



Business Support Programs

The Effectiveness of Ontario's Business Support
Programs



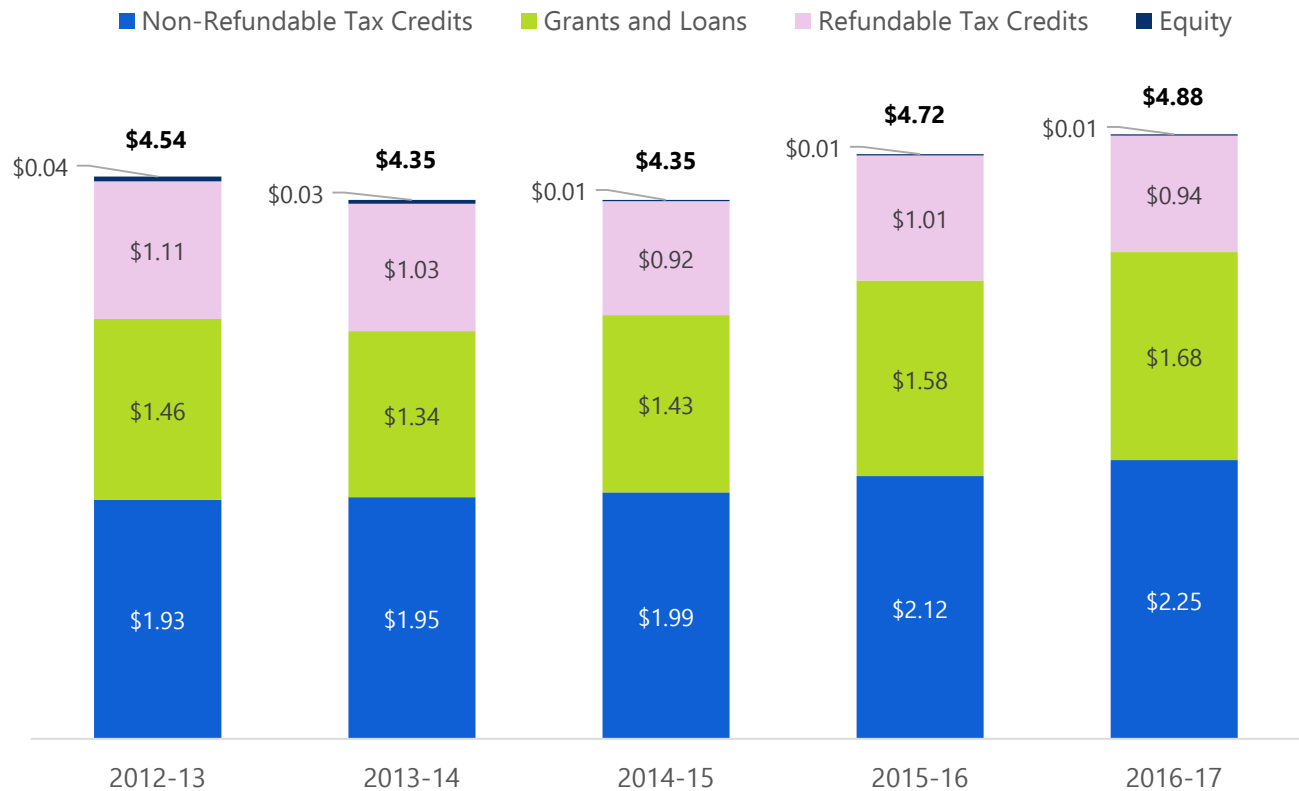
Financial
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Background

- ▶ The Government of Ontario provides subsidies to businesses, referred to as business support programs:
 - Tax credits (refundable and non-refundable)
 - Grants and loans
 - Equity investments
- ▶ This report examines a sample of 12 business support programs. It reviews how the Province measures:
 - Program objectives;
 - Program benchmarks and targets;
 - Performance measures for each program; and
 - The direct effect of each program.

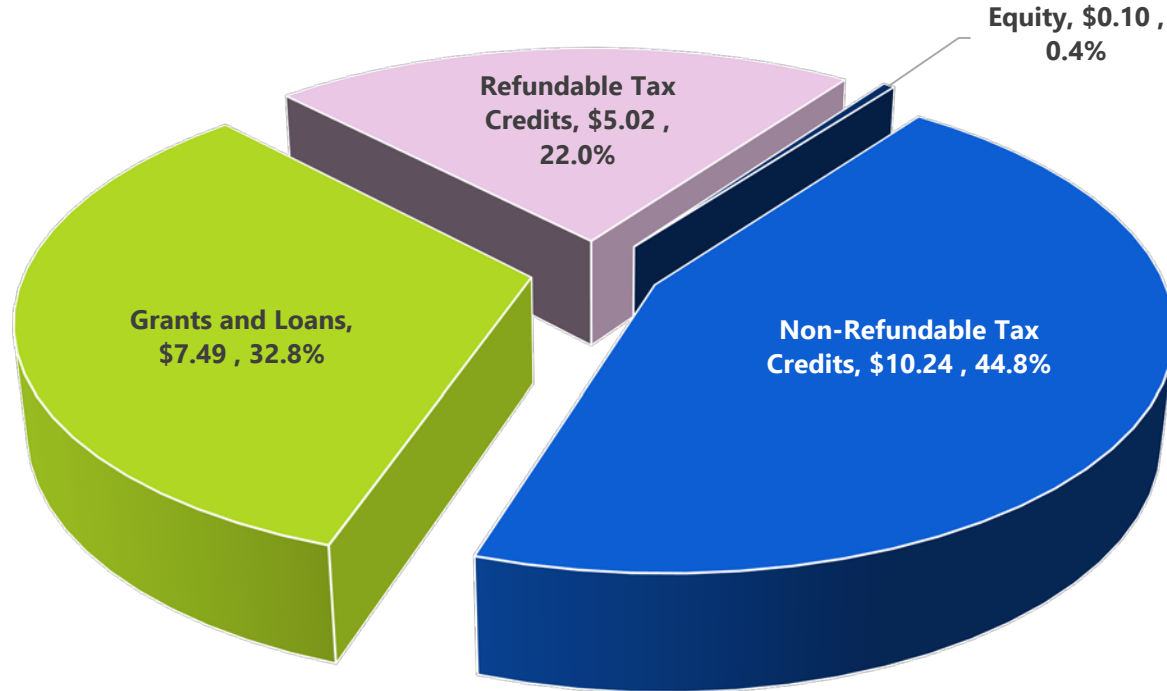
Financial Overview of Ontario's Business Support Programs

Cost of Ontario's Business Support Programs (\$billions)



Business Support Programs by category, 2012-13 to 2016-17 (\$billions)

\$22.9 billion in support over 5 years



FAO's Effectiveness Review

Program Selection

The twelve programs were selected to represent a cross-section of programs with a variety of different characteristics:

- ▶ Grant/loan programs, refundable tax credits and equity programs;
- ▶ Programs targeting different business sizes, from small to large multinationals;
- ▶ Programs that target different regions of the Province; and
- ▶ Programs that are application based (i.e. open to all) and programs that are invitation only.

Effectiveness Review Process

The FAO's review of the selected programs is based on three questions. The questions were derived from the recommendations contained in past reports on Ontario's business support programs:

- ▶ **Q1:** Are the program's performance measures aligned with its objectives?
- ▶ **Q2:** Does the program have benchmarks or targets established to compare against results?
- ▶ **Q3:** Is there any evidence that the support provided directly led to the observed results?

Results of FAO's Effectiveness Review – Q1

- ▶ **Three** programs had performance measures that were **aligned** with stated objectives.
- ▶ **Six** programs had performance measures that were **partially aligned** with stated objectives.
- ▶ **Three** programs had performance measures that were **not aligned** with the stated objectives.

Program	Performance measures aligned with objectives?
Ontario Production Services Tax Credit	Partially aligned
Ontario Film and Television Tax Credit	Partially aligned
Apprenticeship Training Tax Credit	No
Ontario Innovation Tax Credit	No
Northern Industrial Electricity Rate Program	Partially aligned
Northern Ontario Heritage Fund	Partially aligned
Jobs and Prosperity Fund	Yes
Eastern Ontario Development Fund	Partially aligned
Southwestern Ontario Development Fund	No
Commercialization and Innovation Network Support	Yes
Horse Racing Partnership Funding Program	Partially aligned
Ontario Emerging Technologies Fund	Yes

Results of FAO's Effectiveness Review – Q2

- ▶ **None** of the programs had benchmarks against external programs.

It is not possible to compare the programs' performance to that of similar programs in Ontario and other jurisdictions.

- ▶ **Five** programs had **internal benchmarks** that can provide information about the program's performance over time.

Program	Does program have benchmarks or targets?
Ontario Production Services Tax Credit	Partial – internal benchmarks only
Ontario Film and Television Tax Credit	Partial – internal benchmarks only
Apprenticeship Training Tax Credit	No
Ontario Innovation Tax Credit	No
Northern Industrial Electricity Rate Program	Partial – internal benchmarks only
Northern Ontario Heritage Fund	Partial – internal benchmarks only
Jobs and Prosperity Fund	Partial – internal benchmarks only
Eastern Ontario Development Fund	No
Southwestern Ontario Development Fund	No
Commercialization and Innovation Network Support	No
Horse Racing Partnership Funding Program	No
Ontario Emerging Technologies Fund	No

Results of FAO's Effectiveness Review – Q3

- ▶ The Province has not attempted to isolate the impact of the funding provided against what would have happened without provincial support.
- ▶ It is not possible to determine if the observed results can be solely attributed to the program.
- ▶ This type of program evaluation takes effort, time and resources. However, the Drummond Commission, Expert Panel and the Auditor General of Ontario all recommended that the Province undertake this analysis.

Program	Evidence that support provided led to observed results?
Ontario Production Services Tax Credit	No
Ontario Film and Television Tax Credit	No
Apprenticeship Training Tax Credit	No
Ontario Innovation Tax Credit	No
Northern Industrial Electricity Rate Program	No
Northern Ontario Heritage Fund	No
Jobs and Prosperity Fund	No
Eastern Ontario Development Fund	No
Southwestern Ontario Development Fund	No
Commercialization and Innovation Network Support	No
Horse Racing Partnership Funding Program	No
Ontario Emerging Technologies Fund	No

Thank you

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