

# 2020

## Paperweight Awards

*Top red tape offenders in Canada*



**BUSINESS  
OWNERS'  
CHOICE**

Paperweight  
Award

*British Columbia*

### **You'll need a crystal ball to pay this tax!**

*Government of British Columbia*

The B.C. government's new Employer Health Tax (EHT) is forcing business owners pay quarterly installments based on estimates of their payroll.

The calculation is unlike B.C.'s other provincial payroll tax - workers' compensation - which is charged on actual payroll, rather than guesswork.

Local economic conditions, consumer demand and the labour market are some of the unpredictable factors completely beyond a business owner's control that can influence payroll costs. Miscalculation comes with a price - if a business is found to have underestimated their annual payroll, they must pay the difference plus interest.

#### **The fix:**

*Allow all payroll taxes to be paid on actual payroll rather than calculated projections.*



## Temporary help, permanent headache

Federal

### *Government of Canada*

To hire a temporary foreign worker, employers must first run the Labour Market Impact Assessment (LMIA) gauntlet: they must advertise the position on the federal government's job bank for four weeks, extend a job offer to a foreign worker, submit the 17-page LMIA application and pay a non-refundable \$1,000 fee for each position—all to wait six to nine months before receiving a decision on whether or not the worker has been approved.

The process was too much for a bakery near Magog, Quebec, who bit the bullet and hired an immigration specialist to walk them through the complex application. They applied in early July but their immigration lawyer told them not to expect a decision before Christmas. They finally heard back in January but they were left short-staffed in the meantime.

Throughout the delay they were uncertain if the candidate would abandon the lengthy process and accept a position in their own country, leaving the bakery to start its search from scratch. If the government rejected the candidate, the business would have also lost its \$1,000 processing fee with nothing to show for it.

To make things worse, businesses aren't always given any reason for rejection, or told how they can fix their application the next time around. This can leave business owners frustrated, out of pocket, and still without a new hire.

#### **The fix:**

*Provide clearer information and better support to employers going through the temporary foreign worker hiring process, including regular status updates and e-notifications.*



### Looking for a carbon tax rebate? Pay up!

Federal

#### *Government of Canada/Ministry of Environment and Climate Change*

The complicated and paperwork-heavy Climate Action Incentive Fund SME Project stream is highly restrictive, time-consuming and a huge gamble.

It requires businesses to spend at least \$80,000 on an environmentally friendly project just to get some of their own carbon tax money back. Not only does this high minimum-spend shut most small businesses out of the process, but the application form is so complicated it comes with a 25-page guide and can take up to five hours to fill out! In comparison, consumers receive their carbon tax money back after checking a single box on their tax return.

In 2019, businesses only had 90 days to propose a qualifying project before the program closed for the year. Despite all that effort, there is still no guarantee that businesses who applied will be reimbursed for the carbon tax.

#### **The fix:**

*Replace the program with a simple tax rebate like consumers receive.*



### Worse than gas pains

Federal

#### *Canada Revenue Agency*

Truckers must sift through incomprehensible Canada Revenue Agency (CRA) forms and webpages to comply with the new carbon tax fuel rules.

All truckers must register with the CRA if they drive through provinces that charge the federal carbon tax. In order to do so, they must fill out and return forms every quarter that show how much they have been paying in carbon tax and where.

For example, a trucker that fills up in Montreal on route to Ontario is required to track how much fuel they used between the Quebec-Ontario border and their first gas stop in Ontario. They then must determine whether the amount of fuel purchased in Ontario is greater than the fuel they used between the Quebec-Ontario border and the time they filled up. If it is greater, the CRA owes them money, if it is less, they owe CRA. Confused yet?

To make matters even more complicated, the guide to fill out the forms uses language that's almost impossible to understand, like, "light fuel oil transferred in the supply tank," which could be simplified to "purchased diesel."

The trucking company must submit a separate form for every federal carbon tax province it passes through.

#### **The fix:**

*Write instructions in plain language and require a single form.*



### **Beer bottle returns leave store owners with empty feeling**

*Newfoundland and Labrador*

#### *Newfoundland and Labrador Department of Finance*

A Department of Finance regulation requires any convenience store selling beer to accept an equal number of empties to bottles sold at the time of the sale.

Storing the empty bottles requires a large amount of space, sometimes adding significant costs for small convenience stores. Some businesses block off room in the back of the store, while others have gone so far as to build designated sheds behind their buildings. The distributors won't take damaged bottles or other garbage, so stores also must monitor what's coming back and check whether each bottle is acceptable.

In other provinces, there are places designated to accept bottles that can handle them with no limits on the number that can be returned and do not have the requirement to purchase more beer.

Enforcing this rule leaves convenience stores in a tough spot: either customers complain about being unable to return all their empties, or stores take back more empties than they should, eating up valuable storage space. Convenience store owners want to be fairly compensated for handling empty beer bottles.

#### ***The fix:***

*Compensate convenience store owners for collecting empty bottles or eliminate the requirement for convenience stores to have to collect empty bottles.*



### Permits? Make that a double!

Prince Edward Island

#### *Government of Prince Edward Island's Liquor Control Act*

The PEI Liquor Control Act says no person may consume liquor in any licenced dining room “without the taking of a meal,” meaning that you can’t just order an alcoholic beverage — you have to order food along with it. The only way around the prohibition is for restaurants to add a lounge licence on top of their dining room licence. This means separate fees totalling \$900.

The application process is a recipe for frustration. Business owners must submit up to 18 separate pieces of information, including proof of compliance with the fire prevention act, detailed floor plans, copies of the menu with the prices they intend to charge for liquor and written support from the community. All documents must be submitted 14 days before an application will even be considered. Business owners then have to wait up to 7 days before an approval decision is made.

Prince Edward Island was the last Canadian province to repeal prohibition in 1948, and over 70 years later, Islanders are still suffering from the hangover!

#### **The fix:**

*Allow businesses to apply for a single licence to serve alcohol, with or without food.*



### Doctors with borders

Nova Scotia

#### *Colleges of Physicians and Surgeons and the provincial governments*

Canadian doctors face major mobility barriers. While they need to be certified by the Royal College of Physicians and Surgeons of Canada, their license to practice is issued by its provincial counterpart—with requirements that vary by province. Not only does this create unnecessary paperwork and cost, but in some circumstances doctors are actually unable to travel to provide urgently needed services in provinces grappling with health care professional shortages.

When doctors travel from their home province to work in another they are required to jump through ridiculous and redundant hoops just to apply for a temporary licence. For example, when a doctor applies to work in Nova Scotia, the red tape-ridden process requires proof of language skills, diplomas, multiple certificates and licences, a criminal records check, reference letters and multiple reviews and fees that can take months to complete and cost over \$3,000. All that for a six-month temporary license! The process is similar in all provinces. One Ontario application required 42 separate documents going back to medical school transcripts. These barriers even impact the ability of doctors to provide telemedicine services from province to province.

According to a survey conducted by the Canadian Medical Association, 91% of physicians support the implementation of national licensing and three quarters (74%) agree that a national physician license would improve access to care for all Canadians.

One British Columbia doctor went so far as to say it's easier for him to practise medicine in Tasmania than it is in Nova Scotia. Nova Scotia Premier Stephen McNeil calls the process “nonsensical and bureaucratic.”

#### **The fix:**

*The problem could be solved by creating one license as was done in Australia. Moving to one license would require agreement among all participating regulatory bodies and may require legislative change. Currently, the Atlantic Provinces are exploring a one regional license system. If successful, this model could be expanded nationally.*



### SAQ stupidity sours store's suds

Quebec

#### *Société des alcools du Québec (SAQ) and Régie des alcools, des courses et des jeux (RACJ)*

Communication breakdowns in government can have serious consequences for business.

One Quebec convenience store owner found that out the hard way when a miscommunication led her to lose her alcohol stock for eight months.

After missing her liquor sales license renewal date, local police seized the business owner's 18,000 beer bottles, worth \$30,000. She was given a \$1,900 bill and a promise that the SAQ would return the beer when the renewal was sorted out.

The business owner quickly renewed her licence with the RACJ, but heard nothing about the return of her stock. Months passed before she reached out to CFIB, who called the SAQ on her behalf. It turns out that while the RACJ had renewed the licence, they forgot to tell the SAQ. The SAQ, meanwhile, had just been letting the bottles gather dust in a warehouse, following up with neither RACJ nor the business owner.

Eight full months later, the bottles were finally returned—some broken, many past their expiry date and a few filled with worms! Several bottles were never even hers to begin with. All because there was no mechanism or measure in place—manual or automatic—to let the SAQ know the licence had been renewed eight months earlier.

#### **The fix:**

*Implement a system that automatically lets the SAQ know when a renewal has been approved.*



## “Stickin’ it to gas station owners

Ontario

### *Government of Ontario*

A needless regulation in Ontario is forcing gas station owners to post a sticker outlining the federal carbon tax’s impact on gas prices on every pump in the province.

Not only are owners responsible for ensuring the stickers are there, but they must keep track of and replace lost, damaged or vandalized stickers, which is quite a job given the stickers don’t seem to be sticking!

While the government has promised that the Technical Standards and Safety Authority (TSSA) will limit fines to \$150, the legislation allows for up to \$10,000 per day for a missing sticker.

Despite being one of five jurisdictions in the country under the federal carbon tax, Ontario is the only one demanding gas station owners display the cost at the pump.

#### **The fix:**

*Eliminate the fines and make posting the stickers voluntary.*



## Changing your business address in Toronto? Then it’s back to square one!

Ontario

### *City of Toronto*

City rules state that if a business changes its address—even if it moves next door or just down the street—the owner has to reapply for their business licence as though the business never existed.

That means they have to go to the single location in the city that processes business licences (another Paperweight Award winner in 2019) with all the required documents and apply in person, paying a fee, to get the new licence. The process can take up to half a day to complete!

#### **The fix:**

*Allow businesses to change address without having to reapply for their business licence if business activities are not changing.*





### Alberta's craft beer forced to go on a road trip

Alberta

#### *Alberta Gaming Liquor and Cannabis (AGLC)*

Alberta Gaming, Liquor and Cannabis (AGLC) requires small brewers that outsource their brewing to a “contract manufacturer” to ship all final liquor products to one of two official warehouses near Edmonton before they can be sold at their store-front, even if the contractor is located right next door!

For southern Alberta brewers, this means a 600km round-trip road-trip with a \$250 per pallet price tag for every batch. This rigid regulation is not only costly for small start-up breweries that do not have equipment to produce beer onsite, but it also imposes serious delays of roughly two weeks between when products are produced and when they can be sold, jeopardizing quality and product launches.

AGLC claims this policy is its way to manage supply integrity; however, it compromises both quality and integrity! An on-site visit from an AGLC inspector could achieve the same objective, without costing brewers so much time and money.

#### **The fix:**

*The AGLC should conduct onsite inspections at contracted facilities.*



### “Community Benefits Agreement” isn't beneficial or agreeable

British Columbia

#### *B.C. Ministry of Transportation and Infrastructure*

Restrictive legislation is holding back small, independent construction companies from working on provincial construction projects like highway restoration, bridge building and new public transit lines.

B.C.'s “Community Benefits Agreement” (CBA) is taking home a Paperweight Award for the second year in a row. The policy forces employers and employees to comply with 336 pages of complex, inflexible union rules which go as far as outlining what kind of meat and condiments are acceptable in sandwiches. Contractors must even provide a 24hr heated storage area for tools and pay for on-site stores equipped with tobacco supplies.

The number of bids for taxpayer-funded projects has dropped by a third as non-union construction companies choose to stay away from these prescriptive CBAs. The extra costs CBAs impose are adding millions of dollars to project expenses, leaving taxpayers stuck with the bill.

#### **The fix:**

*Scrap the CBA plan so private construction companies can get back to work.*



### Wrapping up meat in red tape

*Agriculture*

#### *Canadian Food Inspection Agency (CFIA)*

Ken Falk's B.C. business got wrapped up in red tape for four years after it was accused of illegally selling meat into Alberta. The problem was Ken had no idea his B.C. customer, after taking a delivery, had moved the product across the Alberta border. The Canadian Food Inspection Agency (CFIA) fined Ken \$42,000, even though there's no rule saying a business has to track its product beyond their immediate customer.

The CFIA told Ken they would be willing to reduce the fine by 50 per cent if Ken paid it in 15 days and admitted guilt. Instead, he chose to fight, entangling himself in a four-year legal battle.

Throughout the frustrating ordeal, he received numerous visits and several interrogations from the CFIA and had his hearing delayed several times.

Eventually a tribunal exonerated Ken, saying it would be impossible for him to control what happened to his products after they were sold and delivered to his customers. However, on top of the personal stress for Ken and his family, the legal battle cost him \$130,000.

Even though Ken won the fight, the CFIA has not implemented any changes that would prevent this from happening again.

#### **The fix:**

*The CFIA needs to use fairness and common sense enforcing rules and regulations and provide greater clarity around businesses' obligations. Rulings should also set precedents that prevent other businesses from facing repeatedly unfair interpretations of CFIA's rules. A compliance promotion approach, which already exists within the regulations, should always be used first.*



### Permit pains

*Municipal*

#### *Municipalities across Canada*

Burdensome and confusing municipal permit regulations across the country are creating unnecessary costs and delays for both businesses and residents. From getting your occupancy approved so you can open, to updating the font on an old sign, processes are often redundant, confusing and slow. Municipal permit processes are regularly out-of-date with what businesses and residents need.

For example, until recently the permit process in Winnipeg tried to limit booking electrical inspections to phone calls between 8:30 - 9:30AM. In Ottawa, getting signage permits is such a confusing process that, after weeks of trying to figure it out on her own, one kitchen shop owner simply gave up. Not only is the City of Ottawa signage by-law almost 80 pages long, but the descriptions are so technical and complex, most business owners have no idea which signs they are referring to, which ones actually need a permit, what the fees are or how long they'll have to wait to get an answer.

As the saying goes, time is money: in Manitoba alone, every day of permit delay relief would grow the provincial GDP by \$17-million.

#### **The fix:**

*Adopt a "1-for-1 rule at the municipal level to ensure municipal regulations are kept in check.*