses to register, update basic information and hold accounts with all three governments using a single account number."

DISCUSSION:

The City has contacted both the Federal and Provincial governments to determine what steps need to be taken to implement the single Business Number (BN) and registry model envisioned by the Red Tape Report.

On March 14, 2007 the City attended an informational session with the Province of Manitoba concerning the Province of BC's "One-Stop BC" Integrated Registration System. One-Stop BC was selected by the Province of Manitoba as the model for their Integrated Registration System which is scheduled to be delivered by March 31, 2009.

The Province of Manitoba has set up Manitoba Business Links to administer the Manitoba Business Number. Manitoba Business Links is a software product that integrates information flow between the Federal Government and Provincial Government departments, boards, agencies, municipalities, etc (participating members). Representatives from Manitoba Business Links have also provided the City with information concerning their experience with respect to the BN project.

The City contacted the Canada Revenue Agency (CRA) to determine if the City could work directly with CRA in implementing the single business number model. Currently, the Income Tax Act does not allow the City to use the Federal Business Number. The Income Tax Act must be amended before CRA will provide the City with access to their business registry system. In discussions with the Province the changes to federal legislation to allow City involvement may not occur until the end of 2007.

CRA recommended that the City deal directly with the Province who were already well along in developing their project. They commented that it would be much simpler for the Federal government to deal with the Provinces only and encourage municipalities to make arrangements with their respective Provinces. In this manner CRA would reduce the number of interfaces required to their systems and enquiries concerning use.

The City then met with senior officials from the Province and discussed the City's participation with Manitoba Business Links. These discussions have been very informative and the Province would like for the City to partner with them as a participating member. The City would be able to influence the development of Manitoba Business Links but it would also be required to share in the operating costs.

On June 4, 2007, the City received a draft copy of a Letter of Intent relating to participation in Manitoba Business Links and met with representatives of the Province of Manitoba. The Letter of Intent establishes a framework, pending a formal Memorandum of Understanding by which the business and formal requirements as well as the technology architecture necessary for the City's participation in Manitoba Business Links, and the use of the BN can be developed, maintained and administered. The Letter of Intent may be terminated by either party upon 90 days written notice to the

other, or, at any time by mutual consent. The letter has been reviewed by Legal Services.

Also on June 4, 2007, the City met again with the Province to discuss the letter of intent and participation in the program. There was also discussion concerning the cost of the City's involvement in Manitoba Business Links. The Province estimated the City's involvement to be in the range of 20% of total operating costs which could range in amount from $70,000 to $100,000 annually once the City is fully integrated into the system. In addition there may be internal costs relating to integration of systems.

However, there is a considerable amount of work that needs to be completed by the City over the next three years to activate the new BN account structure. These include:

- The City needs to identify all potential program account types (permits, licenses, etc).

i) how do we interact with businesses in these areas;
ii) how are the records maintained;
iii) are unique numbers assigned; and
iv) do we identify the business in these records.

- The City's data must be sorted to meet the requirements set out by CRA to the Province of Manitoba. The Provincial Companies branch had one (1) person dedicated to this task for eight (8) months.

- The City will be required to sign a Letter of Intent with the Province and eventually a Memorandum of Understanding which will further define the elements of our involvement.

- The federal and provincial governments may have to amend their legislation in order to permit the use and sharing of the Business Number.

- Project Development/System Changes – it is anticipated that significant system changes will be required in order to communicate with the Manitoba Business Links. These changes will also affect how the various City departments communicate with each other (One-Stop Shop).

- City staff will need to be trained on these new processes and requirements of the Manitoba Business Links.

- External/Internal Communications – the City will need to develop a communications strategy on the Business Number Project. The Province communicated with the business community for over three (3) years before and after the implementation of the Manitoba Business Number.

A Steering Committee is currently identifying all potential program account types. This Committee will be meeting on a regular basis to implement the Business Number and registry model.

Financial Impact Statement — Date: June 13, 2007

Project Name: Business Numbers — **First Year of Program** 2007

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs			$ 100,000	$ 100,000	$ 100,000
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ -	$ -	$ 100,000	$ 100,000	$ 100,000
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ -	$ 100,000	$ 100,000	$ 100,000

Additional Comments: From discussions with the Province of Manitoba, it is expected that the City will be required to pay approximately 20% of the cost of operations which could be in the range of $70,000 to $100,000 annually. In addition there may be other internal costs of integration that may be required that are not quantifiable at this time.

"Original signed by Mike Ruta"

Corporate Controller

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Internal Services, Legal Services Division

External Consultation With:

THIS REPORT SUBMITTED BY:

Department Corporate Finance
Division Controller's Division
Prepared by: Tony Roziere
File No.