

A panoramic view of the Toronto skyline, featuring the CN Tower and various skyscrapers, set against a blue sky. The image is partially obscured by a large blue graphic of the years '1993 - 2005' and a white horizontal bar containing the title.

1993 - 2005

The Self-Employment Employment Benefits (SEB) Program In the City of Toronto *A Unique Public/Private Sector Approach to Building Toronto's Economy*

As the Federal Government noted in its recent speech from the throne, self-employment is one of the new realities of work in the 21st century. After a decrease in 2000/2001, self-employment is once again one of the fastest growing sectors of the Canadian economy, (with a 5% increase projected in 2005); and, accounts for over 15% of all Canadian workers. This growth has been and continues to be driven by the demand for flexibly delivered services, reduced demand for skilled labour from the manufacturing and resource extraction sectors, increased global competitiveness and corporate downsizing and streamlining. All trends that are expected to continue for the foreseeable future.

By the mid 1980's entrepreneurship, self-employment and small business were quickly becoming accepted antidotes to unemployment and declining community economies. Programs which targeted entrepreneurship and small business development were designed and launched by government and the private sector. These were soon followed by experiments with services which specifically addressed the self-employment needs of the unemployed. In 1987, the Federal government launched the Self Employment Incentive (SEI) Program for Unemployment Insurance (UI) recipients in rural and northern Canada. SEDI and other groups designed and implemented pilot projects in northern urban and rural areas for employment disadvantaged groups such as women, youth and aboriginal peoples. The success of these projects and SEI led to the development of the Self Employment Assistance (SEA) Program, now the Self-Employment Employment Benefits (SEB) Program, and was made accessible to most communities across Canada.

The SEB Program, is funded and managed by Human Resources and Skills Development Canada (HRSD). SEB is financed through the Employment Insurance Fund and is considered an active benefit measure. SEB assists Employment Insurance (EI) recipients and unemployed people who have exhausted an EI claim within the last three years ("reach back" Clients), to achieve self-sufficiency through self-employment by providing income support and business development services. The Program is flexible, allowing for different program designs and delivery models. At minimum, service agencies are expected to provide business plan development and business counselling services to Clients as they plan and start businesses.

The administrative structure of the Toronto SEB Program is unique among SEB Programs in Canada. This public/private partnership formed in 1993, emphasized the devolution from government of active EI benefit micro-management (co-ordination and administration) to a community based, technically proficient organization. In this model, the ultimate responsibility for results and cost accountability still rests with government. However, the quality and cost control management, necessary to ensure results and efficiencies, rests with the community administrative partner. In turn, the community administrator sub-contracts delivery of services to qualified local Delivery Agents, and holds these organizations accountable for their results. This three level partnership is not only administratively efficient, it ensures accountability at all levels and has also produced among the best SEB Program results in the country.

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In Toronto, HRSD contracted SEDI (Social And Enterprise Development Innovations) a not for profit agency, from 1993 to 2005 to coordinate and administer the delivery of SEB. SEDI, in turn, contracted with established community based business development organizations (Delivery Agents) that provide self-employment development services to eligible participants. The objective of the SEB Program is economic and labour market self-sufficiency for EI recipients, through self-employment. Over the twelve years of SEB programming in the city of Toronto, its level of success is among the highest across Canada. The following guiding principle, developed by SEDI and implemented by the Delivery Agents, directly contributed to the success of the Program:

Maximum economic development through self-employment assistance requires the integration of a human resource strategy, over and above basic income support and minimal business counselling. Many unemployed people with self-employment potential also require assistance to develop the confidence and skills needed to start and manage sustainable businesses. An active human resource development component, which emphasizes the development of practical business skills, greatly increases the numbers of people who can be successfully assisted. This increased scale results in an effective, efficient Program which generates greater economic development, through: decreased dependence on Employment Insurance or Social Assistance benefits; generation of tax revenues; increased economic activity (sale & purchase of goods and services) within the community; and, in some cases the creation of new additional jobs.

Twelve Years of Success

Toronto SEB Results (Year I - April 1993 to Year XII - March 2005)

- After twelve years, as of March 31, 2005, seven thousand eight hundred and two (7,802) Clients entered the Program.
- On average over 12 years, 90% of Clients entering the Program started businesses.
- These new businesses have generated in excess of \$166 million in gross revenues during the period each Client was in the Program.
- Surveys of Clients one year after they completed the Program indicate that, on average, ninety percent (90%) remain self-employed.