

# Red Tape Report Card

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# 2018

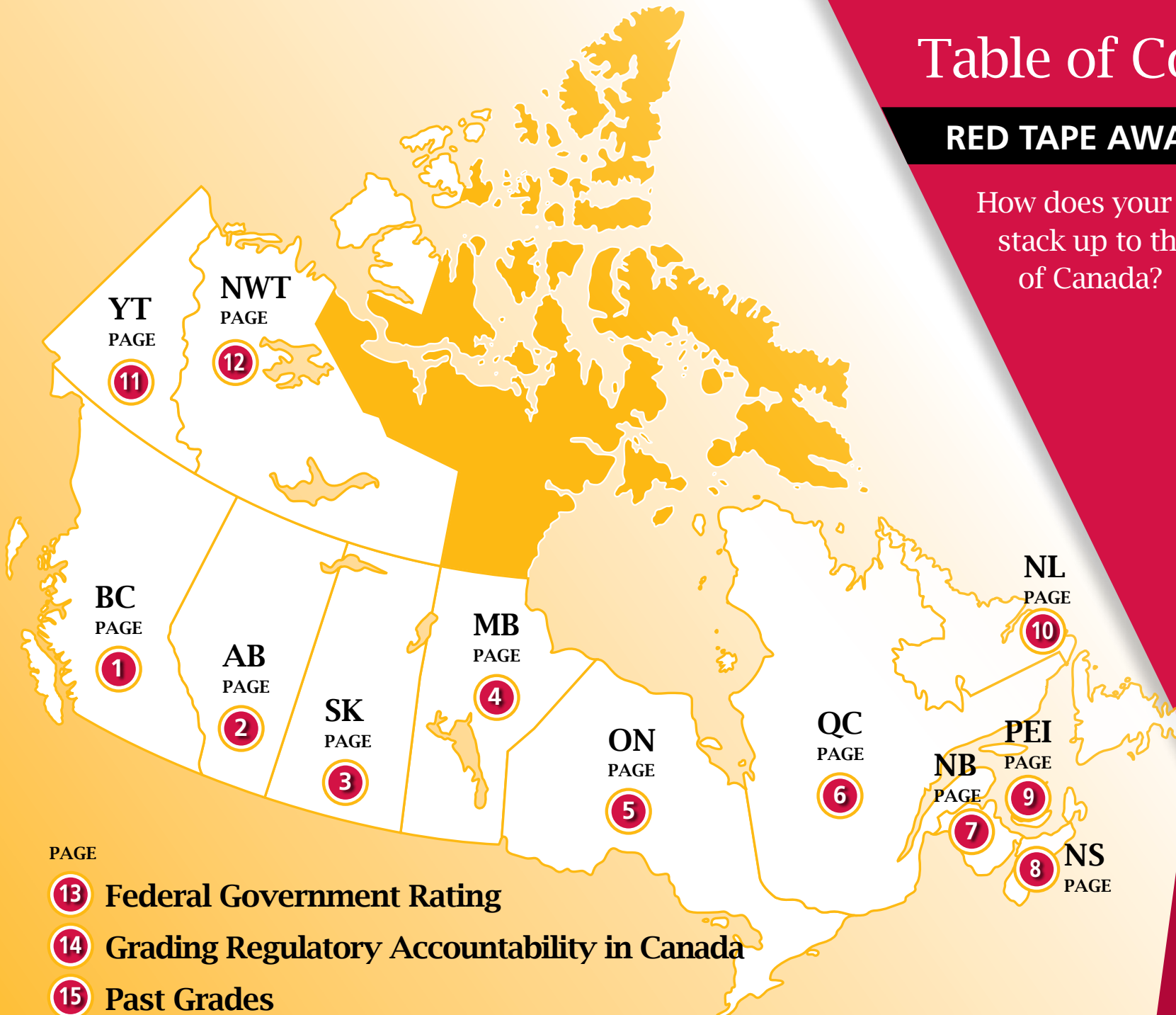


**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS™**

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## RED TAPE AWARENESS

How does your government stack up to the rest of Canada?



# British Columbia



2018 Grade

A

## Context and Commentary

BC has had strong leadership on the regulatory reform file, which is now recognized internationally. Although there are indications that BC's new government has indicated it will continue to support red tape reduction and maintain key components that make the province an international leader. It is too early to say whether the government will build on these initiatives.

### Strong political leadership

YES | NO



Reducing red tape has been a clear priority since 2001 when the government announced it would reduce the regulatory burden by one-third in three years. The province also passed a law creating an annual Red Tape Reduction Day in 2015.

BC recently had a change in government. In response to CFIB's leaders' survey question on supporting red tape reduction, BC's now

Premier John Horgan stated his party supports reducing red tape.

Since forming government the minister responsible has indicated that initiatives which crowned BC as the first jurisdiction to receive an "A" grade on this report card will be maintained.

### Comprehensive public measure

YES | NO



The government has a "regulatory requirements" measure in place that is updated regularly (legislation requiring updates was passed in 2011). The measure is fairly comprehensive, although it excludes certain agencies with delegated authority for regulating that should be included (e.g. some waste management rules).

In 2001, when BC started its current reforms, it counted 330,812 regulatory requirements. The initial goal was to reduce regulatory

requirements by one-third in three years. This goal was surpassed in 2004 with a reduction of 40.4 per cent. The province has since achieved a further 13.7 per cent reduction from the 2004 baseline, for a total reduction of over 48 per cent since 2001. Regulatory requirements data is available on the province's website.

### Clear cap on government rules

YES | NO



A commitment to no-net increase in regulatory requirements was made in 2004 (once the one-third reduction target had been exceeded) and has been extended several times. It is currently extended to 2019.

BC's regulatory requirement cap, in place since 2001, would be stronger if legislated.

### Next Steps

The government should legislate its "one-for-one" policy and expand its measure to include any government entity given authority to regulate on behalf of government. It would be timely to do an

audit of the current count to ensure that all rules are being captured and correct any double counting issues that may have occurred.

# Alberta



2018 Grade

F

## Context and Commentary

Private members' *Bill 207: Regulatory Burden Reduction Act* was voted down. The bill proposed putting constraints on regulators by enabling one-for-one legislation. Unfortunately, the Parliamentary Secretary for Economic Development and Trade for Small Business and the government caucus were against the bill. The government has not been supportive of regulatory measurement, public reporting, or capping the regulatory burden.

### Strong political leadership

SOME



The Minister of Economic Development and Trade leads the regulatory reform file. He is open to reviewing individual regulations raised by entrepreneurs, but the government has no interest in conducting a comprehensive review.

The premier has worked to improve efficiency and governance among agencies, boards and commissions. Out of 135 agencies governed by the *Public Agencies Governance Act*,

56 agencies that were no longer operating or whose work can be done more effectively elsewhere were amalgamated or dissolved, saving more than \$33 million over three years.

The Finance Minister has championed red tape reduction in the craft brewery industry.

### Comprehensive public measure

YES

NO



Government ministers have repeated that identifying regulations to eliminate is extremely time intensive and is not a good use of civil servants' time. The government states performing comparative analysis for proposed and existing regulation takes bureaucrats away from drafting new policies.

### Clear cap on government rules

YES

NO



The government's position is that reducing regulations, whether environmental, financial, or otherwise, exposes the public and the environment to risk, and the government is committed to mitigating risk and having a strong oversight system in place. Alberta policy makers do not believe the number of individual regulations is correlated to the burden imposed by regulation.

### Next Steps

The government should make it a priority to tackle meaningful red tape reduction.

# Saskatchewan



2018 Grade

A-

## Context and Commentary

The government has made significant progress with completing its count of all legislated compliance requirements. Saskatchewan is one of the first provinces to implement the mandatory use of the Direct Cost Estimator for all regulatory decision items for all provincial ministries, agencies and Crown Corporations.

### Strong political leadership

YES | NO



Reducing red tape continues to be a priority for the Premier and is led by the Minister of the Economy. The government created the Red Tape Committee to oversee red tape reduction efforts. It implemented the Red Tape Reduction

Action Plan to review all existing business related regulations at least every 10 years and to improve the content of new regulatory proposals.

### Comprehensive public measure

YES | NO



In the 2017 report card, CFIB recommended the government's count needed to be completed faster. In response, the government completed its count of regulatory compliance requirements in the Acts, Regulations, and the related administrative policies and forms. Saskatchewan has 236,422 compliance requirements.

Effective July 1, 2017, the Government of Saskatchewan also made the use of the Direct Cost Estimator (DCE) – a comprehensive cost estimation tool that estimates direct costs to external stakeholders and to government – mandatory for all provincial ministries, agencies and Crown Corporations when presenting

regulatory proposals for approval. Use of the tool allows the government to make informed choices when approving how regulatory decisions will be implemented.

In 2013, Saskatchewan became the second province (the first was BC) to pass legislation requiring an annual public report on red tape reduction initiatives. Each year, the Ministry of the Economy publishes its Regulatory Modernization Progress Report, which updates progress and quantified savings achieved to date using the DCE, as well as specific examples of red tape reduction measures which have been undertaken by the government.

### Clear cap on government rules

YES | NO



The 2012 Saskatchewan Plan for Growth committed to the review of all business related regulation within 10 years and reducing red tape by 25 per cent of CFIB's estimate of the cost of regulation in Saskatchewan by 2020 (\$50.4 million in cost savings). The government has reported over \$90 million in cumulative

red tape savings as of 2016-17, exceeding the initial targeted objective of at least \$5 million annually. With the ability to quantify the net change in compliance burden, new targets for red tape reduction are being considered.

### Next Steps

The DCE would be more comprehensive if it included costs beyond those imposed on business. The regulatory review process

should include all regulations not just those defined as business related.

# Manitoba



2018 Grade

A

## Context and Commentary

Manitoba is the most improved province on regulatory accountability, and is on track to become a North American leader in red tape reduction.

### Strong political leadership

YES | NO



The Premier of Manitoba has been a vocal advocate for red tape reduction and identified it as one of the government's top priorities, with the goal of being the "most improved province for regulatory accountability by 2020."

The Premier placed an emphasis on red tape reduction in six of his Ministerial Mandate Letters, and the Minister of Finance is leading the government-wide red tape reduction mandate. The Office of the Regulatory Accountability Secretariat was established to oversee efforts across government, and the

Red Tape Reduction Task Force was founded to identify red tape headaches facing businesses, non-profit organizations and residents.

This strong political leadership has continued during Speeches from the Throne and in Budgets. Importantly, the government introduced three pieces of legislation to: measure, track, report and reduce regulatory requirements; implement a Red Tape Reduction Day; and reduce specific red tape headaches, done on an annual basis.

### Comprehensive public measure

YES | NO



During Red Tape Awareness Week 2017, Manitoba became the first province to accept CFIB's "one-for-one" Challenge. The government introduced Bill 22: *The Regulatory Accountability Act & Amendments to The Statutes and Regulations Act* on March 14, 2017, and this legislation received Royal Assent on June 2, 2017. *The Regulatory Accountability Act* establishes comprehensive measurement, tracking, reporting, and reduction of red tape across government.

On September 19, 2017, Manitoba's Minister of Finance announced the findings of the baseline count, which is the most comprehensive in Canada and includes government rules found in legislation, regulations, policies, forms and guidelines. There are 906,824 regulatory requirements identified in 12,393 documents across government as of July 1, 2017.

### Clear cap on on government rules

YES | NO



*The Regulatory Accountability Act* requires two-for-one red tape reduction until March 31, 2021, and one-for-one reduction thereafter. The government has not set a targeted reduction percentage under the *Act*.

### Next Steps

The province has put in place strong architecture to achieve red tape reduction. The challenge now is to maintain its momentum, remove red tape headaches

identified through the Red Tape Reduction Task Force and elsewhere, and continue to show great leadership.

# Ontario



2018 Grade

C+

## Context and Commentary

The government's approach to red tape reduction has been inconsistent. On the one hand, the government has taken some good steps, including enacting several regulatory reduction Bills, introducing *The Red Tape Challenge* and a new "\$1 for \$1.25" rule for administrative costs. On the other hand, it recently passed a broad piece of legislation (Bill 148) with significant changes to the Employment Standards and Labour Relations acts that will drastically increase the regulatory burden on Ontario small businesses.

### Strong political leadership

SOME



The Minister of Economic Development and Growth has championed reducing the regulatory burden including new legislation (Bill 154: "*Cutting Unnecessary Red Tape Act*"), which makes a number of specific changes to reduce red tape. However, red tape reduction does not appear to be a priority for the Premier and other cabinet ministers. For example,

Bill 148, a marquee item for the government (coined as the "*Fair Workplaces, Better Jobs Act*"), creates significant additional red tape for business.

### Comprehensive public measure

YES | NO



The government used to count regulatory requirements, but has not kept its baseline up to date. The government does not currently track whether the overall regulatory burden is increasing or decreasing.

### Clear cap on government rules

YES | NO



Under Bill 154, government ministries are now required "to offset every dollar of new administrative costs to business by removing \$1.25 of old and unnecessary costs." The rule will help reduce some administrative burdens, but not compliance costs (e.g. costs associated

with buying equipment to comply with new rules). This is modeled after the federal approach to its "one-for-one" rule.

### Next Steps

The government should be more consistent with its regulatory reduction leadership and consider the red tape impacts of all its policies. It should commit to regularly

measuring its total regulatory burden (either in dollar cost or by counting regulatory requirements).

# Quebec



2018 Grade

A

## Context and Commentary

The adoption of the revised government policy on red tape reduction shows government's strong commitment to reducing the regulatory burden. The government has achieved many of its commitments and a culture change is occurring as it relates to thinking about the importance of keeping government rules manageable.

### Strong political leadership

YES | NO



Red tape reduction has been a priority for governments in Quebec since 2011. The current Premier identified red tape reduction as a key priority in his 2014 inaugural speech. The government's commitment was renewed in 2017 when it adopted the new *Governmental Policy and Rules Regarding the Streamlining of Legislative and Regulatory Standards – for smart regulations*.

In addition, since 2014, each budget has included specific measures to reduce red tape. For example, the 2016 Budget created a permanent committee for red tape reduction that CFIB is co-chairing with the minister responsible for red tape reduction. As well, the government launched a red tape reduction plan that is focused on initiatives that will lead to a 10 per cent reduction in administrative and regulatory costs for SMEs between 2016 and 2018.

### Comprehensive public measure

YES | NO



The government started reporting the overall cost of provincial regulation to businesses in 2004 (\$1.4 billion). Costs were also reported in 2005, 2008, 2009, 2010, 2012, 2013, and 2014. In 2017, the total cost was reported at \$1.1 billion. This means the burden has been reduced by 21.8 per cent (or \$303 million annually). The government has set a target to reduce the burden by an additional 10 per cent by 2018.

each regulation can have many requirements associated with it).

The new regulatory policy (*The Governmental Policy and Rules Regarding the Streamlining of Legislative and Regulatory Standards – for smart regulations*) legally binds the government to publicly measure and report on the regulatory burden annually; it also implements a "one-for-one" policy.

The number of business regulations and administrative requests are also tracked and currently stands at 682 regulations (note

The government posts its progress on red tape reduction on a website: <https://www.economie.gouv.qc.ca/objectifs/informer/allegement-reglementaire-et-administratif/>

### Clear cap on government rules

YES | NO



The new policy includes a one-for-one rule, where ministries or agencies proposing new administrative formalities must plan to abolish a formality already in force that equals the same cost for business.

cent between 2016 and 2018. The action plan also contains specific measures to reduce red tape in various identified areas like agriculture, alcohol sales and production, environment, and transportation. All departments and government agencies are required to produce individual plans for actions such as abolishing forms, reducing delays, and extending the time permits are valid.

The government achieved its previous goal to reduce regulatory costs for businesses by 20 per cent between 2004 and 2014. It recently adopted a new action plan that includes a goal to reduce regulatory costs for SMEs by 10 per

### Next Steps

Continuing to measure and meet the goals identified in the action plan for 2016-2018 is a priority. It is expected the working groups

for the retail and construction sectors will lead to more action specific to those sectors.



# New Brunswick



2018 Grade

C-

## Context and Commentary

While Service New Brunswick undertook a project to review specific internal processes that hamper business productivity, government has yet to adopt baseline measurements and set clear targets for red tape reduction.

### Strong political leadership

The Premier is committed to reducing red tape through the Council of Atlantic Premier's Atlantic Red Tape Reduction Partnership.

YES | NO



### Comprehensive public measure

Government has not determined a baseline by which to set red tape targets required by the *Regulatory Accountability and Reporting Act*.

YES | NO



### Clear cap on government rules

New Brunswick has a "cost-for-cost" policy contained within the Premiers' Charter of Principles for Governing Regulations enshrined in legislation by the *Regulatory Accountability and Reporting Act in 2016*; however, no example can be found of government applying this policy.

YES | NO



### Next Steps

While the Premier is committed to reducing the regulatory burden at the regional level, this leadership has not had a significant impact within the provincial government. Government

must adopt a baseline measurement, set clear targets for red tape reduction, and publicly report on its efforts.

# Nova Scotia



2018 Grade

A-

## Context and Commentary

Nova Scotia is a leader in Atlantic Canada on red tape reduction and has a very committed team in the Office of Regulatory Affairs and Service Effectiveness. It is clearly a priority for the Premier.

### Strong political leadership

YES | NO



Premier McNeil continues to demonstrate leadership on red tape reduction in Nova Scotia with support from the Office of Regulatory Affairs and Service Effectiveness (RSE) and several key ministers within the province.

There is also promising collaboration between the province and Halifax Regional Municipality to look at provincial/municipal red tape overlap and opportunities to streamline burden

and eliminate duplication. This is leading to improved service delivery at both the provincial and municipal levels.

A business navigation service was introduced by the RSE this year. The service provides support and guidance to new and existing businesses struggling with startup and red tape issues.

### Comprehensive public measure

YES | NO



The province has determined the overall cost of regulations to Nova Scotia businesses to be about \$560 million, of which \$200 million is considered to be red tape; this measure has been publicly released. In June 2017, the RSE released a second annual report to provide an update on the progress made to reduce the regulatory burden. It has developed and is using a business impact analysis tool that

measures the cost of the regulatory burden of any new proposals and the analysis is included in government's decision making.

### Clear cap on government rules

YES | NO



The 2017-2018 budget commits to reduce red tape burden on businesses by \$25 million dollars within the 2017-2018 fiscal year.

Nova Scotia's "cost-for-cost" policy and other constraints are contained in the Premiers' Charter of Principles for Governing Regulations and legislated through the *Regulatory Accountability and Reporting Act*. It is

intended to ensure the cost to business of any new regulation is offset by a commensurate reduction in the cost or burden of another regulatory requirement.

The policy does not apply to new regulatory requirements developed in response to federal initiatives which may add significant cost and/or burden to businesses (e.g. carbon pricing).

### Next Steps

Regulatory reform would be more comprehensive if it included costs beyond only those imposed on business. The regulatory review process should include all regulations. Additionally, it is important

the baseline cost of regulation is updated annually to ensure reforms are both effective and measurable.

# Prince Edward Island



2018 Grade

C-

## Context and Commentary

While government has made a strong commitment to working with industry partners to identify and remove “red tape” irritants for businesses, because measurement has not yet taken place, it is difficult to judge the cumulative impact of those changes.

### Strong political leadership

YES | NO



Both the Premier and the Minister of Economic Development and Tourism are committed to reducing red tape. This includes work with other Atlantic provinces through the Council of Atlantic Premiers (CAP).

In addition to regional work, Prince Edward Island has had a number of initiatives through its own Project ART (Addressing Red Tape) which have seen irritants removed, processes streamlined, improved communication and Lean Six Sigma training for staff across government.

### Comprehensive public measure

YES | NO



The *Regulatory Accountability and Reporting Act*, passed and proclaimed in December 2015, requires the Office to publicly report on its work to reduce red tape. However, to date, there is no comprehensive measure of the regulatory burden in the province.

### Clear cap on government rules

YES | NO



A “cost-for-cost” policy contained within the Premiers’ Charter of Principles for Governing Regulations is enshrined in legislation (*Regulatory Accountability and Reporting Act*). However, government has yet to fully implement a measurement model that would capture regulatory containment or reduction.

### Next Steps

In order to capture the impact of its red tape reduction efforts, government must adopt a baseline measurement and set clear targets for red tape reduction.

# Newfoundland and Labrador



2018 Grade

C-

## Context and Commentary

Since assuming power in December 2015, the government has been largely focused on addressing the province's fiscal situation. However, a sustained focus on red tape reduction could help with economic growth, which, in turn could generate more revenues for the government.

### Strong political leadership

YES | NO



In the 2015 provincial election, there was a commitment made to "undertake a thorough regulatory review to ensure the regulatory burden to business is minimized." The Premier is engaging in red tape reduction at the regional level through the Council of Atlantic Premiers.

### Comprehensive public measure

YES | NO



The *Regulatory Accountability and Reporting Act*, passed in December 2016, requires Newfoundland and Labrador to publicly report on its work to reduce red tape, but the government has yet to release a report. It is not clear whether a comprehensive measure of the total regulatory burden or a comprehensive baseline has been established to help set red tape targets.

### Clear cap on government rules

YES | NO



There is no indication Newfoundland and Labrador has signed the Premiers' Charter of Principles for Governing Regulations, which commits signatories in Atlantic Canada to adopt a "cost-for-cost" policy where the cost of any new regulation imposed is at least

offset by a reduction in the cost or burden of an existing regulation. The commitment to the principles of the Charter is enshrined in legislation (*Regulatory Accountability and Reporting Act*).

### Next Steps

Government should execute on its commitments including adopting a baseline measurement, setting clear targets for red tape reduction, and publicly reporting on

its efforts. Government should also meet its commitment to conduct a provincial regulatory review, as identified in the Premier's mandate letter.

# Yukon



2018 Grade

D

## Context and Commentary

The government has pledged to make red tape reduction a priority, but it is too early to tell whether this will translate into meaningful policies that can control red tape over time.

### Strong political leadership

YES | NO



During the last territorial election, the Yukon Liberals won on a platform pledging to support small business owners. The Premier committed: “Yukoners need to be able to access government services in a timely and convenient manner. Similarly, Yukon businesses require an environment that facilitates their ability to operate in a modern, responsive regulatory environment.”

The Yukon Liberals committed to: collaborate with businesses to identify barriers to competitiveness and modernize the existing regulatory environment; reduce red tape and

regulatory burdens for small business while maintaining standards for business operations; reduce red tape for Yukoners accessing services and enhance the availability of services online; and expand opportunities to introduce/provide more eHealth, eJustice, eEducation and e-Commerce services to Yukon’s communities.

In mandate letters, cabinet ministers were directed to, “identify and work to remove regulatory and service impediments to competitiveness”, as well as “expand services online and reduce barriers to the public accessing government services”.

### Comprehensive public measure

YES | NO



### Clear cap on government rules

YES | NO



The Government of Yukon does not currently have policy or legislation in place to constrain the growth of regulation.

### Next Steps

The government should make it a priority to tackle meaningful red tape reduction.

# Northwest Territories



2018 Grade

F

## Context and Commentary

Red tape reduction should be a priority for the government as one way to drive economic growth.

### Strong political leadership

SOME



The Minister of Industry, Tourism and Investment is responsible for the regulatory reform file. In mandate letters, the Premier directed cabinet ministers to “improve opportunities for meaningful public input into government decision making by improving access to government public engagement initiatives and reporting on how public views have shaped government decisions.”

### Comprehensive public measure

YES | NO



The territory has not yet recognized the need for public measurement.

### Clear cap on government rules

YES | NO



Putting constraints on regulators is not a priority at this time.

### Next Steps

The government should make it a priority to tackle meaningful red tape reduction.

# Federal Government



2018 Grade

**B-**

## Context and Commentary

Important policies such as the “one-for-one” rule continue to be in place and looked at as models for reform by governments outside of Canada. However, while the government has made some progress on areas such as reducing barriers to trade and improving CRA service standards, red tape reduction is not a top priority.

### Strong political leadership

SOME



The government has taken leadership in reducing red tape barriers to trade both at home with the Canadian Free Trade Agreement (CFTA) and abroad with the Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA).

However, the general reduction of red tape is still not a top priority for government. Initiatives to monitor and control red tape, such as the small business lens and the “one-for-one” rule, are still in effect, but they have not been strengthened.

### Comprehensive public measure

YES | NO



While each government department conducts a form of regulatory count called the administrative baseline burden (ABB), there is not a total count available for the whole of government and an Annual Scorecard Report has not been published for 2017. Moreover, the count is limited in its scope (as it does not include policies or legislation) and it is not clear

the government is committed to maintaining it as some departments no longer seem to be participating in the count.

### Clear cap on government rules

YES | NO



In 2012, the government introduced the *Red Tape Reduction Act*, making Canada the first country to legislate a “one-for-one” rule. In order to reduce the administrative burden on businesses, the government is required to remove one equivalent regulation for every new one introduced. Since its introduction regulatory costs have been reduced by \$30 million, suggesting regulators are subtracting costs faster than they are adding them.

Though the current law ensures that there is a clear cap, certain government rules found in legislation and policy fall outside the scope of the “one-for-one” rule. Regulations found in the *Income Tax Act*, which are often the most complex and burdensome for small businesses, are also not included in the “one-for-one” rule. In addition, the “one-for-one” rule only considers administrative burden not compliance burden.

### Next Steps

The “one-for-one” rule should be made more comprehensive by including tax laws and the burden imposed by legislation and policy

in addition to regulation. A more robust baseline estimate of the total burden than the ABB should be created.

# Grading Regulatory Accountability in Canada

In CFIB’s ninth annual Red Tape Report Card, we assign letter grades by evaluating the progress made by governments in Canada to ensure they are accountable for the regulatory burden that they impose on individuals and businesses.

## Category

## Criteria

### Strong political leadership

CFIB is looking for indications that red tape reduction is a high priority for the Premier and cabinet. Initiatives may include:

- Direction from Premier to Ministers (e.g. mandate letters)
- Commitments in the Throne Speech or Budget
- Addressing the issue through other political venues (e.g. Council of the Federation)
- Credible political commitments during elections
- Minister responsible for regulatory accountability
- Premier and Cabinet Ministers champion red tape reduction
- Efforts across government to improve customer service and ensure that the red tape burden is being reduced

### Comprehensive public measure

A comprehensive public measure should be both credible and cover as many government rules as possible. It should include the total regulatory burden tracked over time. Finally, it should be reported publicly at least once a year. In particular, we are looking for the following:

- There is a credible measure in place
- The measure is publicly available and easy to find
- The measure is publicly promoted
- There is a measure of the total regulatory burden (a baseline) not just a measure of what is being added and subtracted
- Legislation is in place requiring public reporting

### Clear cap on government rules

Examples of a clear cap on government rules include:

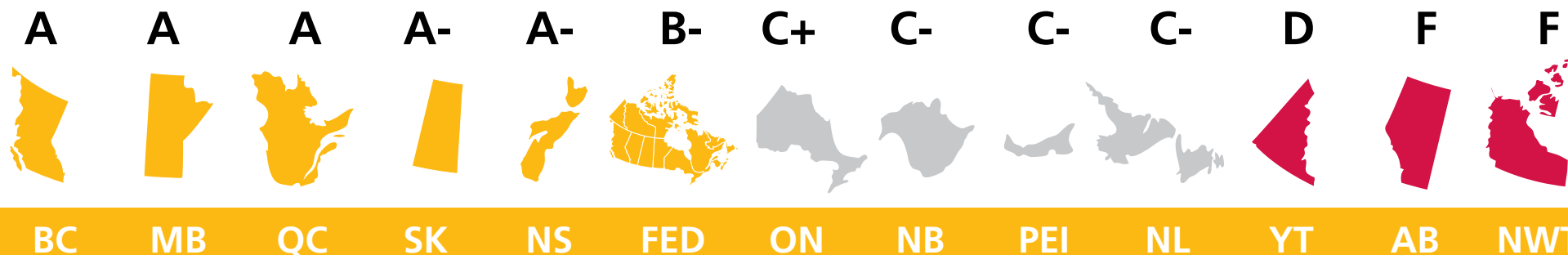
- Targets on red tape control (e.g. “one-for-one” rule)
- Targets on red tape reduction (e.g. reduce by 20% in 3 years)

### Momentum and next steps

CFIB may report if a jurisdiction is gaining, maintaining or losing momentum in improving regulatory accountability, and provide recommendations for next steps (e.g. *moving from an ad hoc count to annually measuring and publicly reporting on the regulatory burden*).



# Summary – 2018 Provincial Grades



## Past Grades

	2011	2012	2013	2014	2015	2016	2017	2018
British Columbia	B+	A	A	A	A	A	A	A
Alberta	F	D	D+	D	D	N/A	F	F
Saskatchewan	C+	B-	C	B	B	B	B	A-
Manitoba	F	F	D-	D-	D	F	D+	A
Ontario	C-	B-	B	B	B+	B+	B-	C+
Quebec	C+	B-	B	B+	B+	B+	A	A
New Brunswick	C-	C+	B-	B	N/A	C-	C+	C-
Prince Edward Island	D	F	D-	D+	D+	C-	C+	C-
Nova Scotia	B	D	D	C-	D-	C+	B	A-
Newfoundland and Labrador	B	B	B	C+	C	N/A	C	C-
Yukon	F	D	D-	D	D+	D	N/A	D
Northwest Territories	F	F	D-	F	F	N/A	F	F
Federal government	C+	B-	B+	B+	B+	N/A	B	B-

N/A = Too soon after an election to know the government's regulatory accountability commitments