

2021

PROVINCIAL Red Tape Report Card



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

In business for your business™

2021 Provincial Red Tape Report Card

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Introduction

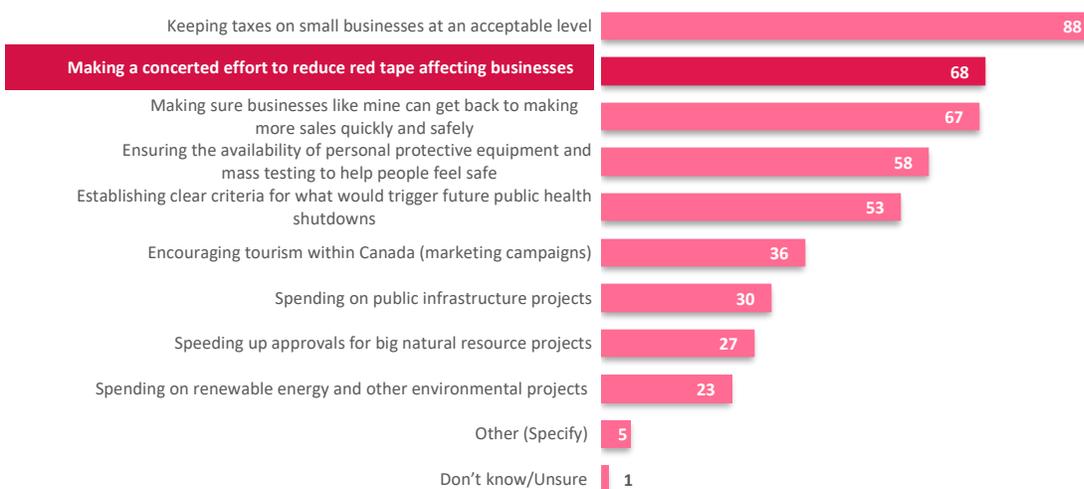


LAURA JONES
Executive Vice-President
and Chief Strategic Officer

CFIB has issued its Red Tape Report Cards for over a decade. When we started, the idea that governments should hold themselves accountable for regulation—in the same way they are accountable for taxes and spending—was novel. Only a few governments were making any effort to track and report the regulatory burden. This needed to change as regulatory measurement and reporting are fundamental to good governance and the foundation of a modern, accountable regulatory system.

The COVID-19 pandemic has underscored the urgency around regulatory modernization in two ways. First, for the sake of better outcomes, governments needed to respond to the pandemic with far more agility than is customary. Good examples include fast-tracking vaccines; allowing doctors to bill for online appointments; and turning around patio applications for restaurants in record time. Second, as governments turn their attention to recovery, small business owners, and I suspect many others, would like to see red tape reduction at the top of the list of priorities (see Figure 1).

Figure 1: As governments start planning for economic recovery, which of the following do you think they should focus on? (% response)



Source: CFIB, Your Business and COVID-19 – Survey Number Six, April 2020, total responses = 9,770.

Note: Respondents could select multiple answers, percentages will not add to 100%.

This year we have evolved our report card to be more comprehensive. Although regulatory accountability remains at the report card’s core, we have added two additional sections, one dealing with the regulatory burden itself and another to evaluate progress towards eliminating regulatory irritants between provinces. We will continue to look at ways to improve the report card as new measures are available.

I am excited to present the 11th edition of our annual Red Tape Report Card. I want to thank my colleagues Marvin Cruz and Keyli Kosiorek for their invaluable help in adding some additional categories to be measured and improving the framework we are using. Any complaints or criticisms deserve to be directed to me.

I also want to thank the staff from governments across Canada who are making a sincere effort to improve accountability and reduce red tape to benefit all Canadians.

Sincerely,

Laura Jones
Executive Vice-President and Chief Strategic Officer

Executive Summary

The Canadian Federation of Independent Business's (CFIB) *2021 Provincial Red Tape Report Card* grades three major areas of regulatory performance: regulatory accountability, regulatory burden, and progress towards eliminating red tape between provinces. The second two categories are new to the report card and we continue to give regulatory accountability the greatest overall weight in our provincial assessments due to its importance.

Within this framework, governments with the highest overall scores are those that have a comprehensive measure of the regulatory burden, exercise constraints on regulators, impose a lower regulatory burden, and have removed interprovincial trade barriers.

Overall, Manitoba, Alberta, Nova Scotia and Saskatchewan earn an "A" grade, however, Manitoba takes first position with a score of 9.5 out of 10; Alberta earns second place with a 9.4 out of 10. Nova Scotia and Saskatchewan each score slightly lower with a 9.1 out of 10. These are followed by, British Columbia and Ontario, which receive an "A-". At the other end of the scale, Prince Edward Island, New Brunswick and Newfoundland and Labrador round out the bottom three. With respect to the highest scores for each specific area of regulatory performance: Manitoba, Alberta, and Nova Scotia score best for regulatory accountability, Manitoba also scores best for interprovincial cooperation, and Alberta takes the top score for regulatory burden.

The results suggest provincial governments have come a long way to improve regulatory accountability but still have work to do to reduce the regulatory burden on businesses and citizens.

2021 Provincial Red Tape Report Card — Areas of Regulatory Performance, Score and Grade^{1,2,3}

| Jurisdiction | Overall Score and Grade | Regulatory Accountability (70%) | Regulatory Burden (15%) | Interprovincial Cooperation (15%) |
|---------------------------|-------------------------|---------------------------------|-------------------------|-----------------------------------|
| Manitoba | 9.5 A | 10.0 A | 7.8 B+ | 9.0 A |
| Alberta | 9.4 A | 10.0 A | 8.7 A- | 7.2 B- |
| Nova Scotia | 9.1 A | 10.0 A | 6.0 C- | 8.2 A- |
| Saskatchewan | 9.1 A | 9.7 A | 8.0 A- | 7.3 B |
| British Columbia | 8.7 A- | 9.3 A | 6.1 C- | 8.4 A- |
| Ontario | 8.5 A- | 9.3 A | 6.5 C | 6.8 C+ |
| Quebec | 7.6 B | 9.0 A | 6.1 C- | 2.8 F |
| Prince Edward Island | 7.3 B | 8.3 A- | 5.8 D+ | 3.9 F |
| New Brunswick | 5.6 D | 6.0 C- | 6.3 C | 3.2 F |
| Newfoundland and Labrador | 4.7 F | 4.7 F | 6.1 C- | 3.8 F |
| Federal ³ | | 7.3 B | | |

1. **Score:** 10 is best, 0 is worst. Using a weighting scheme, the three subindex scores are combined into a single score that allows for a ranking of provincial governments from best (highest score) to worst (lowest score). In order of importance, the different areas are assigned the following weights: regulatory accountability—70%, regulatory burden—15%, interprovincial cooperation—15%.
2. **Grade:** A, A-: 8.0-10 (Excellent performance); B+, B, B-: 7-7.9 (Good performance); C+, C, C-: 6.0-6.9 (Satisfactory performance); D+, D, D-: 5-5.9 (Less than satisfactory performance); F: 0-4.9 (Unsatisfactory performance).
3. The federal government is scored only for regulatory accountability and does not enter the overall analysis to determine provincial rankings.

Assessing Regulatory Performance

The *2021 Provincial Red Tape Report Card* uses an index approach to measure and rank the regulatory performance of Canada's provinces based on 3 major priority areas of regulatory activity (or subindexes) which encompass 10 indicators.¹ These subindexes and indicators are:

| Regulatory Accountability (70%) | Regulatory Burden (15%) | Interprovincial Cooperation (15%) |
|---|---|---|
| 1. Comprehensive measure of the regulatory burden | 1. Total provincial regulatory restrictions | 1. Total number of exceptions to the Canada Free Trade Agreement (CFTA) |
| 2. Public reporting of the regulatory burden | 2. Total provincial regulatory restrictions per capita | 2. Select Barriers to Internal Trade |
| 3. Regulatory budget (e.g. constraints such as a one-in-one out rule or reduction target) | 3. Business owner confidence in provincial commitment to red tape reduction | 3. Implementation Status of Reconciliation Agreements |
| | 4. Public feedback mechanism for reporting red tape concerns | |

For each subindex, indicator scores are compiled into a single score and corresponding letter grade. Each subindex is scored on a scale of zero (worst) to ten (best), and the numeric value is converted to a letter grade using an academic style grading system.²

Using a weighting scheme, the three subindex scores are combined into a single score that allows for a ranking of provincial governments from best (highest score) to worst (lowest score). Note, while the federal government is scored for regulatory accountability, it is not graded on its regulatory burden or interprovincial cooperation and thus is not comparable to the provinces.

The weighting scheme is based according to how the three areas influence the ability to develop successful regulatory reform. In this regard, larger weighting is placed on regulatory accountability. This approach was taken because to effectively control and reduce red tape over the long-term, it is imperative governments maintain a public measurement of the regulatory burden and implement constraints on regulators. In order of importance, the different areas are assigned the following weights: regulatory accountability—70%, regulatory burden—15%, interprovincial cooperation—15%.

For more details on how scores were calculated for each subindex and its corresponding indicators, refer to the Methodology section in Appendix C. The data reflected in this report are based on information that was in effect as of January 12, 2021 (specific sources and dates for each indicator are listed in Table notes).

¹ Territories are not included in the 2021 Provincial Red Tape Report Card. We will develop a comparable grading system recognizing the unique nature of governments in the North.

² Grade: A, A-: 8.0-10 (Excellent performance); B+, B, B-: 7-7.9 (Good performance); C+, C, C-: 6.0-7.0 (Satisfactory performance); D+, D, D-: 5-5.9 (Less than satisfactory performance); F: 0-4.9 (Unsatisfactory performance).

Regulatory Accountability

For the regulatory accountability subindex, we applied a scoring system to three key indicators. These indicators are: 1) the existence of a comprehensive measure of the regulatory burden, 2) public reporting of the regulatory burden, and 3) the use of regulatory budgeting tools. Table 1 summarizes scores for each indicator in each jurisdiction. Detailed jurisdictional findings, including scoring criteria and sourcing are available in Appendix A.

A number of provinces now do an excellent job in this category. Eleven years ago, when we first started grading, no provinces received an “A.” Today most have some type of measurement, reporting and regulatory budget in place. Of course, even within these categories there are some differences. For example, the provinces with the most comprehensive measures get the highest scores.

We do give a grade to the federal government in this category. Canada was the first country in the world to legislate a one-in-one-out policy for regulations through its *Red Tape Reduction Act*.³ The *Act* also requires any additional administrative burden be offset by a reduction. Although, this “budget” could apply more broadly to citizens and beyond just administrative burden, the federal government gets a high score in this area. However, it still lacks a comprehensive measure of the regulatory burden, bringing its score down.

Table 1

Regulatory Accountability, Score and Grade (10 is best, 0 is worst)

| | Regulatory Accountability Score and Grade | Comprehensive Measure of the Regulatory Burden | Public Reporting of the Regulatory Burden | Regulatory Budget |
|----------------------------|---|--|---|-------------------|
| MB | 10.0 A | 10 | 10 | 10 |
| AB | 10.0 A | 10 | 10 | 10 |
| NS | 10.0 A | 10 | 10 | 10 |
| SK | 9.7 A | 10 | 10 | 9 |
| BC | 9.3 A | 9 | 10 | 9 |
| ON | 9.3 A | 8 | 10 | 10 |
| QC | 9.0 A | 8 | 9.5 | 9.5 |
| PEI | 8.3 A- | 10 | 8 | 7 |
| NB | 6.0 C- | 3 | 5 | 10 |
| NL | 4.7 F | 5 | 4 | 5 |
| Federal¹ | 7.3 B | 5 | 7 | 10 |

Notes:

1. Federal government is scored only for regulatory accountability and does not enter the overall analysis to determine provincial rankings.

³ *Red Tape Reduction Act*. Government of Canada, Justice Laws Website. Retrieved: November 13, 2020. <https://laws-lois.justice.gc.ca/eng/acts/r-4.5/>

Comprehensive measure of the regulatory burden

The first step to improving accountability and ensuring successful regulatory reform is the development of a baseline measure of the regulatory burden. A common method used to quantify the regulatory burden involves determining the total number of regulatory requirements that exist. Regulatory requirements include actions citizens and businesses must take to access government services, carry on business, or meet legal responsibilities under provincial legislation, regulation, policy, or forms.⁴ Another approach is to estimate the costs to business, citizens, and government that are associated with existing regulations. Emphasis in this case is placed on the costs that government incurs to administer regulatory activities, as well as the costs citizens and businesses incur to comply with government. This is a more challenging and resource intensive approach.

For this indicator we focus on the regulatory requirement count and the existence of a credible, comprehensive measure that captures as much of the private sector regulatory burden as possible, including that faced by both business and citizens. An accurate regulatory requirement count should include the rules present in (i) legislation, (ii) regulations, and (iii) associated policies and forms across all provincial government departments, agencies, and delegated authorities. Provinces that include these elements in their regulatory requirement counts receive higher scores for this indicator.

Alberta, Saskatchewan, Manitoba, Nova Scotia, and Prince Edward Island achieve a top score of 10 for this indicator as their regulatory counts include all the elements outlined in our criteria (see Table 2). British Columbia scores a 9—a point was deducted in this case for not including regulatory requirements from delegated authorities. Ontario, Quebec, and the federal government receive partial scores as their measure only captures the regulatory burden imposed on businesses. New Brunswick receives the lowest score, as its count is not made public.

Table 2

Comprehensive measure of the regulatory burden – Scorecard

| Indicator and Scoring Criteria | FED | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|--|----------|----------|---------|---------|---------|----------|----------|----------|---------|---------|---------|
| Comprehensive measure of the regulatory burden | 5 | 9 | 10 | 10 | 10 | 8 | 8 | 3 | 10 | 10 | 5 |
| Commitment to measure the regulatory burden on business and citizens Yes (5 points) / Some (3 points) / No (0 points) | Some (3) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Some (3) | Some (3) | Some (3) | Yes (5) | Yes (5) | Yes (5) |
| Regulatory requirement count (for business and/or citizens) includes all sources from (i) legislation, (ii) regulations, and (iii) associated policies and forms Yes (3 points) / Some (1 point) / No (0 points) | Some (1) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | No (0) | Yes (3) | Yes (3) | No (0) |
| Regulatory requirement count (for business and/or citizens) includes all government departments, agencies, and delegated authorities Yes (2 points) / Some (1 point) / No (0 points) | Some (1) | Some (1) | Yes (2) | Yes (2) | Yes (2) | Yes (2) | Yes (2) | No (0) | Yes (2) | Yes (2) | No (0) |

Source: 2020 data. Detailed jurisdictional findings, including scoring and sourcing, are available in Appendix A.

⁴ Manitoba Measuring Progress. *Transparent Reporting on Government's Progress*. Government of Manitoba. Retrieved: November 13, 2020. <https://mbmeasuringprogress.ca/working-smarter/reduce-number-of-regulatory-requirements/>

Public reporting of the regulatory burden

It is important governments provide ongoing reporting of the measurement of the regulatory burden on individuals and businesses. Furthermore, legislating the requirement to report makes public accountability even stronger.

Provinces that score best for the public reporting indicator are those that update their requirement count annually, with easy to access public reporting, and have legislation requiring the burden be reported. British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Nova Scotia all receive a score of 10 for this indicator—all these provinces include and follow through with legislation that requires them to update and publicize their regulatory count annually (see Table 3). At the other end of the scale, Newfoundland and Labrador receives the lowest score—while legislation exists requiring annual measuring and reporting, the government has been slow to fulfill its commitment. For example, Newfoundland and Labrador has not publicized their count since 2014. With regards to the federal government, the requirement count is not easy to access, and there is no legislation in place regarding reporting. However, according to government policy, departments and agencies must update and publicly report a count of requirements annually.

Table 3

Public reporting of the regulatory burden – Scorecard

| Indicator and Scoring Criteria | FED | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|---|-------------|------------|------------|------------|------------|------------|----------------------------|-------------|------------|-------------|-------------|
| Public reporting of the regulatory burden | 7 | 10 | 10 | 10 | 10 | 10 | 9.5 | 5 | 10 | 8 | 4 |
| Commitment to reporting the regulatory burden regularly Yes (5 points) / Some (2 points) / No (0 points) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Some (2) | Yes (5) | Yes (5) | Some (2) |
| Annual public reporting of the regulatory burden measures that is easy to access Yes (3 points) / Some (1 point) / No (0 points) | Some (1) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Some (1) | Yes (3) | Some (1) | No (0) |
| Legislation in place that requires tracking and reporting of regulatory burden measures Yes (2 points) / Some (1 point) / No (0 points) | Some (1) | Yes (2) | Yes (2) | Yes (2) | Yes (2) | Yes (2) | Some ¹ (1.5) | Yes (2) | Yes (2) | Yes (2) | Yes (2) |

Source: 2020 data. Detailed jurisdictional findings, including scoring and sourcing, are available in Appendix A.

Note:

1. While the policy to publicly report the regulatory burden is not technically legislated, it is a strong enough binding requirement that the province earns 1.5 marks out of 2.

Regulatory budget

To enhance regulatory accountability, regulators should be subject to constraints that recognize the limited time and money available to businesses and citizens to cope with regulation. Such constraints are a form of regulatory budgeting, which works in a similar fashion to a fiscal budget in that it establishes an upper bound on the administrative and compliance costs on individuals and businesses. This practice forces government regulators to remain within their regulatory budgets and prioritize their regulatory activities.⁵ A typical form of regulatory budgeting is the use of a “one-for-one” rule, which requires regulatory changes that increase administrative burden be counterbalanced with an equal reduction in administrative burden. Such a measure would help to keep the regulatory burden from growing unchecked.

⁵ Speer, Sean. *Regulatory Budgeting: Lessons from Canada*. R Street. 2016.

For this indicator, provinces with legislated constraints in place to manage or reduce regulatory costs receive higher scores. Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia, and the federal government score the highest under this indicator as they include legislated limits on regulators (see Table 4). For example, Manitoba presently uses a “2-for-1 rule”, requiring government to remove two regulations for every one new regulation introduced. The other three provinces from this former list use a “cost-for-cost” rule, requiring the cost of additional regulations be offset by an equal regulatory cost reduction. British Columbia, Saskatchewan, and Quebec have constraints in place; however, these constraints are not legislated—as such they are deducted points. The lowest scores belong to Newfoundland and Labrador and Prince Edward Island - while both provinces have legislated constraints in place, the lack of reporting makes it unclear whether government is following through on this legislation. As such, these governments lose points for their commitment to regulatory budgeting.

Table 4

Regulatory budget – Scorecard

| Indicator and Scoring Criteria | FED | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|--|------------|-------------|------------|-------------|------------|------------|----------------------------|------------|------------|-------------|------------|
| Regulatory budget | 10 | 9 | 10 | 9 | 10 | 10 | 9.5 | 10 | 10 | 7 | 5 |
| Commitment to regulatory budgeting Yes (5 points) / Some (2 points) / No (0 points) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Yes (5) | Some (2) | No (0) |
| Constraints in place to manage regulatory costs (e.g. 1 for 1 rule, reduction/maintenance targets) Yes (3 points) / Some (1) / No (0 points) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) | Yes (3) |
| Legislation in place that requires governments to adhere to constraints (e.g. 1 for 1 rule, reduction/maintenance targets) Yes (2 points) / Some (1) / No (0 points) | Yes (2) | Some (1) | Yes (2) | Some (1) | Yes (2) | Yes (2) | Some ¹ (1.5) | Yes (2) | Yes (2) | Yes (2) | Yes (2) |

Source: 2020 data. Detailed jurisdictional findings, including scoring and sourcing, are available in Appendix A.

Note:

1. While the policy requiring governments to adhere to constraints is not technically legislated, it is a strong enough binding requirement that the province earns 1.5 marks out of 2.

Regulatory Burden

This new part of the report card focuses on the overall regulatory burden using three indicators:

1) the total number of regulatory provincial restrictions in place, as measured by the Mercatus Center
 2) CFIB survey data related to business owners' confidence that their provincial government is committed to reducing red tape, and 3) the existence of a public feedback mechanism for reporting red tape concerns. Clearly, keeping the regulatory burden reasonable by minimizing red tape is an important part of an evaluation. However, data in this area that can be used to compare provinces is very limited. Therefore, we have assigned this category a lower overall percentage in the report card grade. Table 5 summarizes scores for each indicator in each jurisdiction.

Table 5

Regulatory Burden, Score and Grade (10 is best, 0 is worst)

| | Regulatory Burden Score and Grade | Total Provincial Regulatory Restrictions | Provincial Regulatory Restrictions Per Capita | Business Owner Confidence in Provincial Commitment to Red Tape Reduction | Public Feedback Mechanism for Reporting Red Tape Concerns |
|-----|-----------------------------------|--|---|--|---|
| AB | 8.7 A- | 7.1 | 9.7 | 8 | 10 |
| SK | 8.0 A- | 7.1 | 7.7 | 7 | 10 |
| MB | 7.8 B+ | 7.8 | 8.4 | 5 | 10 |
| ON | 6.5 C | 0.0 | 10.0 | 6 | 10 |
| NB | 6.3 C | 8.7 | 7.4 | 4 | 5 |
| QC | 6.1 C- | 1.7 | 9.8 | 3 | 10 |
| BC | 6.1 C- | 6.6 | 9.8 | 3 | 5 |
| NL | 6.1 C- | 8.5 | 5.8 | 5 | 5 |
| NS | 6.0 C- | 6.9 | 7.1 | 5 | 5 |
| PEI | 5.8 D+ | 10.0 | 0.0 | 8 | 5 |

Highest Score: Alberta

- ▶ Relatively low number of total regulatory restrictions (65,793).
- ▶ Highest confidence rating among business owners (39%) that their provincial government is committed to reducing red tape.

Total provincial regulatory restrictions

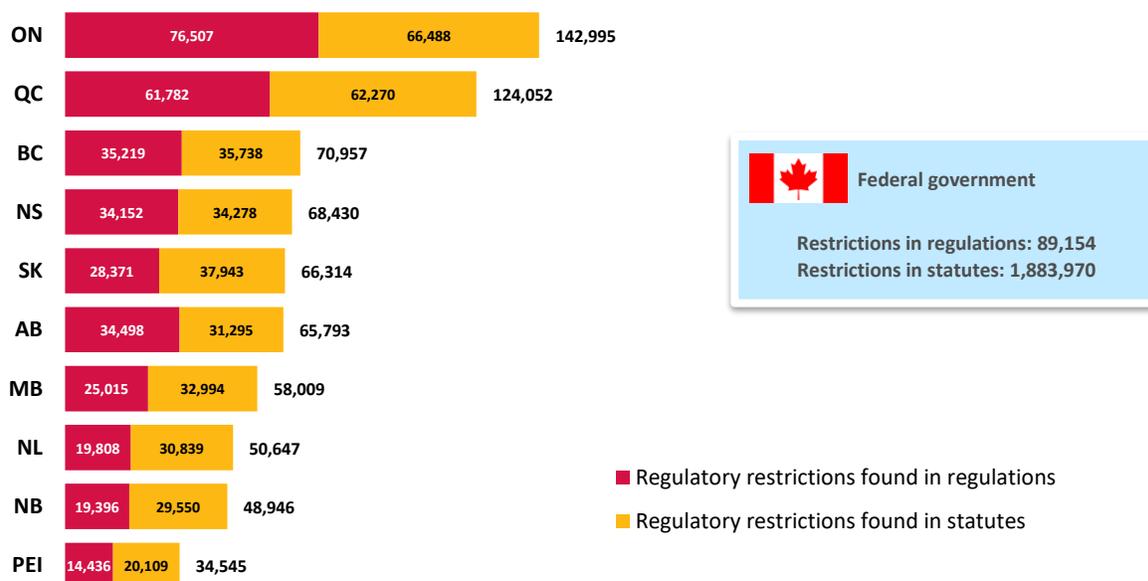
To incorporate the overall regulatory burden on citizens and businesses into our report card we use data presented by the Mercatus Center at George Mason University. This dataset provides the number of restrictions found in the regulations and statutes that exist in each province.^{6,7} In using the restriction count as a surrogate measure for the regulatory burden, we assume that a higher number of restrictions in a province means a greater regulatory load and more opportunity to reduce red tape.

It is important to acknowledge the limitations of this approach. The dataset does not include certain government rules, such as those in guidance documents, policies, or forms. Further, differences in provincial industrial landscapes can contribute to differences in regulatory counts.⁸ For example, larger provinces like Ontario are home to more industries, and thus more regulations, than a smaller province like Prince Edward Island. Nevertheless, the dataset is used as it is the only measure presently available that compares regulatory counts across the country, as not all governments provide a regulatory count and those that do tend to use different counting methods.

For this indicator, the fewer regulatory restrictions in place, the lower the burden and the higher the score achieved. As such, provinces with the highest scores include Prince Edward Island, New Brunswick and Newfoundland and Labrador—see Figure 2 and Table 6. Conversely, Ontario, Quebec and British Columbia score the lowest for this indicator.

Figure 2

Total Regulatory Restrictions in Canadian provinces, Regulations and Statutes (2020)



Source: McLaughlin, Patrick A., Jonathan Nelson, and Stephen Stosko. RegData Canada (dataset). QuantGov, Mercatus Center at George Mason University, Arlington, VA, 2020.

⁶ McLaughlin, Patrick A., Jonathan Nelson, and Stephen Stosko. RegData Canada (dataset). QuantGov, Mercatus Center at George Mason University, Arlington, VA, 2020. <https://quantgov.org/regdata-canada/>.

⁷ The Mercatus Center quantifies regulations based on the content of regulatory text using text analysis program that counts the number of binding constraints or “restrictions”, words that indicate an obligation to comply—including “shall”, “must”, “may not”, “required” and “prohibited”.

⁸ Laura Jones et.al. *RegData Canada: A Snapshot of Regulatory Restrictions in Canada’s Provinces*. Mercatus Center at George Mason University. 2020.

Table 6

Total Provincial Regulatory Restrictions – Scorecard

| Indicator | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|------------------|-----------------|
| Total Provincial Regulatory Restrictions | 70,957 (6.6) | 65,793 (7.1) | 66,314 (7.1) | 58,009 (7.8) | 142,995 (0.0) | 124,052 (1.7) | 48,946 (8.7) | 68,430 (6.9) | 34,545 (10.0) | 50,647 (8.5) |

Source: McLaughlin, Patrick A., Jonathan Nelson, and Stephen Strosko. RegData Canada (dataset). QuantGov, Mercatus Center at George Mason University, Arlington, VA, 2020. <https://quantgov.org/regdata-canada/>.

Note: Total provincial regulatory restrictions is the sum of restrictions in regulations and restrictions in statutes.

Total provincial regulatory restrictions per capita

To compare the magnitude of the regulatory burden across provinces, the total number of provincial regulatory restrictions is divided by population.⁹ This approach is used to counterbalance the natural bias in regulatory counts that occurs due to the industrial landscapes in larger provinces, which are home to more industries and thus more regulations. To this end we employed a per capita count as a basis for scaling, such a calculation shows – in relative terms – whether regulations pose a larger or smaller burden.

Using this approach, Ontario scores highest in this indicator as it has the lowest number of provincial regulatory restrictions per capita (97 per 10,000 people), followed by British Columbia, Quebec, and Alberta (see Table 7). On the other end of the scale, Prince Edward Island fares the poorest as it has the most regulatory restrictions per capita (2,164 per 10,000 people).

Table 7

Total Provincial Regulatory Restrictions Per Capita (per 10,000 population) – Scorecard

| Indicator | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|
| Total Provincial Regulatory Restrictions Per Capita | 138 (9.8) | 149 (9.7) | 563 (7.7) | 421 (8.4) | 97 (10.0) | 145 (9.8) | 626 (7.4) | 699 (7.1) | 2,164 (0.0) | 970 (5.8) |

Sources:

I. McLaughlin, Patrick A., Jonathan Nelson, and Stephen Strosko. RegData Canada (dataset). QuantGov, Mercatus Center at George Mason University, Arlington, VA, 2020. <https://quantgov.org/regdata-canada/>.

II. Statistics Canada. Table 17-10-0005-01 Population estimates on July 1st, by age and sex, 2020.

Note: Total provincial regulatory restrictions is the sum of restrictions in regulations and restrictions in statutes.

Business owner confidence in provincial commitment to red tape reduction

This indicator uses survey results based on the share of business owners who are confident their provincial government is committed to reducing red tape.¹⁰ For this analysis, a scoring system is applied to the share of “very confident” or “somewhat confident” responses.¹¹ Using this approach, Alberta and Prince Edward Island attain the highest level of confidence, 39% and 38% respectively, and earn a score of 8 out of 10 (see Figure 3 and Table 8). While both provinces achieve the highest score, it is notable that no province scores above 39%, highlighting the lack of overall confidence across the country that provincial governments are committed to reducing red tape on businesses. This suggests all governments need to work towards better understanding the specific needs of small business owners and strive to improve the regulatory burden.

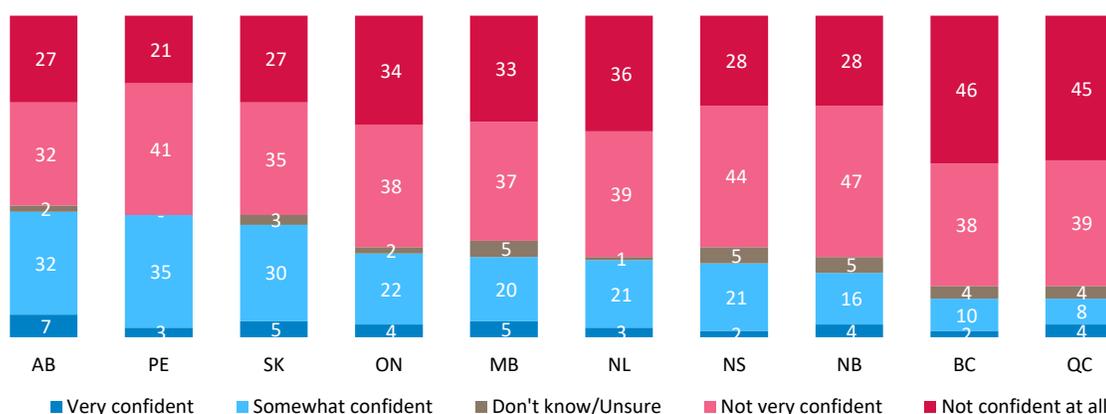
⁹ Statistics Canada. Table 17-10-0005-01 Population estimates on July 1st, by age and sex. 2020.

¹⁰ CFIB. Regulation and Paperburden Survey 2020.

¹¹ In the breakdown of the scores, the range of 46%-50%, was chosen as the upper limit and assigned a score of 10, as no provincial rating achieved this level of confidence. Other provincial scores were determined relative to this limit. To calculate the score, the following point system was applied to the cumulative percentage of “very confident” or “somewhat confident” responses: 0%-0 points; 1% to 5%—1 point; 6% to 10%—2 points; 11% to 15%—3 points; 16% to 20%—4 points; 21% to 25%—5 points; 26% to 30%—6 points; 31% to 35%—7 points; 36% to 40%—8 points; 41% to 45%—9 points; 46%-50%—10 points.

Figure 3

How confident are you that the following levels of government are committed to reducing red tape, including unnecessary rules and regulations on your business? My provincial government, by province (% response)



Source: CFIB, Regulation and Paperburden Survey 2020, total responses = 5,851.

Table 8

Business owner confidence in provincial commitment to red tape reduction – Scorecard

| Indicator | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Business owner confidence in provincial commitment to red tape reduction—% ^{1,2} | 12% (3) | 39% (8) | 35% (7) | 25% (5) | 26% (6) | 12% (3) | 20% (4) | 23% (5) | 38% (8) | 24% (5) |

Source: CFIB, Regulation and Paperburden Survey 2020, total responses = 5,851.

Notes:

- The percentage reflects only the respondents who selected “very confident” or “somewhat confident” as their response to the following question: How confident are you that the following levels of government are committed to reducing red tape, including unnecessary rules and regulations on your business? – My provincial government.
- In the breakdown of the scores, the range of 46%-50%, was chosen as the upper limit and assigned a score of 10, as no provincial rating achieved this level of confidence. Other provincial scores were determined relative to this limit. To calculate the score, the following point system was applied to the cumulative percentage of “very confident” or “somewhat confident” responses: 0%—0 points; 1% to 5%—1 point; 6% to 10%—2 points; 11% to 15%—3 points; 16% to 20%—4 points; 21% to 25%—5 points; 26% to 30%—6 points; 31% to 35%—7 points; 36% to 40%—8 points; 41% to 45%—9 points; 46%-50%—10 points.

Public feedback mechanism for reporting red tape concerns

To reduce regulatory irritants and roadblocks, governments should have a permanent place where businesses and citizens can report their red tape irritants and headaches. For instance, the Saskatchewan government uses an online portal where citizens and business owners can report their red tape problems and suggest how they could be fixed.

Provinces that have a public feedback mechanism receive a score of 10 for this indicator. Those that provide public consultations on regulatory matters as they arise, or a contact dedicated to red tape inquiries receive a partial score of 5. Those provinces without any of the services receive a score of 0.

Alberta, Saskatchewan, Manitoba, Ontario, and Quebec have a dedicated area online where business owners and citizens can report red tape irritants and score a 10 for this indicator (see Table 9). Newfoundland and Labrador receive a partial score of 5 as they currently have a feedback mechanism, but it is set to expire. The remaining provinces also receive partial scores as they gather feedback through public consultations or through services intended to answer red tape inquiries.

Table 9

Public feedback mechanism for reporting red tape concerns – Scorecard

| Indicator | BC ¹ | AB | SK | MB | ON | QC ² | NB ³ | NS ⁴ | PEI ⁵ | NL ⁶ |
|---|-----------------|-------------|-------------|-------------|-------------|-----------------|-----------------|-----------------|------------------|-----------------|
| Public feedback mechanism for reporting red tape concerns —Yes/Some/No | Some (5) | Yes (10) | Yes (10) | Yes (10) | Yes (10) | Yes (10) | Some (5) | Some (5) | Some (5) | Some (5) |

Source: 2020 data.

Notes:

1. BC has an e-mail address dedicated to red tape inquiries.
2. The Quebec government hosted a public engagement for citizens to submit red tape irritants. The consultation only ran until February 28, 2020. In 2021, an online portal will launch providing an area for business owners and citizens to communicate their red tape headaches to government.
3. New Brunswick has a Business Navigator Program for entrepreneurs which offers personalized help navigating the regulatory requirements of running a business.
4. Nova Scotia has a Business Navigator Program for entrepreneurs which offers personalized help navigating the regulatory requirements of running a business.
5. PEI government is proactive in asking for feedback on legislation or regulation.
6. Newfoundland and Labrador's online questionnaire to gather feedback on red tape reduction ideas is set to expire March 31, 2021.

Interprovincial Cooperation

Regulatory barriers between jurisdictions add cost, create delays, and limit the flow of people, goods, and services, across the country. Ultimately, these inconsistencies can have detrimental effects on Canadians and make it much more difficult, or even impossible, for businesses to operate across borders. According to a recent study by the International Monetary Fund, fully liberalizing the trade of goods in Canada has the potential to increase the GDP per capita by about 4% nationally.¹²

For this subindex we evaluate the progress of provincial governments towards addressing barriers to internal trade using three indicators: 1) the total number of provincial exceptions to the Canadian Free Trade Agreement, 2) the existence of select provincial barriers to internal trade, and 3) and the implementation status of reconciliation agreements at the provincial level. Table 10 summarizes scores for each indicator in each jurisdiction.

Table 10

Interprovincial Cooperation, Score and Grade (10 is best, 0 is worst)

| | Interprovincial Cooperation Score and Grade | Total Number of Exceptions to the CFTA | Select Barriers to Internal Trade | Implementation Status of Reconciliation Agreements |
|------------|--|---|--------------------------------------|---|
| MB | 9.0 A | 8.6 | 8.3 | 10.0 |
| BC | 8.4 A- | 7.6 | 8.3 | 9.4 |
| NS | 8.2 A- | 6.2 | 10.0 | 8.3 |
| SK | 7.3 B | 7.6 | 5.0 | 9.3 |
| AB | 7.2 B- | 10.0 | 5.0 | 6.7 |
| ON | 6.8 C+ | 4.8 | 6.7 | 8.9 |
| PEI | 3.9 F | 5.2 | 0.0 | 6.4 |
| NL | 3.8 F | 5.2 | 0.0 | 6.3 |
| NB | 3.2 F | 2.4 | 1.7 | 5.6 |
| QC | 2.8 F | 0.0 | 1.7 | 6.7 |

Highest Score—Manitoba

- ▶ Few exceptions to the CFTA (10 total exceptions).
- ▶ No limits on the amount of alcohol across provincial borders; allows direct-to-consumer shipment of Canadian wine.
- ▶ Has implemented all of its RCT items.

Lowest Score—Quebec

- ▶ Highest number of exceptions to the CFTA at 35.
- ▶ Limits the amount of alcohol across provincial boundaries; does not allow direct-to-consumer shipment of Canadian wine.
- ▶ Has only implemented 3 of its 9 RCT items, with 6 underway.

¹² Jorge Alvarez, Ivo Krznar and Trevor Tombe. *Internal Trade in Canada: Case for Liberalization*. International Monetary Fund. 2019.

Total number of exceptions to the CFTA

The Canadian Free Trade Agreement (CFTA) is an intergovernmental agreement that came into effect in 2017. One objective of the CFTA is to establish an open efficient, and stable domestic market by reducing and eliminating barriers to trade of goods and services, the free movement of workers, and investments within Canada.¹³ While the goal of the CFTA is commendable, it also contains exceptions that allow provinces to bypass the rules of the Agreement by excluding specific sectors or items. These exceptions undermine the intention of the CFTA and hinder the ability to conduct business.

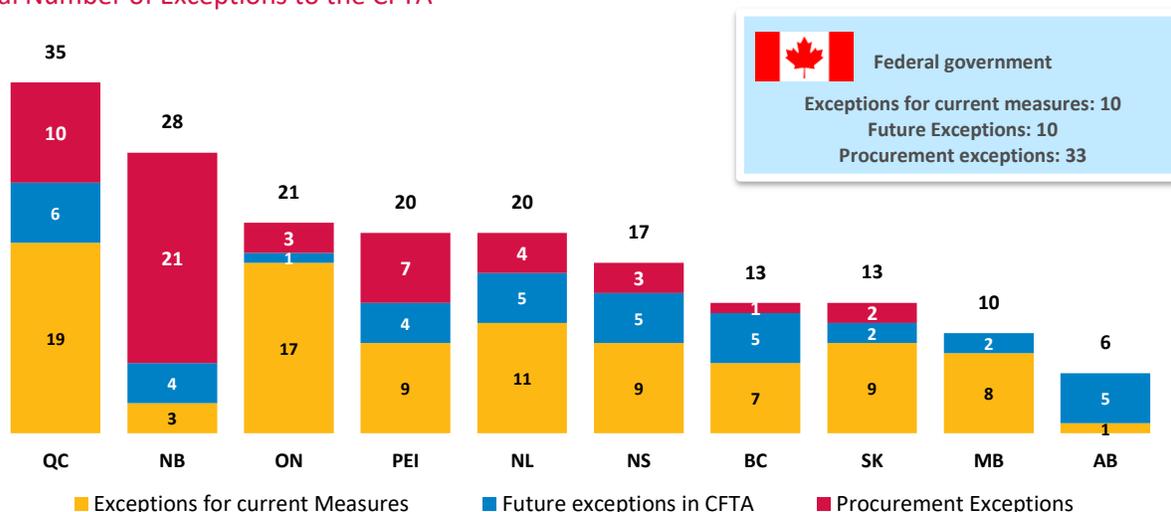
At the First Ministers Meeting in December 2018, First Ministers agreed to accelerate work to address internal trade barriers and strengthen the CFTA, in part, by reducing the number of exceptions.¹⁴ Since that meeting, provincial governments have made some progress to reducing their exceptions. Alberta, for example, reduced their exception count from 27 to 6—the fewest in Canada.

This indicator captures the total number of exceptions retained by provincial governments in the CFTA, including exceptions to procurement, existing measures, and future measures¹⁵. The lower the number of total exceptions that exist, the higher the score the province receives.

Using this approach, Alberta ranks highest as it has the lowest number of total exceptions to the CFTA—six, including one exception for current measures, five exceptions for future measures, and zero procurement exceptions (see Figure 4 and Table 11). Conversely, Quebec ranks the lowest as it retains the highest number of exceptions to the CFTA—35 exceptions in total, including 19 exceptions for current measures, six exceptions for future measures, and 10 procurement exceptions.

Figure 4

Total Number of Exceptions to the CFTA



Source: Canadian Free Trade Agreement, Consolidated Version, September 24, 2020.

Notes:

1. Alberta, current exception for power purchase agreements will expire on Jan. 1, 2021—it is considered eliminated in this count.
2. British Columbia, procurement exception based on paragraph 2 in its Schedule.

¹³ CFTA News Release: Canadian Free Trade Agreement Finalized New Interprovincial Agreement to Grow Canada's Economy. Canadian Free Trade Agreement. Retrieved: November 30, 2020. <https://www.cfta-alec.ca/wp-content/uploads/2017/06/CFTA-news-release-1.pdf>

¹⁴ First Ministers Meet to Discuss Economic Growth and Jobs for Canadians. The Canadian Intergovernmental Conference Secretariat (CICS). Retrieved: November 4, 2020. <https://scics.ca/en/product-produit/first-ministers-meet-to-discuss-economic-growth-and-jobs-for-canadians/>.

¹⁵ Exceptions for future measures allows governments to protect future activity in sectors like energy, fisheries, and agriculture.

Table 11

Total Number of Exceptions to the CFTA – Scorecard

| Indicator | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Number of Exceptions to the CFTA | 13 (7.6) | 6 (10.0) | 13 (7.6) | 10 (8.6) | 21 (4.8) | 35 (0.0) | 28 (2.4) | 17 (6.2) | 20 (5.2) | 20 (5.2) |

Source: Canadian Free Trade Agreement, Consolidated Version, September 24, 2020.

Select barriers to internal trade

For this indicator we analyse several high-visibility impediments or irritants to businesses, including alcohol importation rules, and extra-jurisdictional business registration fees. Progress to remove such irritants is critical to building momentum towards achieving free trade, helping foster economic growth, and reducing the regulatory burden. Provinces that have worked to remove these identified barriers receive higher scores (see Table 12).

Table 12

Select Barriers to Internal Trade – Scorecard

| Indicator and Scoring Criteria | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Select Barriers to Internal Trade | 8.3 | 5.0 | 5.0 | 8.3 | 6.7 | 1.7 | 1.7 | 10.0 | 0.0 | 0.0 |
| Unlimited Import of Alcohol for Personal Consumption—Yes/No | Yes (10) | Yes (10) | Yes (10) | Yes (10) | Yes (10) | No (0) | No (0) | Yes (10) | No (0) | No (0) |
| Direct-to-consumer Interprovincial Shipment of Canadian Wine—Yes/No | Yes (10) | No (0) | No (0) | Yes (10) | No (0) | No (0) | No (0) | Yes (10) | No (0) | No (0) |
| Extra-jurisdictional Business Registration Fees Waived Across All Provinces—All/Some/None¹ | Some (5) | Some (5) | Some (5) | Some (5) | All (10) | Some (5) | Some (5) | All (10) | None (0) | None (0) |

Source: 2020 data.

Notes:

1. Nova Scotia and Ontario stopped the practice of charging extra-provincial business registration fees. Some provinces have agreements between them which waive extra-jurisdictional registration requirements: (i) British Columbia, Alberta, Saskatchewan, Manitoba (New West Partnership Agreement), (ii) Ontario and Quebec (iii), Nova Scotia and New Brunswick.

Unlimited Import of Alcohol for Personal Consumption

An area where some progress has been made is personal limits on out-of-province alcohol imports. A few provinces have increased personal importation limits and others have lifted the limits altogether. Such actions by some provinces prompts the question as to why such limits cannot be removed altogether throughout the country. Currently, citizens in only six provinces—British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Nova Scotia—can bring alcohol across provincial boundaries for their personal consumption, without limits. These provinces receive a score of 10 under this area while the rest receive a score of 0.

Direct-to-Consumer Interprovincial Shipment of Canadian Wine

Just as with personal import limits, we contend that direct-to-consumer sales of locally produced wine from Canadian wineries should be allowed across the country. Only three provinces—Nova Scotia, Manitoba, and British Columbia—allow such direct-to-consumer shipments. These provinces receive a score of 10 under this area, the rest receive a score of 0.

Extra-Jurisdictional Business Registration Fees Waived Across All Provinces

Businesses seeking expansion into other Canadian provinces are typically required to pay registration fees in each jurisdiction, despite already paying those fees in their home jurisdiction. Only two provinces, Ontario, and Nova Scotia stopped the practice of charging extra-provincial business registration fees, as such these provinces receive a score of 10 for this area.

There are provinces that streamlined their extra-provincial registration processes through agreements, such that there are no additional registration fees. These provinces receive a score of 5. For instance, British Columbia, Alberta, Saskatchewan, and Manitoba waive registry under the New West Partnership Trade Agreement (NWPTA). Prince Edward Island and Newfoundland and Labrador are the only provinces where fees are not waived at all, as such they earn a score of 0.

Implementation status of reconciliation agreements

This indicator centres on the work of the Reconciliation and Cooperation Table (RCT). Established in 2017 by the CFTA, the RCT is a federal-provincial-territorial body responsible for overseeing the reconciliation of regulatory differences that act as barriers to business operations across jurisdictions. In particular, the RCT provides a forum for governments to resolve internal trade barriers created by existing rules and processes.

For example, to alleviate the red tape burden placed on businesses seeking to expand their operations across the country, the RCT and participating provinces worked to reconcile differences in corporate registration and reporting requirements. This includes a commitment to implement the Multi-Jurisdictional Registry Access Service (the “MRAS”), a digital solution that enables information to be shared among jurisdictions through a central hub. The integration of corporate registries is now complete in the Western provinces (British Columbia, Alberta, Saskatchewan, and Manitoba), and implementation of this tool for the remaining provinces is underway.

CFIB views the RCT as vital to reducing internal trade barriers and was pleased to see its first annual report, released in June 2020. This annual report covered the details of the 2019-20 workplan and represents a good step forward to bring more transparency and accountability to the RCT. The report reveals there has been progress made at the RCT on a variety of key issues, however, implementation of these changes continues to be delayed by provincial ratification processes. Additionally, some remaining issues on the work plan have little opportunity for resolution. While it is understandable that resources allotted to the workplan have been pulled away to deal with the COVID-19 crisis, focus on implementation was lagging even prior to this and we encourage governments to ensure the complete implementation of items from endorsed agreements.

This section presents the progress made by each province to implement the items from the endorsed RCT agreements they are participating in, found in the 2019-20 workplan¹⁶. A score of 10 is given for each item that is implemented, a score 5 if implementation is underway.¹⁷

Overall, Manitoba scores the highest for this indicator as it has implemented all items they are participating in (see Table 13). On the other hand, New Brunswick fared the poorest it has implemented the fewest number of RCT items.

¹⁶ *Regulatory Reconciliation and Cooperation Table Work Plan #3 (2020-2021) Revised: September 11, 2020*. The Canadian Free Trade Agreement. Retrieved: November 6, 2020. <https://www.cfta-alec.ca/wp-content/uploads/2020/09/RCT-2020-2021-Work-Plan-Final-Version-for-Website-September-11-2020.pdf>

¹⁷ The implementation status of completed agreements are defined as: Implemented — government has met the requirements of the agreement; Underway — government is either in the process of signing the agreement or has signed the agreement but the requirements of the agreement have yet to be met.

Table 13

Implementation Status of Reconciliation Agreements – Scorecard

| Indicator | BC | AB | SK | MB | ON | QC | NB | NS | PEI | NL |
|---|--|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Implementation Status of Reconciliation Agreements | 9.4 | 6.7 | 9.3 | 10 | 8.9 | 6.7 | 5.6 | 8.3 | 6.4 | 6.3 |
| Items from Completed Agreements | Legend ¹ : Implemented - IM; Underway – UW; No Participation - NP | | | | | | | | | |
| First Aid Kits | IM (10) | UW (5) | UW (5) | IM (10) | UW (5) | UW (5) | UW (5) | UW (5) | UW (5) | IM (10) |
| Hearing Protection | IM (10) | UW (5) | IM (10) | IM (10) | IM (10) | UW (5) | UW (5) | IM (10) | UW (5) | UW (5) |
| Personal Flotation Devices | IM (10) | UW (5) | IM (10) | IM (10) | IM (10) | UW (5) | UW (5) | IM (10) | UW (5) | UW (5) |
| Head, Foot and Eye Protection | IM (10) | UW (5) | IM (10) | IM (10) | IM (10) | UW (5) | UW (5) | IM (10) | UW (5) | UW (5) |
| Wide Base Single (WBS) Tires | IM (10) | IM (10) | IM (10) | IM (10) | IM (10) | IM (10) | IM (10) | IM (10) | IM (10) | IM (10) |
| Energy Efficiency Standards for Household Appliances | UW (5) | NP - | NP - | IM (10) | IM (10) | IM (10) | UW (5) | UW (5) | NP - | NP - |
| CRN for Pressure Equipment | IM (10) | NP ² - | IM (10) | IM (10) | IM (10) | IM (10) | UW (5) | IM (10) | IM (10) | UW (5) |
| Aquaculture Site Marking³ | NP - | NP - | NP - | NP - | NP - | NP - | NP - | IM (10) | NP - | UW (5) |
| Corporate Registry | IM (10) | IM (10) | IM (10) | IM (10) | UW (5) | UW (5) | UW (5) | UW (5) | UW (5) | UW (5) |
| Upholstered and Stuffed Articles | NP - | NP - | NP - | IM (10) | IM (10) | UW (5) | NP - | NP - | NP - | NP - |

Sources:

- I. Regulatory Reconciliation and Cooperation Table - Work Plan #3 (2020-2021), Revised: September 11, 2020.
- II. Canadian Free Trade Agreement's Regulatory Reconciliation and Cooperation Table, 2019 Annual Report, June 9, 2020.

Notes:

1. The implementation status of completed agreements is defined as: Implemented – government has met the requirements of the agreement; Underway – government is either in the process of signing the agreement or has signed the agreement but the requirements of the agreement have yet to be met; No participation – government did not participate in the agreement or government did not have a regulation to harmonize. In cases where No Participation is indicated, no score is given if there is no regulation to harmonize or acceptable rationale is provided.
2. Alberta will not be signing the agreement due to public safety concerns. To ensure businesses benefit from a streamlined inspection process for pressure vessels, a web portal has been designed to provide a single application for design review, and a common process involving joint review and joint approval. The province was excluded from this area and no score was given.
3. The goal is to align the rules between NS and NL and the federal government where site marking requirements differ. As such, all other provinces were excluded from this area and no score was given.

Overall Findings

Based on the findings of this report, Manitoba takes first place in the *2021 Provincial Red Tape Report Card* with an “A” grade—9.5 out of 10 (see Table 14). In addition, the province bested two of the three subindexes—regulatory accountability (tie with Alberta and Nova Scotia) and interprovincial cooperation. Alberta earns second position also with an “A” grade and a score of 9.4 out of 10. Saskatchewan and Nova Scotia earn third position, each with a slightly lower score of 9.1 out of 10. These are followed by British Columbia and Ontario all of which score an “A-”. Further, Alberta earns the top score for the regulatory burden subindex. Prince Edward Island, New Brunswick, and Newfoundland and Labrador round out the bottom three provinces in the report card.

Table 14

2021 Provincial Red Tape Report Card – Areas of Regulatory Performance, Score and Grade^{1,2,3}

| Jurisdiction | Overall Score and Grade | Regulatory Accountability (70%) | Regulatory Burden (15%) | Interprovincial Cooperation (15%) |
|---------------------------|-------------------------|---------------------------------|-------------------------|-----------------------------------|
| Manitoba | 9.5 A | 10.0 A | 7.8 B+ | 9.0 A |
| Alberta | 9.4 A | 10.0 A | 8.7 A- | 7.2 B- |
| Nova Scotia | 9.1 A | 10.0 A | 6.0 C- | 8.2 A- |
| Saskatchewan | 9.1 A | 9.7 A | 8.0 A- | 7.3 B |
| British Columbia | 8.7 A- | 9.3 A | 6.1 C- | 8.4 A- |
| Ontario | 8.5 A- | 9.3 A | 6.5 C | 6.8 C+ |
| Quebec | 7.6 B | 9.0 A | 6.1 C- | 2.8 F |
| Prince Edward Island | 7.3 B | 8.3 A- | 5.8 D+ | 3.9 F |
| New Brunswick | 5.6 D | 6.0 C- | 6.3 C | 3.2 F |
| Newfoundland and Labrador | 4.7 F | 4.7 F | 6.1 C- | 3.8 F |
| Federal ³ | | 7.3 B | | |

1. **Score:** 10 is best, 0 is worst. Using a weighting scheme, the three subindex scores are combined into a single score that allows for a ranking of provincial governments from best (highest score) to worst (lowest score). In order of importance, the different areas are assigned the following weights: regulatory accountability—70%, regulatory burden—15%, interprovincial cooperation—15%.
2. **Grade:** A, A-: 8.0-10 (Excellent performance); B+, B, B-: 7-7.9 (Good performance); C+, C, C-: 6.0-6.9 (Satisfactory performance); D+, D, D-: 5-5.9 (Less than satisfactory performance); F: 0-4.9 (Unsatisfactory performance).
3. The federal government is scored only for regulatory accountability and does not enter the overall analysis to determine provincial rankings.

Our study clearly shows regulatory performance by provincial governments still has much room for improvement. We are hopeful governments will continue to work to ease the burden of red tape on business and citizens.

Appendix A: Regulatory Accountability — Scoring Criteria and Summary of Jurisdictional Findings

Regulatory accountability scoring criteria

| | |
|--|--|
| A1. Comprehensive measure of the regulatory burden | Total Potential Points = 10 |
| Commitment to measure regulatory burden on business and citizens* | Yes (5 points); Some (3 points); No (0 points) |
| Regulatory requirement count (for business and/or citizens) includes all sources from (i) legislation, (ii) regulations, and (iii) associated policies and forms | Yes (3 points); Some (1 point); No (0 points) |
| Regulatory requirement count (for business and/or citizens) includes all government departments, agencies, and delegated authorities | Yes (2 points); Some (1 point); No (0 points) |
| A2. Public reporting of the regulatory burden | Total Potential Points = 10 |
| Commitment to reporting the regulatory burden regularly | Yes (5 points); Some (2 points); No (0 points) |
| Annual public reporting of the regulatory burden measures that is easy to access | Yes (3 points); Some (1 point); No (0 points) |
| Legislation in place that requires tracking and reporting of regulatory burden measures | Yes (2 points); Some (1 point); No (0 points) |
| A3. Regulatory budget | Total Potential Points = 10 |
| Commitment to regulatory budgeting | Yes (5 points); Some (2 points); No (0 points) |
| Constraints in place to manage regulatory costs (e.g. 1 for 1 rule, reduction/maintenance targets) | Yes (3 points); Some (1 point); No (0 points) |
| Legislation in place that requires governments to adhere to constraints (e.g. 1 for 1 rule, reduction/maintenance targets) | Yes (2 points); Some (1 point); No (0 points) |
| Overall Subindex Score = (A1+A2+A3)/30*10 | |

*Some provinces show commitment to measure the regulatory burden on business only, these provinces are deducted 2 points for not maintaining a measure for citizens.

Summary of jurisdictional findings

| British Columbia Overall Grade: 9.3/10 | |
|--|---|
| <p>British Columbia's (BC) efforts have been recognized globally as regulatory best practice. The province has measured and reported on the total number of regulatory requirements imposed on businesses since 2001. Further to this, to prevent undue increases to BC's overall regulatory burden, a regulatory baseline was established in 2004 and a commitment was made not to increase the total number of regulatory requirements (i.e. net zero increase commitment). Since 2012, the province has consistently earned A grades for regulatory accountability in CFIB's report card. This year is no different, as the province continues to excel in its objective to be accountable.</p> | |
| <p>Comprehensive measure of the regulatory burden</p> <p>Score: 9/10</p> | <p>The BC government counts the overall number of provincial regulatory requirements for people, business, and government. Their count also includes all rules included in the province's statutes, regulations and associated policies and forms.¹</p> <p>As of March 31, 2020, the regulatory requirements count by the province was 167,635 – a decrease of 15% compared to the 2004 baseline (197,242).</p> <p>British Columbia does not earn full marks for this indicator, however, as their regulatory count excludes certain agencies and delegated authorities (e.g. waste management rules).</p> |
| <p>Public reporting of the regulatory burden</p> <p>Score: 10/10</p> | <p>BC earns full points for this indicator as data on regulatory requirements are available on the provincial government website and are reported publicly every year, as per legislation.²</p> |
| <p>Regulatory budget</p> <p>Score: 9/10</p> | <p>BC has a Net Zero Increase commitment that requires government to keep the overall number of regulatory requirements below the 2004 level (197,242). This commitment is in place until 2022. Further to this commitment, the BC government maintains a “one-for-one” policy requiring government to remove one equivalent regulation for every new one introduced. The “one-for-one” policy is also in place until 2022.</p> <p>The province's regulatory budget measures are commendable, however, as the policies are not legislated, BC does not receive full points for this indicator.</p> |
| <p>Sources:</p> <ol style="list-style-type: none"> <i>Better Regulations for British Columbians: 2019/20 Annual Report.</i> Retrieved: November 4, 2020. https://www2.gov.bc.ca/assets/gov/government/about-the-bc-government/regulatory-reform/pdfs/better_regulations-2020-annual_report-web.pdf <i>Regulatory Reporting Act.</i> BC Laws. Retrieved: November 4, 2020. https://www.bclaws.ca/civix/document/id/lc/statreg/11028_01 | |

Alberta**Overall Grade: 10/10**

Alberta has significantly turned around its red tape reduction over the last two years by establishing a red tape reduction framework for the province. The province improved its regulatory accountability grade by developing and making public its first comprehensive count of its regulatory burden. Between May 2019 and June 2020, the Alberta government achieved a net reduction of 6.19% against its baseline demonstrating the province is well on its way to meet its one-third reduction target by 2023.

Comprehensive measure of the regulatory burden**Score: 10/10**

The Alberta government established and reported its first regulatory count in with 670,977 requirements.² The government conducted an exhaustive and inclusive count of the regulatory burden on both citizens and businesses found in legislation, regulation, policy, and forms. Additionally, the count considers all government departments, agencies, and delegated authorities. For this, Alberta scores full points for this indicator.

Public reporting of the regulatory burden**Score: 10/10**

The Alberta government legislates the requirement to publicly and annually report on the regulatory and red tape burden in the province.³

Regulatory budget**Score: 10/10**

The Alberta government made a commitment to reduce its regulatory burden by one-third by 2023.² After reaching this goal, the province plans to move ahead with a “one-in/one-out” rule requiring legislators to identify at least one offsetting regulatory requirement for every new requirement created. The one-for-one rule is legislated and designed to ensure there is not a net increase in the regulatory burden.^{2,3}

Sources:

1. *Cutting red tape, The first one hundred days*. Government of Alberta. Retrieved: November 19, 2020. <https://open.alberta.ca/publications/9781460145555>
2. *Annual report Red tape reduction 2019–2020*. Government of Alberta. Retrieved: November 19, 2020. <https://open.alberta.ca/publications/red-tape-reduction-annual-report>
3. *Red Tape Reduction Act*. Government of Alberta. Retrieved: January 20, 2021. <https://laws-lois.justice.gc.ca/eng/acts/r-4.5/page-1.html>

Saskatchewan

Overall Grade: 9.7/10

Saskatchewan has been committed to red tape reduction for several years and has earned its place among the top jurisdictions in Canada for its efforts. As of 2019-20, the government reported more than \$490.4 million in cumulative, forecasted red tape savings over the next 10 years.¹ These savings are a positive step to help boost the economy post-pandemic, but also show a commitment to reduce the red tape footprint in Saskatchewan.

| | |
|---|--|
| <p>Comprehensive measure of the regulatory burden</p> <p>Score: 10/10</p> | <p>Saskatchewan has produced a comprehensive estimate of the mandatory compliance requirements on people and business, including related programs, policies, guidelines, and forms from the regulatory framework of its ministries, agencies, and Crown corporations.² In 2017-18, the province estimated they had 230,000 mandatory compliance requirements.</p> <p>Further to the measure for regulatory requirements, in 2017-18, Saskatchewan became the first province to implement the mandatory use of the Direct Cost Estimator (DCE) for all regulatory decision items for all ministries, agencies, and Crown corporations. This tool provides the ability to measure the net impact changes to regulations have on all impacted stakeholders, and to government when presenting regulatory proposals for approval.</p> <p>Given their comprehensive regulatory system, Saskatchewan achieves a score of 10 for this indicator.</p> |
| <p>Public reporting of the regulatory burden</p> <p>Score: 10/10</p> | <p>As required by legislation, each year the Regulatory Modernization Annual Progress Report is tabled to provide an update on the progress made on red tape reduction.³ With the reliable and consistent use of its Direct Cost Estimator, savings achieved were estimated to surpass \$39.6 million over the next 10 years, the cost of new regulations during 2019-20 is expected to result in estimated costs of about \$27.3 million over the next 10 years. The net result is savings of about \$12.3 million. The province earns full marks for this indicator.</p> |
| <p>Regulatory budget</p> <p>Score: 9/10</p> | <p>During November 2019, the new Saskatchewan Growth Plan announced red tape reduction efforts to save businesses \$10 to \$20 million annually.⁴ Further to this commitment, the mandatory use of the Direct Cost Estimator by all ministries, agencies, and Crown Corporations has worked to curb regulatory growth and costs in the province. However, because the use of the estimator is not legislated, the government loses one mark for this indicator.</p> |

Sources:

1. *Annual Regulatory Modernization Progress Report 2019-20*. Government of Saskatchewan. Retrieved: November 10, 2020. <https://publications.saskatchewan.ca/#/products/107284>
2. *Annual Regulatory Modernization Progress Report 2017-18*. Government of Saskatchewan. Retrieved: November 10, 2020. <https://publications.saskatchewan.ca/#/products/90767>
3. *The Regulatory Modernization and Accountability Act*. Government of Saskatchewan. Retrieved: November 10, 2020. <https://publications.saskatchewan.ca/api/v1/products/67252/formats/74752/download>
4. *Saskatchewan's Growth Plan the Next Decade of Growth 2020-2030*. Government of Saskatchewan. Retrieved: November 10, 2020. <https://publications.saskatchewan.ca/api/v1/products/103260/formats/114516/download>

Manitoba**Overall Grade: 10/10**

Starting in 2016, the Manitoba government embarked upon a program to promote regulatory accountability by tracking regulatory requirements and the costs they impose on businesses and citizens. At that time, the province's count stood at 961,997. Through a variety of innovative initiatives and techniques, Manitoba reduced their regulatory requirements by about 9.4% (or 90,824 regulatory requirements) by March 31, 2020. Further to this, Manitoba continues to bring forward legislative changes aimed at reducing red tape on businesses, citizens, non-profits, and government. Through such ambitious actions, Manitoba has become a North American leader in red tape reduction and has consistently earned A grades since our 2018 report card. This year is no different as the province scores highest among all other provinces with a 10 out of 10 (letter grade of A) for regulatory accountability.

Comprehensive measure of the regulatory burden**Score: 10/10**

The Manitoba government has established a comprehensive regulatory measure by counting all regulatory requirements on citizens and business and costing the relative burden of new regulatory requirements across every government entity (i.e. relative burden includes administrative burden and other costs such as financial, economic, environmental, and social costs).¹ As such, Manitoba earns full points for this indicator. On March 31, 2020, the province's regulatory requirement count stood at 871,173.¹

Public reporting of the regulatory burden**Score: 10/10**

Each year the Manitoba government counts the regulatory requirements in force, as required by legislation.² As a result, the province earns full points for this indicator.

Regulatory budget**Score: 10/10**

On July 1, 2019, Manitoba became the first province to legislate a "2-for-1" rule to reduce and cap the growth of regulatory requirements. This rule requires government to remove two regulations for every one new regulation introduced. The rule will remain in place until March 31, 2021, at which point a "one-for-one" policy will be implemented.⁴ Given such actions, the Manitoba government once again earns full points for this indicator.

Sources:

1. *2019-2020 Regulatory Accountability Report*. Government of Manitoba. Retrieved: November 5, 2020. <https://www.gov.mb.ca/reduceredtape/index.html>
2. *The Regulatory Accountability Act and Amendments to The Statutes and Regulations Act*. The Legislative Assembly of Manitoba. Retrieved: November 5, 2020. <https://web2.gov.mb.ca/bills/41-2/b022e.php>

Ontario**Overall Grade: 9.3/10**

Red tape reduction and regulatory accountability continue to be top priorities for the Ontario government. Initiatives to reduce the regulatory burden have led to a 4.2% decrease (250,809 to 240,388) in the total number of regulatory compliance requirements impacting businesses between June 29, 2018 and June 30, 2020.¹ The province's actions have also resulted in \$331 million in net annual regulatory compliance cost savings to businesses, not-for-profits, municipalities, universities and colleges, school boards and hospitals since June 29, 2018.¹ The province should continue their regulatory accountability efforts while broadening the scope of their count to include the regulatory burden on citizens.

| | |
|---|--|
| <p>Comprehensive measure of the regulatory burden</p> <p>Score: 8/10</p> | <p>The current Ontario government first began measuring the regulatory burden in the province in 2018 and published the number of regulatory requirements on business in 2020. This count was reduced from 250,809 in 2018 to 240,388 in 2020.¹ Ontario's regulatory count includes requirements on business from all government ministries, agencies, boards, commissions and delegated administrative authorities found in all legislation, regulations, policies, and forms.¹ We commend the Ontario government for their efforts to reduce the regulatory burden on businesses. However, the government is deducted points for this indicator as their measure does not include the administrative burden on citizens.</p> |
| <p>Public reporting of the regulatory burden</p> <p>Score: 10/10</p> | <p>As prescribed by legislation, the Minister of Small Business and Red Tape Reduction is required to make available a public annual report on actions taken to reduce the regulatory burden and future reduction plans.² The report is published on the Government of Ontario's website. Given these actions, the government receives a score of 10 for this indicator.</p> |
| <p>Regulatory budget</p> <p>Score: 10/10</p> | <p>The Ontario government is required by legislation to offset every dollar of new administrative costs to business by removing \$1.25 of old and unnecessary costs.² A review of this offsetting requirement is under way to further reduce undue burdens on businesses.³ In addition, Ministers proposing new rules are required to ensure that an analysis of the potential regulatory impact is conducted, including administrative costs. As such, the Ontario government earns full marks for this indicator.</p> |
| <p>Sources:</p> <ol style="list-style-type: none"> 1. <i>2020 Burden Reduction Report: helping business recover, rebuild and prosper</i>. Government of Ontario. Retrieved: November 6, 2020. https://www.ontario.ca/page/2020-burden-reduction-report-helping-business-recover-rebuild-and-prosper 2. <i>Bill 197, COVID-19 Economic Recovery Act, 2020. (Schedule 11, Modernizing Ontario for People and Businesses Act, 2020)</i>. Legislative Assembly of Ontario. Retrieved: November 7, 2020. https://www.ola.org/en/legislative-business/bills/parliament-42/session-1/bill-197 3. <i>Ontario Onwards: action plan</i>. Government of Ontario. Retrieved: November 7, 2020. https://www.ontario.ca/page/ontario-onwards-action-plan | |

Quebec

Overall Grade: 9/10

The Government of Quebec has made strides over the last several years to counter the regulatory and administrative burden on businesses. The government started reporting the overall cost of provincial regulation to businesses in 2004 (\$1.4 billion). The burden was reduced to \$1.1 billion by 2017 – a reduction of 21.8% (or \$303 million annually). However, the province only tracks the regulatory count for business (not citizens).

Comprehensive measure of the regulatory burden

Score: 8/10

The Quebec government measures the overall number of regulatory requirements on business (e.g. obligations imposed by laws, regulations, or a directive, to obtain a permit or other authorization, to register, to produce a report or keep a record) from all government departments, agencies, and delegated authorities.¹ The number of business regulations stood at 764 regulations in 2019.² Note that each regulation can have many requirements associated with it.

The government loses points for this indicator as its regulatory measure does not include the burden on citizens.

Public reporting of the regulatory burden

Score: 9.5/10

Quebec's new regulatory policy (The Governmental Policy and Rules Regarding the Streamlining of Legislative and Regulatory Standards – for smart regulations), makes it mandatory for government to publicly measure and report on the regulatory burden annually.³ The regulatory policy related to tracking and reporting is not legislated, however it does serve as a strong enough requirement that partial marks are earned. Legislating the policy would earn the government full marks.

Regulatory budget

Score: 9.5/10

The government's action plan, announced in 2021, aims to reduce the number of administrative formalities (forms, request, etc.) by 10%, the total volume by 15%, and remove the need to for 5.5 million business-produced documents by 2025.² The government also aims to reduce the overall cost of regulation by 20%, resulting in annual savings of approximately \$200 million.

Further to these targets, the Quebec government also includes a one-for-one rule policy requiring ministries and agencies proposing a new administrative regulation to remove an equivalent regulation.⁴ While the one-for-one policy is not legislated, government does earn partial marks as the policy does serve as a strong enough requirement. Legislating the policy would earn the government full marks.

Sources:

1. *Simplifier la vie des entreprises. Rapport sur la mise en œuvre des mesures gouvernementales d'allègement réglementaire et administratif.* Ministère de l'Économie et de l'Innovation, Québec. 2008.
2. *Moins De Paperasse Pour une relance innovante et efficace : Plan d'action gouvernemental en matière d'allègement réglementaire et administratif 2020-2025.* Gouvernement du Québec. Retrieved: December 18, 2020. <https://cdn-contenu.quebec.ca/>
3. *Mieux réglementer - Rapport sur la réglementation intelligente et les mesures gouvernementales d'allègement réglementaire et administratif.* Gouvernement du Québec. Retrieved: November 12, 2020. <https://www.economie.gouv.qc.ca>
4. *Politique gouvernementale sur l'allègement réglementaire et administratif : Pour une réglementation intelligente.* Gouvernement du Québec. Retrieved: November 12, 2020. <https://cdn-contenu.quebec.ca>

New Brunswick**Overall Grade: 6/10**

The New Brunswick government has taken some important steps to address the regulatory burden imposed on business in the province, however it remains one of the weaker performers in terms of measuring and reporting on the regulatory burden. The province has implemented a Business Impact Assessment tool to help reduce unnecessary costs and improve the effectiveness of new regulations, as well as a business navigation service that provides support and guidance to new and existing businesses struggling with start-up and red tape issues. In terms of next steps, the government should develop a comprehensive measure of the regulatory burden and report on the progress made to reduce it.

Comprehensive measure of the regulatory burden**Score: 3/10**

In 2017, using CFIB data, the government estimated the cost of regulation on businesses at \$661 million.¹ This baseline measure is not fully reflective of the regulatory burden experienced in New Brunswick. This cost corresponds solely to those incurred by businesses to comply with regulation at all levels of government. Further, additional costs linked to losses in economic activity, productivity and innovation are unaccounted for. To earn full marks, the government must develop a comprehensive measure of the regulatory burden for both citizens and businesses and keep it updated.

Public reporting of the regulatory burden**Score: 5/10**

The New Brunswick *Regulatory Accountability and Reporting Act* legislates that a public report be made available annually and it must include the progress made in improving regulation, reducing regulatory burden, and the goals and objectives for the coming year.² While the province has consistently released an annual report, it does not include a comprehensive baseline measure or track the regulatory burden annually. As such, points are deducted for this indicator.

Regulatory budget**Score: 10/10**

Based on the Premiers' Charter of Governing Principles for Regulation, New Brunswick uses a "cost-for-cost" rule which requires the cost of additional regulations be offset by an equal regulatory cost reduction. Further to this rule, the government launched an initiative to reduce the regulatory burden experienced by businesses by \$14 million by March 2021. To enable this initiative, the government implemented a Business Impact Assessment Tool for estimating the costs of regulatory proposals. Given their legislated commitment, New Brunswick earns full marks for this indicator.

Sources:

1. CFIB. *The Cost of Government Regulation on Canadian Businesses*. 2018.
2. Regulatory Accountability and Reporting Act. Government of New Brunswick. Retrieved: November 23, 2020. <https://www.gnb.ca/legis/bill/FILE/58/2/Bill-15-e.htm>

Nova Scotia**Overall Grade: 10/10**

In 2015, the Office of Regulatory Affairs and Service Effectiveness was established to, among other things, quantify and reduce the avoidable burden of regulation on Nova Scotia businesses. In 2017, government set a target to reduce unnecessary regulatory burden to Nova Scotia business by \$25 million by the end of 2018. In January 2019, the Office reported on more than 60 regulatory initiatives estimated to save businesses \$34 million (net) annually, well exceeding its \$25 million target.¹ Given such accomplishments, it is no surprise that since the inception of the Office, the province has improved their regulatory accountability grade in CFIB's report card, going from a D- in 2015 to an A in 2019. This year, Nova Scotia continues to achieve high marks for their efforts to remain accountable to businesses and citizens.

Comprehensive measure of the regulatory burden**Score: 10/10**

The government provides a count of regulatory compliance requirements in all Nova Scotia Government Acts, Regulations, and related administrative policy and forms. The count includes requirements from all government departments, agencies, boards, commissions and delegated administrative authorities. In 2018, the government estimated that there are 157,000 regulatory compliance requirements imposed on citizens, business, non-profits, and other organizations.²

Public reporting of the regulatory burden**Score: 10/10**

As required by legislation, government publishes an annual report containing the progress made in improving regulation and reducing regulatory burden.³ An annual report can be easily found on the website for the Office of Regulatory Affairs and Service Effectiveness.¹

Regulatory budget**Score: 10/10**

Based on The Charter of Governing Principles on Regulation, Nova Scotia uses a "cost-for-cost" rule which requires the cost of additional regulations be offset by an equal regulatory cost reduction. Such legislated policy earns Nova Scotia full points for this indicator.⁴

Further to this policy, in its 2018-19 budget the Nova Scotia government committed to reducing the red tape burden on businesses by \$10 million by 2020. The province's last report showed, it was on its way to achieving this objective.

While not part of the grading, it should be noted that the government has implemented a Business Impact Assessment tool to estimate the dollar costs or savings of individual legislative or regulatory proposals affecting business.

Sources:

1. *Regulating for Growth*. The Office of Regulatory Affairs and Service Effectiveness 2018-19 Annual Report. Government of Nova Scotia. Retrieved: November 24, 2020. <https://novascotia.ca/regulatoryopportunity/report.asp>
2. *Three Year Review*. Office of Regulatory Affairs and Service Effectiveness. Government of Nova Scotia. 2019. Retrieved: November 24, 2020. <https://novascotia.ca/regulatoryopportunity/report.asp>
3. *Bill No. 143, Regulatory Accountability and Reporting Act*. Nova Scotia Legislature. Retrieved: November 3, 2020. https://nslegislature.ca/legc/bills/62nd_2nd/1st_read/b143.htm
4. *Premiers' Charter of Governing Principles for Regulation*. Office of Regulatory Affairs and Service Effectiveness. Retrieved: November 3, 2020. <https://novascotia.ca/regulatoryopportunity/premiers-%20charter.asp>

Prince Edward Island**Overall Grade: 8.3/10**

In 2020, the Prince Edward Island (PEI) government through Project ART (Addressing Red Tape) for the first time completed a count of the regulatory obligations across each department and going forward has committed to reporting on the administrative burden of regulation. Further, the PEI government seeks to increase PEI's economic and business competitiveness through red tape reduction as guided by Island businesses through their new business navigator service, and red tape challenge. These initiatives are a continuation of the provinces commitment to lessen the regulatory burden on business. The next steps needed to take PEI across the finish line and fulfill their commitment would be to institute annual reporting, and regulatory budgeting.

Comprehensive measure of the regulatory burden**Score: 10/10**

Prince Edward Island's government is committed to counting and reporting, going forward, the administrative burden. The regulatory count includes requirements on business and citizens from all government ministries, boards, commissions and delegated administrative authorities found in all legislation, regulations, policies, and forms.¹ The overall count of regulatory requirements, imposed upon citizens, business and government is estimated at 30,023 in 2020.

Public reporting of the regulatory burden**Score: 8/10**

The province's *Regulatory Accountability and Reporting Act* requires government to publicly report on the progress made in improving regulation and reducing regulatory burden.² Points are lost for the absence of annual reporting.

Regulatory budget**Score: 7/10**

The government has legislated a "one-for-one" policy as part of the Premiers' Charter of Governing Principles for Regulation in Atlantic Canada.³ This policy requires the cost of additional regulations be offset by a regulatory reduction of equal cost. While it is commendable that government includes this constraint in their legislation, the lack of transparency for years prior to 2020 makes it unclear whether government is following through on this legislation. As such, the government earns partial points for its commitment to regulatory budgeting.

Sources:

1. *Project ART Regulatory Count*. Government of Prince Edward Island. Retrieved: January 12, 2021. <https://www.princeedwardisland.ca/en/information/economic-growth-tourism-and-culture/project-art-regulatory-count>
2. *Regulatory Accountability and Reporting Act*. Government of Prince Edward Island. Retrieved: November 6, 2020. <https://www.princeedwardisland.ca/sites/default/files/legislation/R-11-1%20-Regulatory%20Accountability%20And%20Reporting%20Act.pdf>
3. *Premiers' Charter of Governing Principles for Regulation*. Office of Regulatory Affairs and Service Effectiveness. Retrieved: November 3, 2020. <https://novascotia.ca/regulatoryopportunity/premiers-%20charter.asp>

Newfoundland and Labrador

Overall Grade: 4.7/10

Regulatory reform has been an initiative of the Government of Newfoundland and Labrador since 2005 when a Red Tape Reduction Task Force was appointed to identify unnecessary red tape and recommend improvements to the regulatory environment for business and citizens. In the 2013-14 year, over 1,300 regulatory requirements were eliminated from the province's overall regulatory count, representing a reduction of 0.6% of the total regulatory inventory. Since this time, however, the regulatory burden in Newfoundland and Labrador has not been reported.

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| <p>Comprehensive measure of the regulatory burden</p> <p>Score: 5/10</p> | <p>The regulatory requirement count was last publicly reported in 2014. The government maintains a count is kept; however, it is difficult to assess what items are included in this count unless publicized. Therefore, the government does not earn points for items related to the requirement count in this indicator.</p> <p>The government, however, has asserted that they would revisit the 2014 measure. This commitment earns them a score of 5 for this indicator.</p> |
| <p>Public reporting of the regulatory burden</p> <p>Score: 4/10</p> | <p>The <i>Regulatory Accountability and Reporting Act</i>, proclaimed in January 2018, requires the government to publicly report on its work to reduce red tape.¹ However, as no comprehensive measure of the total regulatory burden has been made public, points are lost for a lack of commitment to report, and the action of reporting on an annual basis.</p> |
| <p>Regulatory budget</p> <p>Score: 5/10</p> | <p>The government has legislated a “one-for-one” policy as part of the Premiers’ Charter of Governing Principles for Regulation in Atlantic Canada.² This policy requires the cost of additional regulations be offset by a regulatory reduction of equal cost. While it is commendable government includes these constraints in their legislation, it is unclear whether government is following through on this legislation. As such, the government loses points for its commitment to regulatory budgeting based on the lack of transparency.</p> |

Sources:

1. *Regulatory Accountability and Reporting Act. Assented to December 14, 2016.* House of Assembly Newfoundland and Labrador. Retrieved: November 5, 2020. <https://www.assembly.nl.ca/Legislation/sr/statutes/r10-02.htm#10>
2. *Premiers’ Charter of Governing Principles for Regulation.* Office of Regulatory Affairs and Service Effectiveness. Retrieved: November 3, 2020. <https://novascotia.ca/regulatoryopportunity/premiers-%20charter.asp>

Federal Government**Overall Grade: 7.3/10**

The federal government has taken steps to reduce red tape. For instance, in 2015 its *Red Tape Reduction Act* legislated a requirement that one regulation be eliminated for each new one introduced and that any new administrative burden for business be offset. In 2019, government created the External Advisory Committee on Regulatory Competitiveness to bring business leaders, academics, and consumer representatives together to provide guidance and recommendations on how to improve regulatory competitiveness and support the modernization of Canada's regulatory system.

| | |
|--|---|
| <p>Comprehensive measure of the regulatory burden</p> <p>Score: 5/10</p> | <p>In 2014, the federal government established the Administrative Burden Baseline (ABB), which requires departments to establish a baseline count of federal requirements in regulations and related forms that impose administrative burden on businesses. Federal government departments and agencies have made their individual ABB counts publicly available on the Acts and Regulations pages of their websites.¹ As of June 30, 2019, the total number of administrative requirements was 132,483 — a decrease of 3,896 (or 2.9%) from the 2018 count of 136,379.²</p> <p>While the ABB provides insight into the total number of federal requirements on business, the count is limited in scope as a measure of the regulatory burden. The ABB does not capture the burden generated through legislation or policies on business. Further, this regulatory measure is not comprehensive as it does not include the regulatory burden on citizens. The federal government can improve its score for this indicator by rectifying the missing elements.</p> |
| <p>Public reporting of the regulatory burden</p> <p>Score: 7/10</p> | <p>According to government policy, departments and agencies must update and publicly report a count of their requirements annually.³ To improve their score for this indicator, federal government must legislate the requirement to publicly report their overall ABB count annually and make it easy to access.</p> |
| <p>Regulatory budget</p> <p>Score: 10/10</p> | <p>In 2012, through the <i>Red Tape Reduction Act</i>, the federal government legislated the implementation of a "one-for-one" rule to control new administrative burden that regulations place on business.⁴ The rule requires that for every new regulatory change that increases administrative burden costs on business, regulators are required to offset an equal amount of administrative burden cost by removing at least one existing regulation. Since 2012-13, approximately \$58.4 million of net burden on businesses has been reduced. The government plans to review both the <i>Red Tape Reduction Act</i> and the one-for-one rule to evaluate its implementation and consider its continued operation. As all elements of our criteria are met for this indicator, the government earns a score of 10.</p> |

Sources:

1. *Government-wide Administrative Burden Baseline Counts*. Government of Canada. Retrieved: November 18, 2020. <https://www.canada.ca/en/treasury-board-secretariat>
2. *Annual Report to Parliament for the 2019 to 2020 Fiscal Year: Federal Regulatory Management Initiatives*. Government of Canada. Retrieved: December 14, 2020. <https://www.canada.ca/en/treasury-board-secretariat>
3. *Counting Administrative Burden Regulatory Requirements*. Government of Canada. Retrieved: November 18, 2020. <https://www.canada.ca/en/treasury-board-secretariat>
4. *Red Tape Reduction Act*. Justice Laws Website. Retrieved: November 18, 2020. <https://laws-lois.justice.gc.ca/eng/acts/r-4.5/>

Appendix B: Summary of Regulatory Accountability Grades, 2011 to 2021

| Jurisdiction | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021* |
|----------------------------------|------|------|------|------|------|------|------|------|------|------|----------|
| British Columbia | B+ | A | A | A | A | A | A | A | A- | A- | A (9.3) |
| Alberta | F | D | D+ | D | D | N/A | F | F | F | B- | A (10.0) |
| Saskatchewan | C+ | B- | C | B | B | B | B | A- | A | A | A (9.7) |
| Manitoba | F | F | D- | D- | D | F | D+ | A | A | A | A (10.0) |
| Ontario | C- | B- | B | B | B+ | B+ | B- | C+ | A- | A- | A (9.3) |
| Quebec | C+ | B- | B | B+ | B+ | B+ | A | A | N/A | A | A (9.0) |
| New Brunswick | C- | C+ | B- | B | N/A | C- | C+ | C- | N/A | B+ | C- (6.0) |
| Nova Scotia | B | D | D | C- | D- | C+ | B | A- | A | A | A (10.0) |
| Prince Edward Island | D | F | D- | D+ | D+ | C- | C+ | C- | D | N/A | A (8.3) |
| Newfoundland and Labrador | B | B | B | C+ | C | N/A | C | C- | D | D | F (4.7) |
| Federal government | C+ | B- | B+ | B+ | B+ | N/A | B | B- | B+ | B+ | B (7.3) |

*Given the modifications to the area of regulatory accountability in *2021 Provincial Red Tape Report Card*, it is important to highlight that the grades for 2021 are not directly comparable to that of previous years.

Appendix C: Methodology

The 2021 Provincial Red Tape Report Card uses an index approach to measure and rank the regulatory performance of Canada's provinces based on three major priority areas of regulatory activity (or subindexes), which encompass 10 indicators. These indicators represent either a composite of multiple scores, or a stand-alone value. These subindexes and their respective indicators are:

Regulatory Accountability Subindex (3 indicators)

1. Comprehensive measure of the regulatory burden (*composite scores*)
2. Public reporting of the regulatory burden (*composite scores*)
3. Regulatory budget (*composite scores*)

Regulatory Burden Subindex (4 indicators)

1. Total provincial regulatory restrictions (*stand-alone score*)
2. Total provincial regulatory restrictions per capita (*stand-alone score*)
3. Business owner confidence in provincial commitment to red tape reduction (*stand-alone score*)
4. Public feedback mechanism for reporting red tape concerns (*stand-alone score*)

Interprovincial Cooperation Subindex (3 indicators)

1. Total number of exceptions to the CFTA (*stand-alone score*)
2. Select barriers to internal trade (*composite scores*)
3. Implementation status of reconciliation agreements (*composite scores*)

For each subindex, indicator scores are compiled into a single score and corresponding letter grade. Each subindex is scored on a scale of zero (worst) to ten (best), and the numeric value is converted to a letter grade using an academic style grading system with the following ranges:

| | | | |
|----|------------------------------------|----|--|
| A | 9.0-10 (Excellent performance) | C | 6.3-6.6 (Satisfactory performance) |
| A- | 8.0-8.9 (Excellent performance) | C- | 6.0-6.2 (Satisfactory performance) |
| B+ | 7.7-7.9 (Good performance) | D+ | 5.7-5.9 (Less than satisfactory performance) |
| B | 7.3-7.6 (Good performance) | D | 5.3-5.6 (Less than satisfactory performance) |
| B- | 7-7.2 (Good performance) | D- | 5.0-5.2 (Less than satisfactory performance) |
| C+ | 6.7-6.9 (Satisfactory performance) | F | 0-4.9 (Unsatisfactory performance) |

Using a weighting scheme, the three subindex scores are combined into a single score that allows for a ranking of provincial governments from best (highest score) to worst (lowest score). The weighting scheme is based according to how the three areas influence the ability to develop successful regulatory reform. In this regard, larger weighting is placed on regulatory accountability. This approach was taken because to effectively control and reduce red tape over the long-term, it is imperative governments maintain a public measurement of the regulatory burden and implement constraints on regulators. In order of importance, the different areas are assigned the following weights: regulatory accountability—70%, regulatory burden—15%, interprovincial cooperation—15%.

Regulatory accountability subindex

For the regulatory accountability subindex, we assigned a specific scoring system for each of the three indicators. Both the indicators and their respective scoring criteria were chosen on their relevance to ensure the proper success of regulatory reform initiatives and proper accountability (see Table C1). To achieve an overall score for this subindex, the total number of points earned are divided by the total number of points that could have been earned, using the following calculation: $(A1+A2+A3)/30*10$.

Note, we attributed partial scores for some criteria based on either government's commitment to implement the appropriate approaches, or for approaches that met some aspects of criteria but failed others.

Table C1

Regulatory Accountability Scoring Criteria

| | |
|--|--|
| A1. Comprehensive measure of the regulatory burden | Total Potential Points = 10 |
| Commitment to measure the regulatory burden on business and citizens* | Yes (5 points); Some (3 points); No (0 points) |
| Regulatory requirement count (for business and/or citizens) includes all sources from (i) legislation, (ii) regulations, and (iii) associated policies and forms | Yes (3 points); Some (1 point); No (0 points) |
| Regulatory requirement count (for business and/or citizens) includes all government departments, agencies, and delegated authorities | Yes (2 points); Some (1 point); No (0 points) |
| A2. Public reporting of the regulatory burden | Total Potential Points = 10 |
| Commitment to reporting the regulatory burden regularly | Yes (5 points); Some (2 points); No (0 points) |
| Annual public reporting of the regulatory burden measures that is easy to access | Yes (3 points); Some (1 point); No (0 points) |
| Legislation in place that requires tracking and reporting of regulatory burden measures | Yes (2 points); Some (1 point); No (0 points) |
| A3. Regulatory budget | Total Potential Points = 10 |
| Commitment to regulatory budgeting | Yes (5 points); Some (2 points); No (0 points) |
| Constraints in place to manage regulatory costs (e.g. 1 for 1 rule, reduction/maintenance targets) | Yes (3 points); Some (1 point); No (0 points) |
| Legislation in place that requires governments to adhere to constraints (e.g. 1 for 1 rule, reduction/maintenance targets) | Yes (2 points); Some (1 point); No (0 points) |
| Overall Subindex Score = (A1+A2+A3)/30*10 | |

*Some provinces show commitment to measure of the regulatory burden on business only, these provinces are deducted 2 points for not maintaining a measure for citizens.

Regulatory burden and provincial cooperation subindices

The regulatory burden and interprovincial cooperation subindices contain both scalar and binary indicators.

On each scalar indicator, the province with the best performance for an indicator (lowest or highest, depending on the indicator) receives the maximum score of 10, while the province with the worst performance receives a score of 0. All other scores are based on the scale formed by these two values.

*When an indicator receives a lower score for a higher value or a higher score for a lower value the formula used is: $10 - ((x - \min) / (\max - \min)) * 10$*

*When an indicator receives a lower score for a lower value, or a higher score for a higher value the formula used is: $(x - \min) / (\max - \min) * 10$*

Where x = the score to be calculated

Min and max are the minimum and maximum of the range of indicators.

Binary indicators typically have a value of either 0 or 10. For example, a province either allows the unlimited import of alcohol for personal consumption, or it does not.

We acknowledge that combining scalar and binary indicators with equal weight within a subindex may be problematic, because the extreme valuation of the binary indicator can significantly influence the results. However, the several binary indicators used are of such importance to small businesses that they warrant their valuation.

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