

Employment WCB
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CANADA'S RED TAPE REPORT

The Cost of Regulation
to Small Business

Sixth Edition

Auto Expense Deduction

Customs Paper Burden

Canada's Red Tape Report

Sixth Edition

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CFIB would like to thank Intuit Canada for sponsoring this year's report. We are working together on a second report comparing Canada's regulatory costs to those in the United States, England and Australia.

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Executive Summary

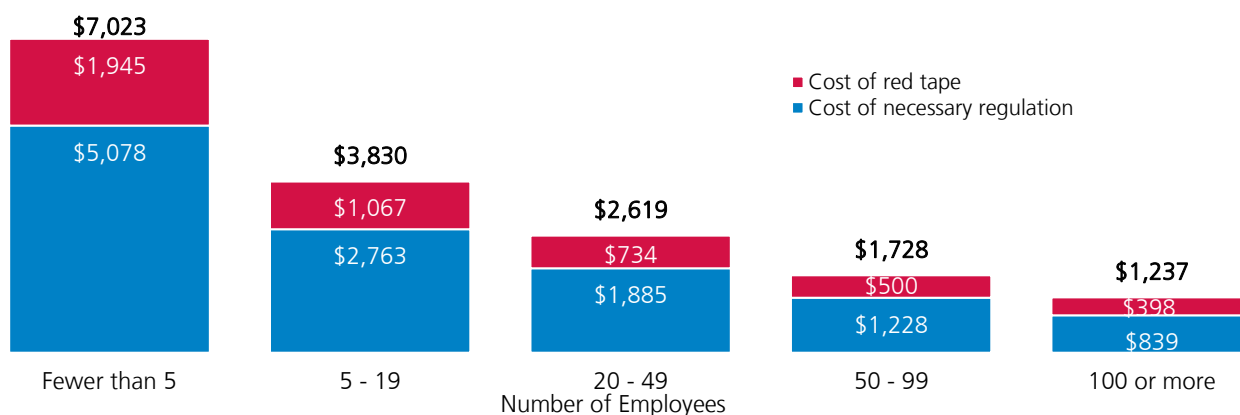
CFIB started publishing reports on the cost of regulation in 2005.¹ At the time, there were no other data available estimating the overall cost of regulation to Canadian businesses. Somewhat surprisingly, this remains the case today.

The cost of regulation from all three levels of government to Canadian businesses totalled \$38.8 billion in 2020. The total number of hours spent on regulatory compliance² by businesses of all sizes in Canada was 731 million hours – the equivalent of nearly 375,000 full-time³ jobs. The 2020 estimate excludes COVID-19 regulations to make the cost comparable to previous years.

These costs are considered too high by small business owners, who cite excessive regulation as one of their top concerns. The smallest businesses bear a disproportionately high burden of the cost, paying up to five times more per-employee than larger businesses. The smallest businesses pay \$7,023 per employee annually to comply with government regulation while larger businesses pay \$1,237 dollars per employee annually (see Figure 1). Being able to spread regulatory costs over more employees gives larger businesses a competitive advantage over their smaller counterparts.

Figure 1

Annual regulation cost per employee, by size of business (in 2020 dollars)



Sources: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2020, n=4,603) and data from Statistics Canada.

Notes:

1. The number of employees includes the business owner.
2. The cost of red tape for each business size is determined according to the average per cent that businesses indicated the regulatory burden could be reduced by without sacrificing the public interest. The average percentage for each business size is as follows: fewer than 5 employees = 28%; 5-19 employees = 28%; 20-49 employees = 28%; 50-99 employees = 29%, and; 100 or more employees = 32%.

¹ Jones, Laura et al., 2005. *Rated R: Prosperity Restricted by Red Tape*. Canadian Federation of Independent Business.

² Calculated as: 52 x (Average weekly per-employee hours spent on regulatory compliance by size of business x corresponding level of employment).

³ Measured at 1,950 hours of work per year.

In this report we make an important distinction between regulation that is justified, delivering valuable health, safety, and environmental outcomes, and regulation that is excessive, delivering little or no benefit. Excessive regulation is best known by its colloquial term, red tape. While it is impossible to know exactly how much of the regulatory burden is red tape, small businesses estimate the burden of regulation could be reduced by 28 per cent without sacrificing the public interest, suggesting red tape costs about \$11 billion a year. In terms of time, this would give back 205 million hours, or the equivalent of 105,000 full time jobs. Reducing red tape would have a positive impact on productivity, jobs, and wages. It would also reduce stress and free up more time for family.

This report does not attempt to put a dollar figure on the extra costs borne by small businesses due to COVID-19, as the regulations are expected to be temporary. However, it is worth noting that the majority (83%) of small businesses agree these regulations substantially increased regulatory costs.

As governments turn their attention to recovery, reducing red tape is a low-cost way to stimulate the economy while making room for new regulations that are needed. To do this effectively, governments, particularly at the federal and municipal levels, need to improve regulatory accountability and pay more attention to the cumulative burden of regulation. This includes doing a better job measuring the total burden and setting constraints to control regulatory growth. Making red tape reduction a priority across government can benefit all citizens.

Introduction

For the purposes of this report, regulation is divided into two categories, justified regulation and excessive regulation, better known as red tape. Much of the regulatory burden is justified in that its social benefits outweigh its social costs.⁴ Put more simply, the rules deliver good value for the costs they impose. This can include regulations that support efficient and effective markets, provide business and consumer protection, and protect the health and safety of citizens.⁵

Red tape includes excessive government regulation (i.e. unfair, overly costly, poorly designed, or contradictory rules and regulations), unnecessary delays and poor government customer service. Excessively long government forms, unnecessary permits, or long wait times to speak to a government representative are all considered red tape. Red tape causes confusion and frustration for citizens – especially Canada's small business owners who spend more time complying with regulation than most. Red tape undermines productivity, lowers wages, and attacks the entrepreneurial spirit for no discernable benefit.

Regulation is one of the triumvirate of tools government has at its disposal to affect change. The other two tools, spending and taxation, have much higher levels of accountability. Data are tracked, reported, and used to debate spending and taxes. Transparent processes like tabling budgets have long been institutionalized. Regulation, in contrast, lacks measurement, accountability and debate.

This sixth edition of *Canada's Red Tape Report* contributes to accountability by making the burden of regulation more visible. It presents the case that there is considerable room to reduce red tape. Using results from a survey of small business owners across Canada, total regulatory costs are estimated and broken down by size of business and the excessive portion of these costs is estimated. Other survey results show where the largest burdens are by level of government and how savings from red tape reductions might be used. Recommendations for effective regulatory reform and reflections on how the pandemic may affect regulation in the future are included at the end of the report.

The Cost of Regulation to Canadian Businesses

CFIB first estimated the cost of regulation to Canadian businesses in 2005. Since then, the estimate has been updated several times, in 2008, 2012, 2014, and 2017. Costs are determined by asking small- and mid-sized businesses a series of questions relating to time and money spent on regulatory compliance for all levels of government. The total cost of regulation for a typical business is comprised of the four following components: cost in wages; professional

⁴ Laura, Jones. (2020). The Drag on Productivity from Excessive Regulation. In Fraser Institute, *Achieving the 4-Day Work Week: Essays on Improving Productivity Growth in Canada* (p.11-18).

⁵ Government regulation on businesses refers to all the rules and regulations put in place by the federal, provincial, and municipal governments. It includes tax rules, municipal planning by-laws, business licencing, environmental regulations, and health permits, to name a few. In addition, CFIB's assessment of government regulation also includes government policies as well as customer service as it plays a critical role in supporting business owners in understanding and complying with rules and regulations.

fees; required spending on special equipment; and losses due to regulatory delays. A large share of the total cost is due to cost in wages for time spent on regulatory compliance, which is calculated using the number of hours spent on regulatory compliance multiplied by the hourly wages by size of business (refer to Appendix B for Methodology).

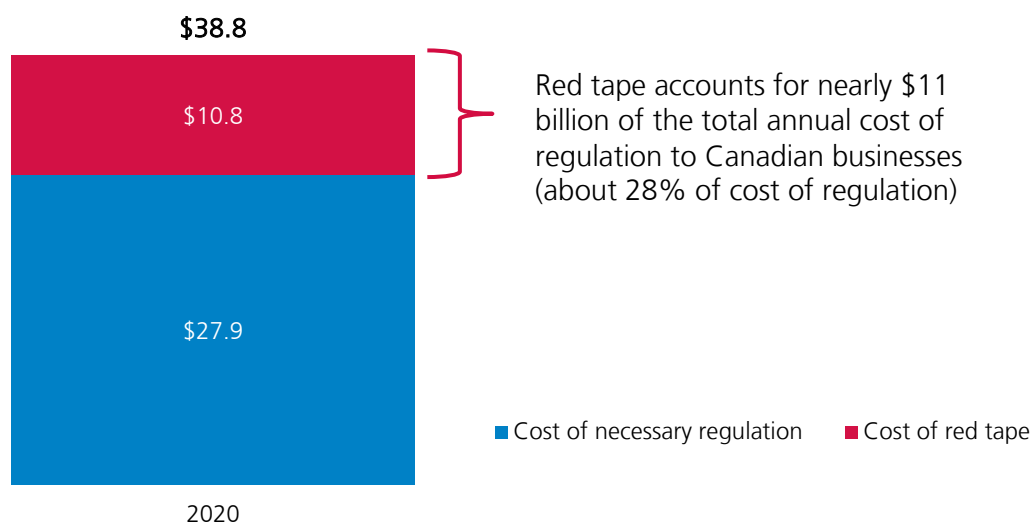
The Cost of Regulation and Red Tape in Canada

In 2020, the total cost of regulation to Canadian businesses from all levels of government was \$38.8 billion (for a provincial breakdown of the total cost of regulation to businesses, see Appendix C).⁶ To determine how much of the cost of regulation could more accurately be called red tape, business owners were asked how much the regulatory burden could be reduced without sacrificing the public interest. On average business owners said the regulatory burden could be reduced by 28 per cent, or \$10.8 billion (see Figure 2). By comparison, approximately 30 per cent of the total cost of regulation in 2017 was considered to be red tape (i.e. \$11.4 billion of \$37.9 billion).⁷

In 2020, the total number of hours spent on regulatory compliance⁸ by businesses of all sizes in Canada was 731 million hours – the equivalent of nearly 375,000 full-time⁹ jobs. A 28 per cent reduction would free up 205 million hours for business owners, the equivalent of almost 105,000 full-time jobs. The extra hours could be used to plan business expansions, serve customers, train staff or spend more time with family. It would undoubtedly have a positive impact on productivity, jobs, and wages across Canada.

Figure 2

Cost of red tape (in billion 2020 dollars)



Source: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2020, n=4,603).

⁶ Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2020, n=4,603) and data from Statistics Canada.

⁷ Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2017, n=5,838) and data from Statistics Canada. In 2020 dollars.

⁸ Calculated as: 52 x (Average weekly per-employee hours spent on regulatory compliance by size of business x corresponding level of employment).

⁹ Measured at 1,950 hours of work per year.

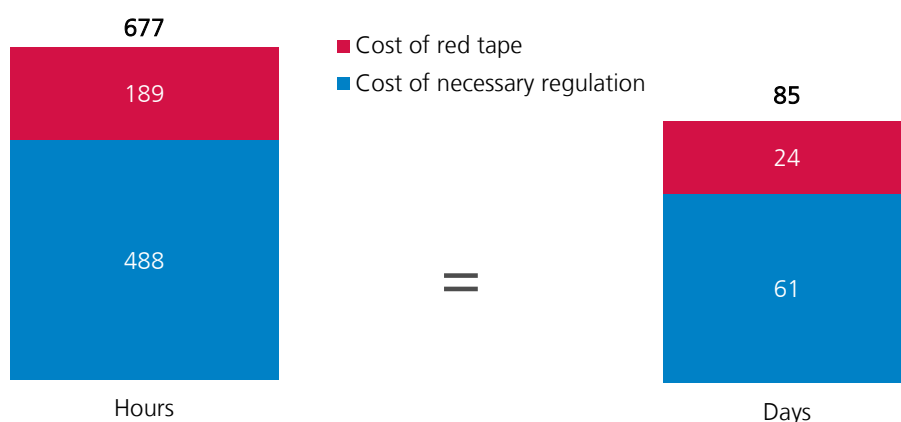
There has been a small increase in the overall cost compared to CFIB's previous estimate of \$37.9 billion in 2017.¹⁰ From 2017 to 2020, annual regulatory compliance costs in Canada increased by 2 per cent. Some of the increase can be attributed to increased wages and employment levels during this time.

Although the cost of regulation has increased, the time spent addressing it by the average business owner has gone down. The average number of hours that a business spent on regulatory compliance has decreased by 16 per cent since 2017—from 806 hours a year to 677 hours, or from 101 business days to 85 business days (see Figure 3).¹¹ Of the 677 hours spent on regulation, 189 are spent on red tape.

The decrease since 2017 could be a result of shifting some compliance to third parties like accountants and lawyers, which decreases time spent on regulation by business owners but increases costs. It could also be the result of governments reducing red tape by simplifying forms, allowing online compliance options, and improving customer service.

Figure 3

Average annual time spent on regulation per business (hours and business days, 2020)



Source: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2020, n=4,603).

Note: On average business owners said the regulatory burden could be reduced by about 28% without sacrificing the public interest.

Regulatory Costs Disproportionately Hurt the Smallest Businesses

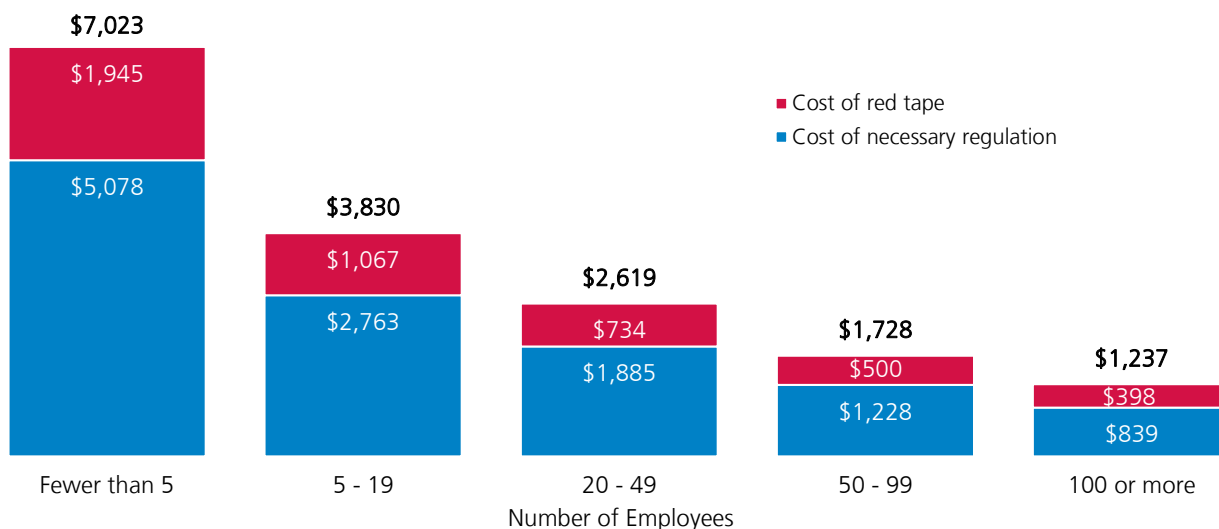
Small businesses face significantly higher per-employee regulatory costs compared to their larger counterparts (see Figure 4). The cost of government regulation per employee for businesses with fewer than 5 employees was \$7,023 in 2020, over 5 times the cost for businesses with 100 or more employees (\$1,237). Comparisons between 2017 and 2020 reveal only slight changes in the overall cost of regulation per employee by size of business.

¹⁰ Numbers reported in 2020 dollars. Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2014, n=6,644; conducted in 2017, n=5,838) and data from Statistics Canada.

¹¹ Assuming eight hours in a business day (677 hours per year/8 hours a day = 84.6 days a year).

Figure 4

Annual regulation cost per employee, by size of business (in 2020 dollars)



Sources: Calculations based on CFIB’s Survey on Regulation and Paperburden (conducted in 2020, n=4,603) and data from Statistics Canada.

Notes:

1. The number of employees includes the business owner.
2. The cost of red tape for each business size is determined according to the average per cent that businesses indicated the regulatory burden could be reduced by without sacrificing the public interest. The average percentage for each business size is as follows: fewer than 5 employees = 28%; 5-19 employees = 28%; 20-49 employees = 28%; 50-99 employees = 29%, and; 100 or more employees = 32%.

The cost of the regulatory burden to a business in Canada with four employees is about \$28,000 per year – nearly equal to the average annual gross pay of a typical part-time employee.¹²

Larger businesses are able to spread the regulatory burden across a greater number of employees and often have in-house resources devoted solely to regulatory monitoring and compliance. In smaller businesses the responsibility of dealing with regulation often falls directly on the shoulders of the business owners themselves. It is only when enterprises have reached a sufficiently large size that business owners can afford to shift regulatory responsibility to staff and professionals.

¹² The average gross pay (excluding benefits) of a part-time employee was approximately \$29,964 in 2019, based on 1,508 hours per year (52 weeks x 29 hours per week) and an average hourly wage rate of \$19.87 for part-time employees (Statistics Canada. Labour Force Survey, Table 14-10-0064-01. Accessed December 3, 2020).

Breakdown of Regulation Costs per Employee

The annual cost of regulation on businesses includes the cost in wages, professional fees (e.g. accountant fees), required spending on special equipment and renovations, and losses due to regulation delays.

Wage costs include the time business owners and employees take to comply with government regulations (e.g. filling out forms). On a per employee basis, wage costs represent the largest component of government regulation costs for small businesses (see Figure 5). For instance, in 2020 wage costs for businesses with fewer than 5 employees account for \$4,261 out of the total regulation cost per employee (\$7,023).

Figure 5

Breakdown of regulation cost per employee, by size of business (in 2020 dollars)



Source: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2020, n=4,603).

Note: The number of employees includes the business owner.

Wage costs incurred vary by size of business. For example, for businesses with fewer than 5 employees, wage costs make up over sixty per cent (61%) of regulatory costs, while this drops to less than one-quarter for businesses with 100 employees or more.

The second largest component of per employee regulatory costs is professional fees (e.g. accountant fees). Like wages, spending on professional fees per employee decreases as the size of business increases. Losses due to regulation delays (e.g. late issuance of a government permit) as well as required spending to comply with government regulations (e.g. renovations required after a government inspection) were relatively stable across business sizes.

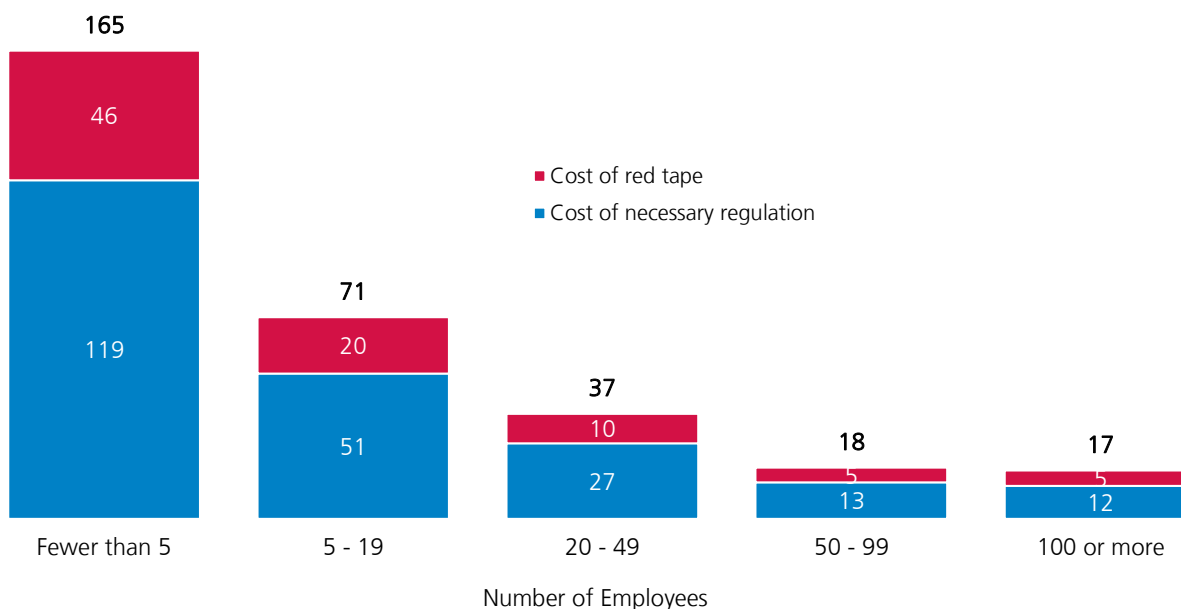
From 2017 to 2020, the regulation cost per employee increased for most business sizes in three of the four components making up the overall cost; professional fees, losses due to regulation delays and required spending on equipment and renovations to comply with government regulations. Looking to the comments provided by business owners on the survey, many indicate they have increased their use of professionals and accounting software to ensure they are compliant as regulations become more complicated. A number of respondents also indicated they have recently faced longer than normal wait times in accessing things such as business licences and necessary permits.

Time Spent on Government Regulation

Small businesses also spend more time complying with government regulation per employee than larger businesses. In 2020, businesses with fewer than 5 employees spent 165 hours per employee complying with government regulation, while those with 100 or more employees spent only 17 hours per employee (see Figure 6). Government initiatives to reduce time spent on compliance (e.g. shorter, simpler forms) could go a long way in reducing the regulatory costs on small businesses.

Figure 6

Average annual time spent on regulation per employee, by size of business (2020, hours)



Sources: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2020, n=4,603) and data from Statistics Canada.

Notes:

1. The number of employees includes the business owner.
2. The cost of red tape for each business size is determined according to the average per cent that businesses indicated the regulatory burden could be reduced by without sacrificing the public interest. The average percentage for each business size is as follows: fewer than 5 employees = 28%; 5-19 employees = 28%; 20-49 employees = 28%; 50-99 employees = 29%, and; 100 or more employees = 32%.

Time spent to comply with government regulations is a major irritant for small businesses. Business owners work longer hours than the typical employee and have many responsibilities.¹³ When they are taken away from their work to deal with government regulation, they have less time to grow their business, serve customers and train employees.

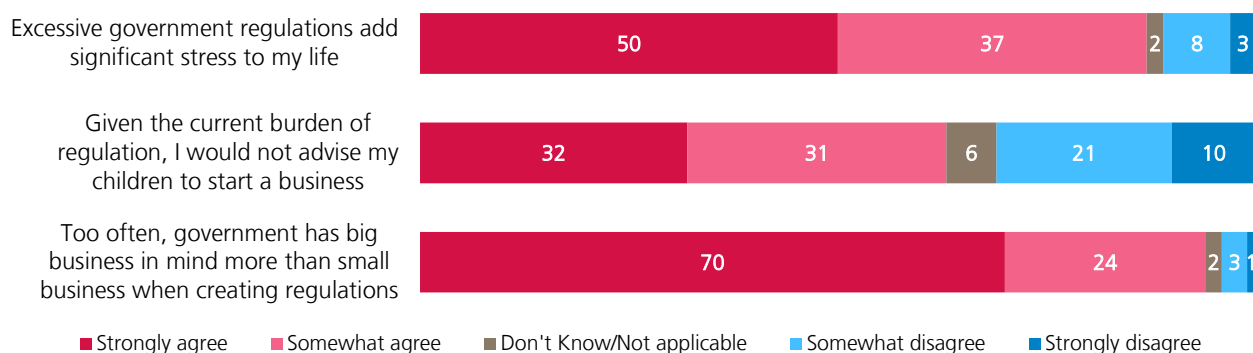
Other Costs of Regulation

Beyond the burden of time and money, excessive regulation creates significant frustration for small business owners. While it is impossible to put a price tag on frustration and stress, we all understand it can be costly. It might take two hours to understand confusing language and get an answer from a government helpline, then a further two hours for blood pressure to return to normal after such an experience. In Canada, nearly nine in 10 (87%) small business owners indicate excessive regulations add significant stress to their lives (see Figure 7). Many entrepreneurs devote time outside of normal working hours to ensure they are compliant with regulations relevant to them. This not only makes for long work hours but also takes time away from family and friends.¹⁴

The stress of dealing with regulation today could undermine entrepreneurship in the future. About three in five (63%) Canadian small business owners agree that given the current burden of government regulation, they would not advise their children to start a business (see Figure 7).

Figure 7

Social cost of regulation (% response)



Sources: CFIB, Regulation and Paperburden Survey, 2020, n=5,292, n=5,267, n=5,283.

Provincial comparisons show that more than half of business owners in each province indicated they would not advise their children to start a business (see Appendix C). Among the provinces, business owners in Newfoundland, PEI, and Ontario are less likely to advise their children to start a business given the current burden of regulation.

¹³ Statistics Canada Labour Force Survey data (Table 14-10-0035-01 Usual hours worked by industry, annual) from 2019 shows that business owners work more hours per week than employees.

¹⁴ Cruz, M. et al. 2015. Canada's Red Tape Report 2015. Canadian Federation of Independent Business.

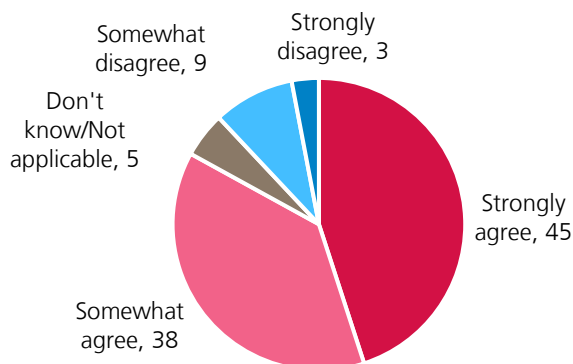
Further, an overwhelming majority (94%) of Canada's small business owners agree that too often governments have big business in mind more than small business when creating regulations (see Figure 7).

Impact of COVID-19 on the Cost of Regulation

The estimate of the cost of regulation on Canadian small business does not include the cost of COVID-19 related regulations on businesses. The exclusion of COVID-19 costs was done to ensure a comparable measure to track the cost estimate of regulation over time, as COVID-19 related regulation costs are expected to be temporary. However, the costs look to be significant, as 83 per cent of small business owners in Canada report that COVID-19 substantially increased their business's compliance costs, in terms of time and money (see Figure 8). This result was consistent across all provinces (see Appendix C).

Figure 8

COVID-19 has substantially increased my business's compliance costs, in terms of time and money (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,528.

Regulation and Productivity

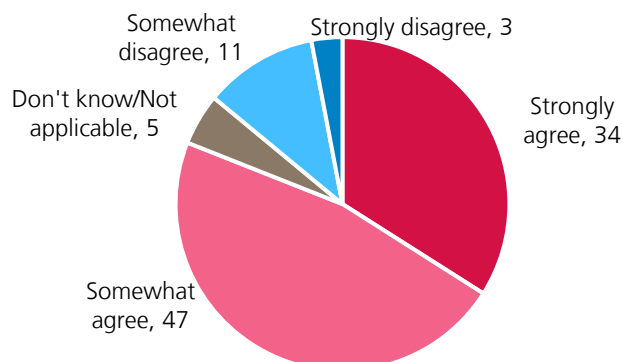
Excessive regulation and red tape undermine productivity as resources that could be put to better use are spent understanding and complying with regulations that do not add value.¹⁵ This has the effect of lowering overall living standards for Canadians by reducing wages and increasing prices.

According to Canada's small business owners, the impact of red tape on productivity is significant: 81 per cent agree that excessive government regulation reduces their business's productivity and ability to grow (see Figure 9). This result is consistent among all business sizes (see Appendix C).

¹⁵ Laura, Jones. (2020). The Drag on Productivity from Excessive Regulation. In Fraser Institute, *Achieving the 4-Day Work Week: Essays on Improving Productivity Growth in Canada* (p.11-18).

Figure 9

Excessive government regulations significantly reduce my business's productivity and ability to grow (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,300.

When business owners were asked what they would do with the savings if regulatory costs on their business were reduced, investing in equipment and business expansion (55%), increasing employee wages and benefits (52%), paying down debt (50%), and hiring additional employees (36%) were among the top responses (see Figure 10). These results suggest red tape reduction would have benefits on productivity. With less time and money spent complying with excessive regulation, business owners could use these resources to increase wages, invest in new equipment and dedicate more time to employee training—all of which are key to productivity gains.¹⁶

Figure 10

If the cost of regulations were reduced, how would your business use the savings? (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,442.

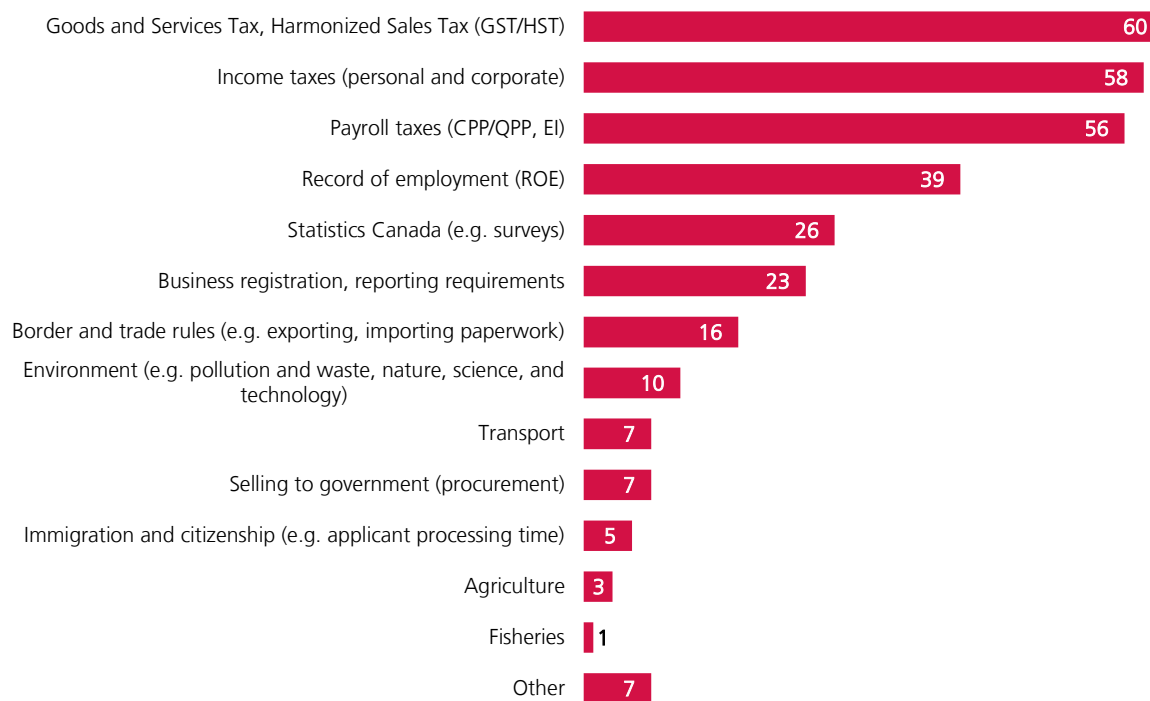
¹⁶ Laura, Jones. (2020). The Drag on Productivity from Excessive Regulation. In Fraser Institute, *Achieving the 4-Day Work Week: Essays on Improving Productivity Growth in Canada* (p.11-18).

Regulatory Burdens by Level of Government

At the federal level, businesses cite GST/HST (60%), income taxes (58%), and payroll taxes (56%) as their top regulatory burdens. Additional challenges include records of employment (39%), Statistics Canada (26%), and business registration and reporting requirements (23%) (see Figure 11). The order and level of concerns are comparable to those reported in 2017.

Figure 11

Most burdensome federal regulations (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=6,407.

The most commonly cited provincial regulatory challenges were the same as those reported in 2017: workers' compensation and occupational health and safety regulations (55%), employment standards (50%), and PST/HST (48%) remained the top three irritants (see Figure 12). Notably, the magnitudes of these burdens have declined since we last asked business owners in 2017. Workers' compensation and occupational health and safety regulations decreased by nine percentage points while PST/HST declined by 11 percentage points. These results indicate good work has been done at the provincial level to reduce the regulatory burden. Some variation exists in these results by province (see Appendix C).

Figure 12

Most burdensome provincial regulations (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=6,116.

At the municipal level, results followed similar patterns as in previous years, with property and business taxes as the top irritant (50%), followed by building and renovation permits (43%), and business licensing (29%) (see Figure 13).

Figure 13

Most burdensome municipal regulations (% response)



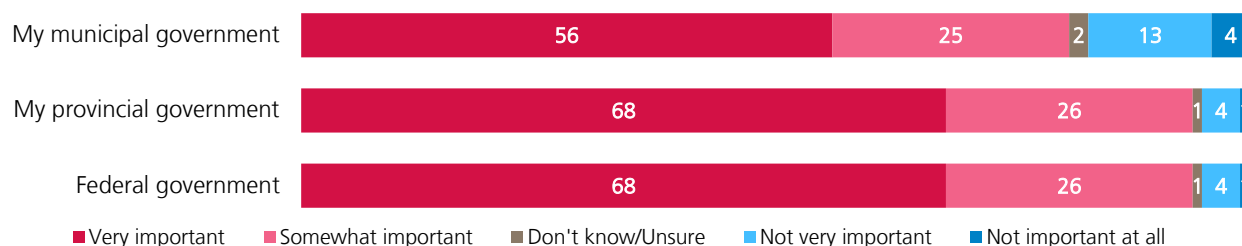
Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,429.

How Committed are Canadian Governments to Reducing Red Tape?

A strong majority of business owners indicate a commitment to reducing red tape is important to them. At the federal and provincial levels, 94 per cent agree it should be a priority, with the majority indicating it is very important. At the municipal level, it is also considered a priority with 81 per cent agreeing it is important and a majority indicating it is very important (see Figure 14).

Figure 14

How important is it to you that the following levels of government are committed to reducing red tape, including unnecessary rules and regulations on your business? (% response)

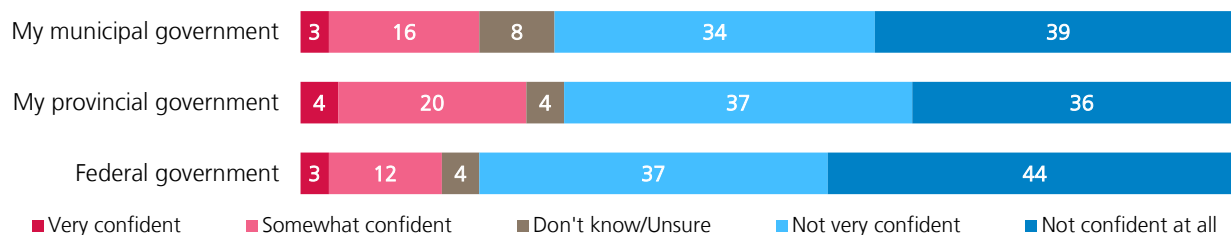


Source: CFIB, Regulation and Paperburden Survey, 2020, n=6,080.

Despite the importance business owners place on regulatory reform efforts, they are not confident that governments across Canada are committed to reducing red tape. Small businesses are more confident in their province's commitment to reduce red tape (24% confident) compared to the federal government (15% confident) or their local government (19% confident) (see Figure 15).

Figure 15

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



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,866.

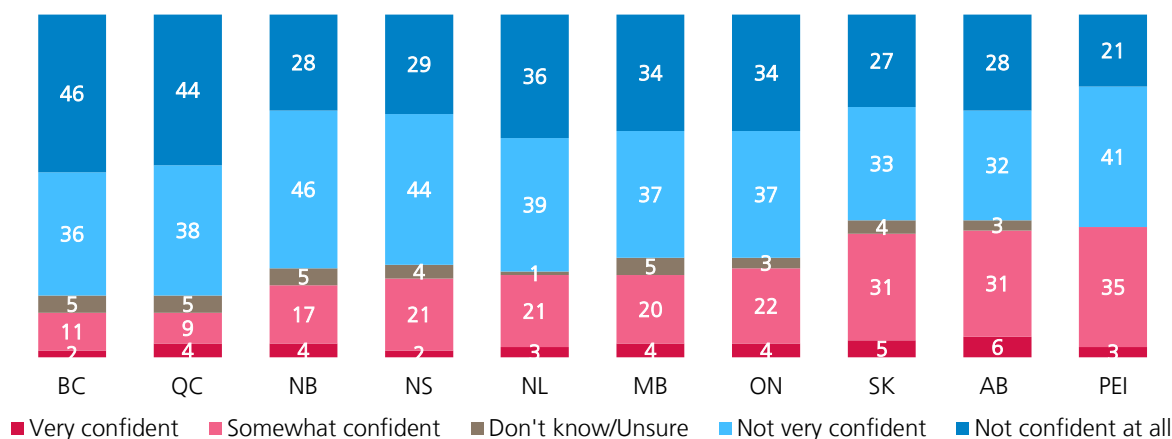
Business owners in Alberta (37%) and Saskatchewan (36%) are the most confident in their provincial government's commitment to reduce red tape (see Figure 16).¹⁷ Both provinces have red tape reduction initiatives in progress. For example, the Alberta government is on track to

¹⁷ Results for PEI are based on < 40 responses and should be interpreted with caution.

meet its target to reduce its regulatory burden in the province by one-third by 2023 and Saskatchewan also has reduction targets in place. Both provinces score very well on CFIB's Red Tape Report Card.¹⁸ Business owners in BC and Quebec are least confident (both only 13% confident) in their provincial government's commitment to reduce red tape.

Figure 16

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 (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,866.

Note: Results for PEI are based on < 40 responses and should be interpreted with caution.

Effective Regulatory Reform

Effective regulatory reform reduces red tape and is felt by citizens as a lightening of the burden without undermining the protections from regulation that we value. This requires a sustained focus and culture change from within government. COVID-19 may prove a helpful shock to the system in this regard as governments put more focus on outcomes and work to get things done quickly. A few examples include fast vaccine approvals; processing patio expansion approvals quickly; allowing doctors to bill for online appointments, and; allowing meat to cross provincial borders to prevent food shortages.

In general, there are three essential ingredients to effective regulatory reform: political leadership, accountability, and constraints on regulators.

Political Leadership: Effective and sustained regulatory reform must be driven from the top, with a political commitment from a leader that is echoed through all departments and agencies across government.

¹⁸ Cruz, M. et al. 2020. 2021 Red Tape Report Card. Canadian Federation of Independent Business.

Regulatory Accountability: Any government serious about effective regulatory reform must give the public a way to evaluate its regulatory activity. Internal guidelines and checklists, a feature of many reform initiatives, are not enough. Those proposing additional regulations should not be left to police themselves and regulatory measures must be regularly reported to the public. Going a step further, legislating the requirement to report regulatory measures would make it harder for governments to abandon public accountability. CFIB's Red Tape Report Card includes a scorecard on Regulatory Accountability governments can use to work towards regulatory accountability.

Constraints on Regulators: Perhaps the most effective element to achieving regulatory reform is imposing constraints on the regulators themselves. Governments must recognize that business owners have a limited ability to comply with an endless list of regulations. Likewise, governments also have a limited ability to enforce regulations. Implementing an upper bound or cap on regulatory costs can ensure that the burden of regulation is kept in check. Such an approach forces regulators to consider alternatives and trade-offs, and to prioritize those regulations that are most important. A regulatory cap could take the form of a reduction target or a target for no net increase in regulatory activity. A one-for-one rule, where one regulatory requirement must be eliminated for every new one introduced is a good example. Such constraints require a broad-based measure that is reported regularly.

Specific Initiatives to Reduce Red Tape and Improve Regulatory Compliance

When asked how governments can help businesses better comply, simplifying existing regulations, including the use of plain language (79%), communicating new regulations in a clear and timely way (72%), and improving government customer service (68%) were some of the top results (see Figure 17).

Figure 17

What would help your business better comply with regulations? (% response)



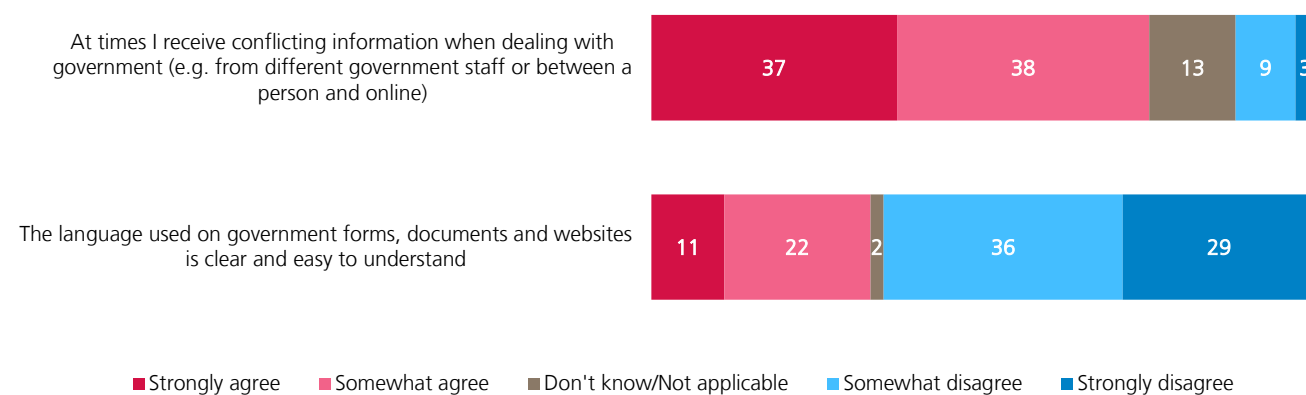
Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,476.

Customer Services Make a Difference

When dealing with government regulations, good customer service can make the difference between a stressful, time consuming process and a positive, productive one. Not only is this a high priority for small business owners but clearly there is room for improvement. Three-quarters (75%) reported receiving conflicting information when dealing with government (see Figure 18). Business owners also reported the language on government forms could be improved with only one-third (33%) agreeing government forms, documents and websites are clear and easy to read (see Figure 18).

Figure 18

Government customer service needs improvement (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,263, n=5,258.

Thousands of business owners took the time to comment on their specific experiences with regulation or regulators. The comments in Table 1 make it very clear that poor government customer service is a large part of the regulatory headache facing small business (e.g. getting more than one answer to the same question, confusing language, being put on hold for long periods of time, dealing with rude or poorly-informed staff and waiting too long for decisions).

While small business owners were quick to point out the impact of poor government customer service on their businesses, they were also extremely appreciative of a positive government customer service experience. Many of the positive comments from our surveys focused on the responsiveness and understanding of an individual or the flexibility built into a process. Some examples of both positive and negative comments about government customer service are highlighted in Table 1.

Table 1

Business owners' comments on government customer service

Positive Customer Service Experience	Negative Customer Service Experience
<p>I received a fabricated human rights complaint from an ex-employee in 2017. The Service Canada and WCB investigations were simple enough to work through. The OHS officer found us to not be compliant on a few things. The officer was good about guiding us through the process of becoming compliant, rather than shutting us down immediately or levying cost-prohibitive fines against us. She wanted to see us successful as a small business.</p> <p><i>-Automotive Repair & Maintenance business, AB</i></p>	<p>I was recently taken off the provider list to service WCB NB clients due to an oversight. I am not the only clinic. They sent a vague email out in January to let us know changes were coming. They did not mention that I needed to sign up for NBON - I didn't even know what that was until it was too late. I missed a deadline and because of the lack of communication, I am not allowed to service any new WCB clients until March 2021 if approved! This makes up a lot of my clients in the Sussex area and we are in a pandemic! There needs to be better communication and more flexibility for small businesses!</p> <p><i>-Hearing Clinic business, NB</i></p>
<p>I feel that basic federal reporting for source deductions and GST online services are pretty good. Also, the provincial WCB portal and PST reporting portal are user friendly and quick and easy to figure out.</p> <p><i>-Restaurant business, BC</i></p>	<p>Inspectors should be more business friendly and familiar with the industries [they service]. Often, they are argumentative and don't understand the reality of daily business operation.</p> <p><i>-Automotive Repair & Maintenance business, MB</i></p>
<p>WSIB's model of educating business owners so they are well prepared to comply with health and safety regulations should be an example for all government departments. Imagine if government actually trained business owners on how to collect/remit HST! They could cut their audit efforts in half and reduce the stress on the business owner at the same time.</p> <p><i>-Furniture Store business, ON</i></p>	<p>When trying to contact the health department about guidelines, it can take talking to 3 people as the first 2 don't have the information. [There are] inspectors that don't follow through with things discussed during inspections. Or inspectors that don't have any knowledge about the services they are inspecting for.</p> <p><i>-Beauty Salon & Personal Care business, ON</i></p>
<p>We have a great health and safety inspector who is fair and acknowledges the improvements we have made to our premises. We can phone at any time to get answers to our questions.</p> <p><i>-Greenhouse & Nursery Production business, AB</i></p>	<p>For the money we send to government the services we get in return leave much to be desired. Called CRA this am at 9 am (their opening time) and was told there was a 45-minute wait to speak to an agent</p> <p><i>-Bookkeeping business, BC</i></p>

Source: CFIB, *Regulation and Paperburden Survey*, November 2020 to December 2020.

Going Digital

In addition to improving customer service, governments can easily improve their regulatory environment by enhancing digital options. More than half (52%) of Canada's small business owners said improving online compliance options, including better information on websites, online filing options and chat support would support their business's compliance efforts (see Figure 17).

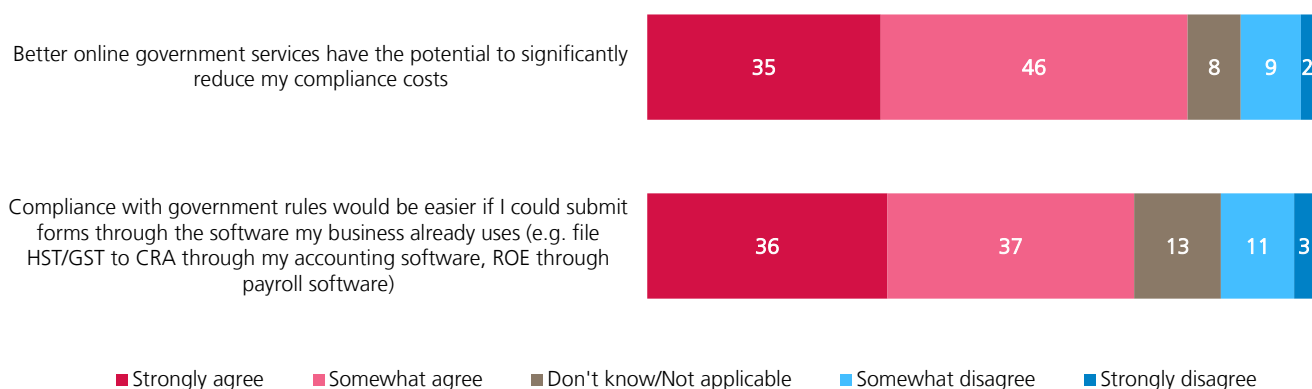
Not only will more online options help businesses comply, but 81 per cent said better online services would significantly reduce their compliance costs (see Figure 19). Business owners agree compliance would be easier if they could submit government forms through the software their business already uses (73% agree). For example, businesses said filing HST and GST remittances to CRA through their accounting software or submitting Records of Employment through their payroll software would save them a lot of time. Since a strong majority (92%) of

business owners in Canada use accounting software, governments should work to integrate¹⁹ with these systems to make it easier to comply with regulations.²⁰

Governments across the world have implemented digital connections with bookkeeping and accounting software to make running a business easier. For example, since 2018, the United Kingdom has been implementing the *Making Tax Digital for Business* program which has enabled direct connections between private sector software and the tax authority. Ultimately, the program has reduced the compliance burden for businesses.

Figure 19

Improving digital compliance (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,262, n=5,249.

Conclusion & Recommendations

In recent years, governments across Canada have become more accountable to citizens with respect to their regulatory burden and reducing red tape. Many provinces are now committed to regulatory accountability and are measuring and reporting the burden regularly. Many have also set reduction targets. This is a good start but there is more to be done. Red tape reduction was important before COVID-19 but has now become critical to economic recovery as stressed businesses do not have the same resources for compliance. Below is a ten-point plan for improving regulatory accountability and reducing red tape.

¹⁹ Government of the United Kingdom, Making Tax Digital, <https://www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital>.

²⁰ On average, the annual cost of regulation per employee for a business that uses accounting software (92% of businesses) is \$2,936; for a business that does not use accounting software (6% of businesses) the annual cost per employee is \$3,510.

Ten Point Plan for Effective Regulatory Reform

1) Measure the regulatory burden

Without measurement, there cannot be true accountability. Measuring the regulatory burden is not an easy task since much of the cost of regulation is hidden, indirect or intangible. Governments should consider the regulatory burden on both businesses and citizens found in legislation, regulation, policy and forms. Additionally, governments should measure the burden from all government departments, agencies and delegated authorities to obtain a complete comprehensive measure.

2) Institutionalize the measure by reporting it regularly to the public

Real accountability requires ongoing measurement and external oversight. Measures should be tracked over time. Ideally, there needs to be a legislated requirement for ongoing measurement and reporting. Regulation deserves the same level of transparency and debate as taxing and spending.

3) Create a regulatory budget

Businesses and individuals have limited time and money to cope with regulation. If regulators want their rules followed, they must recognize these limits and impose some restraint on their own regulating. Suggested initiatives include a requirement on the part of government to remove a regulatory requirement for every new requirement introduced (a form of cap and trade) and the introduction of criteria to justify new and existing regulations.

4) Make regulatory accountability a political priority and appoint a minister responsible

Regulation has a serious impact on the economy, yet politically it is usually a low-profile issue. A cabinet-level position should be created (i.e. Minister of Regulatory Accountability or Reform). In the case of municipal governments, a permanent “standing committee”-style body should have designated seats for elected council officials so there is political accountability.

5) Make simplification and plain language a priority

It is entirely reasonable for business owners and other citizens to expect government agencies to provide consistent timely advice in plain language. Every effort should be made to make language approachable rather than intimidating, unless intimidation is the intent as could be the case in extreme non-compliance cases.

6) Create permanent avenues for citizens to provide suggestions for red tape reduction

A virtual “suggestion box” allowing citizens to flag red tape for governments is common sense. This would allow departments to understand common challenges and fix small issues quickly.

7) Carefully consider the need for all new regulation and plan for its review

Any proposed regulation should be subjected to scrutiny that includes questioning whether it is needed, ensuring that affected parties are consulted early and often and that any unintended consequences of the regulation are considered. Regulations that are needed should have clear objectives and a plan for review.

8) Keep compliance flexible and provide basic examples and guidelines for what constitutes compliance and non-compliance

Regulation works best when it is outcome-based rather than prescriptive in nature. This allows businesses to find the most cost-effective ways to comply with rules. Businesses should, however, also be given some guidelines and examples of what constitutes compliance. This is especially important for smaller businesses that do not typically have the resources to explore different options for the least costly way to comply. For those businesses, having basic guidelines regarding what constitutes compliance is extremely helpful.

9) Improve online options

Being able to do things online can save a lot of time. It is important that online options also provide clear pathways to deal with a live person where that is needed.

One obvious improvement to digital resources is to allowing people to submit government forms through the software their business already uses. For example, businesses said filing HST and GST remittances to CRA through their accounting software or submitting Records of Employment through their payroll software would save them a lot of time.

10) Improve accountability for regulators by instituting such measures as reverse onus guidelines for timeliness and communication

Often there is little or no flexibility for business owners when it comes to meeting their compliance/paperwork obligations. Regulators, however, usually have no specific timelines imposed on them for when decisions will be made, or permits will be approved. These asymmetries should be remedied so regulators also have deadlines and suffer consequences when these deadlines are not met, or if advice proves inaccurate or inconsistent.

Appendix A: Survey

Regulation and Paperburden Survey 2020

The cost of regulation includes time and money spent complying with government rules (e.g. figuring out what rules apply to your business, filling out forms, paying accountants and other outside consultants, and dealing with audits and inspections). Red tape includes excessive government regulation (i.e. unfair, overly costly, poorly designed, or contradictory rules and regulations) and poor government customer service. To continue to show governments that reducing red tape is important, we need your point of view!

Your answers will remain strictly confidential and will only be published in an aggregate form.

The following questions will focus on the burden of federal, provincial, and municipal regulations on your business. These questions **EXCLUDE COVID-19 related regulations** as we are trying to capture the typical regulatory burden your business faces. COVID-19 will be addressed later in the survey.

1. Which *FEDERAL* government regulations are most burdensome to your business in terms of time and money spent on compliance? (Select as many as apply)

- Payroll taxes (CPP/QPP, EI)
- Record of employment (ROE)
- Goods and Services Tax, Harmonized Sales Tax (GST/HST)
- Income taxes (personal and corporate)
- Border and trade rules (e.g. exporting, importing, paperwork)
- Fisheries
- Agriculture
- Immigration and citizenship (e.g. applicant processing time)
- Environment (e.g. pollution and waste, nature, science, and technology)
- Transport
- Business registration, reporting requirements
- Statistics Canada (e.g. surveys)
- Selling to government (procurement)
- Other (Please specify)

2. Which *PROVINCIAL* government regulations are most burdensome to your business in terms of time and money spent on compliance? (Select as many as apply)

- Employment standards
- Workers' compensation, occupational health and safety
- Business registration, reporting requirements
- Provincial Sales Tax, Harmonized Sales Tax (PST/HST)
- Other tax compliance
- Consumer protection
- Health permits and inspections
- Environment (e.g. agriculture and farming, energy, waste, and recycling)
- Financial (e.g. insurance, securities, banking)
- Liquor, tobacco, and cannabis
- Food inspection and restaurant inspections (can also be municipal)
- Selling to government (procurement)
- Other (Please specify)

3. Which *MUNICIPAL* government regulations are most burdensome to your business in terms of time and money spent on compliance? (Select as many as apply)

- Business licensing
- Building and renovation permits
- Parking by-laws (e.g. paid parking minimums, mandatory parking stalls)
- Garbage and recycling
- Sewage and air emissions
- Property assessment (can also be provincial)
- Land use and development
- Sign by-laws
- Property tax and business tax (where applicable)
- Selling to government (procurement)
- Other (Please specify)

4. How *important* is it to you that the following levels of government are committed to reducing *red tape*, including unnecessary rules and regulations on your business? (Select one for each line)

	Very important	Somewhat important	Not very important	Not important at all	Don't know/Unsure
Federal government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My provincial government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My municipal government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. How **confident** are you that the following levels of government are committed to reducing **red tape**, including unnecessary rules and regulations on your business? (Select one for each line)

		Very confident 100-100%	Somewhat confident 75-100%	Not very confident 50-75%	Not confident 25-50%	Don't know 0-25%
Federal government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My provincial government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My municipal government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. **Not including COVID-19 regulations**, considering all other regulations pertaining to your business (e.g. labour standards, tax, health and safety, sector rules, etc.) **typically how many hours per week do you and your staff spend:** (Enter approximate hours per week)

	Approximate hours/week
Filling out forms and doing government-related paperwork?	<input type="text"/> <input type="text"/> <input type="text"/>
Ensuring that your business complies with all existing regulations: reading, training, verification, administration, time spent with accountants and lawyers?	<input type="text"/> <input type="text"/> <input type="text"/>

7. **Not including COVID-19 regulations**, how much does your business **typically** spend **annually** on accounting software and professional fees (e.g. accountants, lawyers, consultants) to ensure regulatory compliance? (Enter approximate \$ amount per year)

\$, , . 00

8. **Not including COVID-19 regulations**, during the **past three years**, how much money did your business spend on special equipment, renovations, etc. solely to comply with regulations? (Enter approximate \$ amount spent in past three years)

\$, , . 00

9. **Not including COVID-19 regulations**, during the **past three years**, what impact have delays caused by regulations (e.g. waiting on permits, etc.) had on your business? (Select one answer only)

- No impact or have not experienced any delays
- Minor impact (5% or less lost in weekly sales)
- Major impact (6% or more lost in weekly sales)

10. **Not including COVID-19 regulations**, roughly what percentage of your business's regulatory burden could governments reduce without sacrificing the public interest (i.e. health and safety, environmental objectives)? (Please insert approximate percentage)

%

11. To what extent do you agree or disagree with the following statement? (Select one answer only)

"COVID-19 has substantially increased my business's compliance costs, in terms of time and money"

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
- Don't know/Unsure

12. What would help your business better comply with regulations? (Select as many as apply)

- Simplify existing regulations and guidance, including using plain language
- Communicate new regulations in a clear and timely way
- Provide examples of what constitutes compliance (e.g. a template or guide)
- Reduce the total number of regulations
- Improve government customer service (e.g. reduce call wait times, friendly knowledgeable staff to answer questions)
- Improve speed of decision making by regulators (e.g. wait times for permits and licenses)
- Improve online compliance options (e.g. better information, more filing options, chat support)
- Ensure auditors focus on education before issuing fines for minor regulatory violations
- Other (Please specify)
- Don't know/Unsure

13. If the cost of regulations (time and money spent complying) were reduced, how would your business most likely use the savings? (Select as many as apply)

- Increase employee wages and benefits
- Increase employee training
- Hire additional employees
- Invest in equipment, expansion
- Convert savings into profit
- Increase donations to charitable organizations
- Decrease prices
- Pay down debt
- Other (Please specify)
- Don't know/Unsure

14. To what extent do you agree or disagree with the following statements? (Select one for each line)

	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't know/Not applicable
Excessive government regulations significantly reduce my business's productivity and ability to grow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excessive government regulations add significant stress to my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Given the current burden of regulation, I would not advise my children to start a business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Too often, government has big business in mind more than small business when creating regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Better online government services have the potential to significantly reduce my compliance costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compliance with government rules would be easier if I could submit forms through the software my business already uses (e.g. file HST/GST to CRA through my accounting software, ROE through payroll software)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The language used on government forms, documents and websites is clear and easy to understand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
At times I receive conflicting information when dealing with government (e.g. from different government staff or between a person and online)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Who is the **primary** person responsible for managing your business's books to ensure it completes all administrative compliance requirements (e.g. managing expenses, recording sales, workers' compensation, GST/HST/PST, payroll, etc.)? (Select one answer only)

- Business owner(s) and/or in-house non-accounting professional (e.g. family member, employee) manages them
- A hired accounting professional (internal or external) manages them
- Other (Please specify)
- Don't know/Unsure

If Q15 = "Don't know/Unsure" skip to Final comments

16. Does the individual who manages your business's books use accounting software (e.g. for managing expenses, recording sales, etc.)? (Select one answer only)

- Yes
- No
- Don't know/Unsure

If Q16 = "Yes" answer Q17

17. Of the following types of accounting software, which is **primarily** used to manage your business's books (e.g. for managing expenses, recording sales, etc.)? (Select one answer only)

- QuickBooks Online
- QuickBooks Desktop/Enterprise
- Sage
- FreshBooks
- Xero
- Wave
- Spreadsheet (e.g. Microsoft Excel, Google Sheets, etc.)
- Other (Please specify)
- Don't know/Unsure

Final Comments:

Do you have anything else to share? Positive and/or negative experiences your business has had with regulation or regulators (streamlining processes, inspectors, auditors, COVID-19, etc.), for example, are extremely helpful when meeting with government.

May we contact you about the feedback you shared?

To give us permission, please check this box.

"red tape"

Red tape includes excessive government regulation (i.e. unfair, overly costly, poorly designed, or contradictory rules and regulations) and poor government customer service.

Appendix B: Methodology for Estimating the Cost of Regulation

CFIB is a non-partisan organization exclusively representing the interests of 110,000 small and medium-sized businesses in Canada. CFIB's research capacity is second-to-none because the Federation is able to gather timely and concrete information from members about business issues that affect their day-to-day operation and bottom line. In this capacity, CFIB is an excellent source of up-to-date information for governments to consider when developing policies impacting Canada's small business community.

CFIB's Regulation and Paperburden Survey was conducted from November 6, 2020 to December 9, 2020. CFIB, also conducted a survey using identical questions with clients from Intuit Canada between November 23, 2020 and December 1, 2020. Intuit clients were either business owners, accountants, bookkeepers, or tax administrators. Respondents were excluded if they worked in a business with 500 or more employees or in a publicly traded company. Individuals in public administration or other government services were excluded. Only respondents who dealt with matters of regulatory compliance in their work could take the survey.

A total of 6,569 respondents across Canada participated, across both surveys. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of 1.2 percentage points, 19 times out of 20.

In estimating Canadian regulation costs, answers from 4,603 survey responses were used after filtering and excluding outliers. The following data were captured:

- Hours spent weekly doing paperwork related to regulatory compliance and on other activities related to regulatory compliance (reading, training, verification, time spent with accountants and lawyers). These costs will be referred to as (h).
- Dollars spent annually on professional fees to ensure regulatory compliance (accountants, lawyers, consultants) and on special equipment and renovations solely to comply with regulations. These costs will be referred to as (f).
- Cost of lost sales as a result of regulatory delays or restrictions. These costs will be referred to as (s).

The Canadian regulatory cost estimate was calculated based on data from Statistics Canada's 2019 Survey of Employment, Payrolls and Hours (SEPH) which focuses on payroll administrative records (T4s). In estimating the total number of individuals employed in Canada, SEPH data were used in conjunction with the 2019 Labour Force Survey (LFS). SEPH only includes businesses with employees and incorporated self-employed individuals. To capture the unincorporated self-employed portion of the labour force (with and without paid help), data were extracted from the LFS. Although employee data are also available from the LFS, SEPH data were used over LFS data since more reliable income and employment data were available. It was also assumed that all unincorporated self-employed belonged to the first employment size category (fewer than 5 employees) as most unincorporated businesses are either sole proprietorships or partnerships.

Canadian employee hourly wage rates (w) were calculated using SEPH and LFS data. Hourly wage rates for employees in the private sector were derived based on average weekly earnings from SEPH by size of business and average actual hours worked weekly (for all jobs) from the LFS by province. SEPH data for industry sectors deemed mainly as public sector (utilities, education, health, public administration) were excluded.

The basic equation used to calculate the total annual cost of regulation for businesses in our sample is:

Hours (h) x weekly wages (w) x 52 + professional fees and required spending (f) + net cost of lost sales (s).

Total weekly hours spent on paperwork by employees and employers were assumed to be at least 1 hour a week. Weekly hours spent on paperwork per employee were assumed to be less than 30 hours a week.

Required spending amounts in the past three years were then divided by 3 to obtain annual required spending costs. Professional fees and spending on equipment were restricted to be equal to or less than \$5,000 per employee per year. Based on the CFIB survey results, 38.9 per cent of respondents reported a minor impact (5 per cent or less lost in weekly sales) on sales due to delays caused by regulations, while 14.1 per cent of respondents reported a major impact on sales (6 per cent or more lost in weekly sales), resulting in a lost sales margin of 1.8 per cent. The net cost of lost sales due to regulatory delays was then calculated by multiplying the lost sales margin obtained from the survey results by the annual wages paid to employees of the businesses surveyed and by the 2018 “national total net profits to total wages” ratio for business enterprises obtained from Statistics Canada’s Financial and Taxation Statistics for Enterprises publication.²¹

The survey sample was divided into five categories. The number of employees includes the business owner.

n_1 = Fewer than 5 employees

n_2 = 5–19 employees

n_3 = 20–49 employees

n_4 = 50–99 employees

n_5 = 100 or more employees

This allows us to estimate the cost of regulation per employee (CE) for each of the different business sizes using the following general equation:

²¹ Statistics Canada. Table 33-10-0006-01 Financial and taxation statistics for enterprises, by industry type. Accessed December 3, 2020.

$$CE = \sum [(h_{ij} \times w_{ij}) \times 52 + f_{ij} + s_{ij}] / \sum e_{ij}$$

where:

i = the ith business from a total 4,603 cases

j = the jth size category from a total of 5 categories

h_{ij} = hours spent weekly performing regulatory paperwork in business i and residing in size category j

w_{ij} = average hourly wage rate in business i and residing in size category j

f_{ij} = annual amount spent on professional fees and required spending related to compliance in business i and residing in size category j

s_{ij} = annual net cost of lost sales in business i and residing in size category j

e_{ij} = number of employees in business i and residing in size category j

To determine the total cost for all Canadian businesses, the national cost per employee for each business size (CE) was multiplied by the total number of employed individuals in Canada belonging to that business size. Regulatory costs were aggregated across the five size categories to obtain an estimate of the total cost (TC).

$$TC = \sum (CE_j \times N_j)$$

where:

j = The jth size category from a total of 5 categories

CE_j = cost of regulation per employee for size category j

N_j = total number of employees in Canada working for businesses in size category j

Provincial total regulatory costs were calculated in a similar fashion using provincial cost per employee for each business size. However, for cases where there were insufficient data (less than 20 respondents) for a business size category, the national regulatory cost per employee was used in place of the provincial cost per employee. Provincial employment figures for particular sectors were estimated due to data suppression in SEPH.

Treatment of Inflation

The total regulation costs for 2005, 2008, 2012, 2014 and 2017 were converted to 2020 dollars using annual Consumer Price Index (CPI) data from Statistics Canada (Table: 18-10-0005-01, retrieved on December 7, 2020). The provincial and national CPI data for 2020 were estimated

using the year-to-date monthly average of CPI data available for January through October (Table: 18-10-0005-01, retrieved on December 7, 2020).

Other Notes

Because provincial costs per employee and provincial employment were applied for provincial cost estimations, the provincial costs do not add up to the national cost estimate. Provincial estimates were adjusted proportionally to add up to the national cost estimate. Although the territories are not presented separately, the Northwest Territories, Nunavut, and Yukon are included in the national cost estimate.

Certainly, there exist additional costs related to complying with regulation that are difficult to quantify. Since this report excludes such additional costs, the national cost estimate presented is conservative. Additional costs that are excluded in the calculation would, if included, inflate the current estimates even more. For example, costs linked to lost innovation, productivity, and economic activity as a consequence of excess and inefficient regulations are unaccounted for in this report but would contribute significantly to the burden of regulation.

Appendix C: Additional Data

Table C.1

Most burdensome provincial regulations, by province (% response)

		NAT	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Workers' compensation, occupational health and safety	2020	55	61	58	56	44	59	41	67	55	61	74
	2017	62	60	65	55	57	68	45	63	59	66	78
Employment standards	2020	50	36	55	34	37	57	52	41	33	39	26
	2017	51	35	51	31	48	61	50	31	24	30	26
Provincial Sales Tax, Harmonized Sales Tax (PST/HST)	2020	48	56	20	64	51	48	60	47	42	39	51
	2017	57	65	31	71	60	58	62	64	56	61	57
Business registration, reporting requirements	2020	29	27	30	25	25	24	39	31	28	23	31
	2017	32	26	33	28	30	30	44	33	31	30	30
Financial (e.g. insurance, securities, banking)	2020	28	25	34	27	28	29	24	29	32	32	40
	2017	26	22	31	27	24	26	25	32	25	30	27
Other tax compliance	2020	18	19	17	17	16	18	23	16	11	16	19
	2017	22	19	25	25	23	22	24	22	18	11	15
Health permits and inspections	2020	16	13	17	12	19	18	13	20	15	13	27
	2017	12	9	10	8	17	14	9	11	13	23	17
Environment (e.g. agriculture and farming, energy, waste, and recycling)	2020	11	10	16	13	10	11	10	9	17	10	13
	2017	15	12	18	17	18	16	15	12	11	18	10
Food inspection and restaurant inspections (can also be municipal)	2020	7	6	6	6	10	7	9	11	11	7	11
	2017	5	4	5	2	7	5	6	6	5	21	8
Consumer protection	2020	7	7	8	4	7	8	8	9	7	0	4
	2017	6	5	8	5	5	7	7	5	3	2	4
Selling to government (procurement)	2020	6	4	8	7	7	6	6	6	11	7	17
	2017	8	7	8	10	10	8	6	10	6	5	14
Liquor, tobacco, and cannabis	2020	5	6	3	8	4	5	5	4	4	3	16
	2017	4	4	4	2	4	3	5	6	4	5	9

Sources: CFIB, Survey on Regulation and Paperburden, (conducted in 2017, n=7,353, conducted in 2020, n=6,116).

Note: Results for PEI for 2020 are based on < 40 responses and should be interpreted with caution.

Table C.2

The cost of regulation by province, 2014, 2017, 2020 (in millions, 2020 dollars)

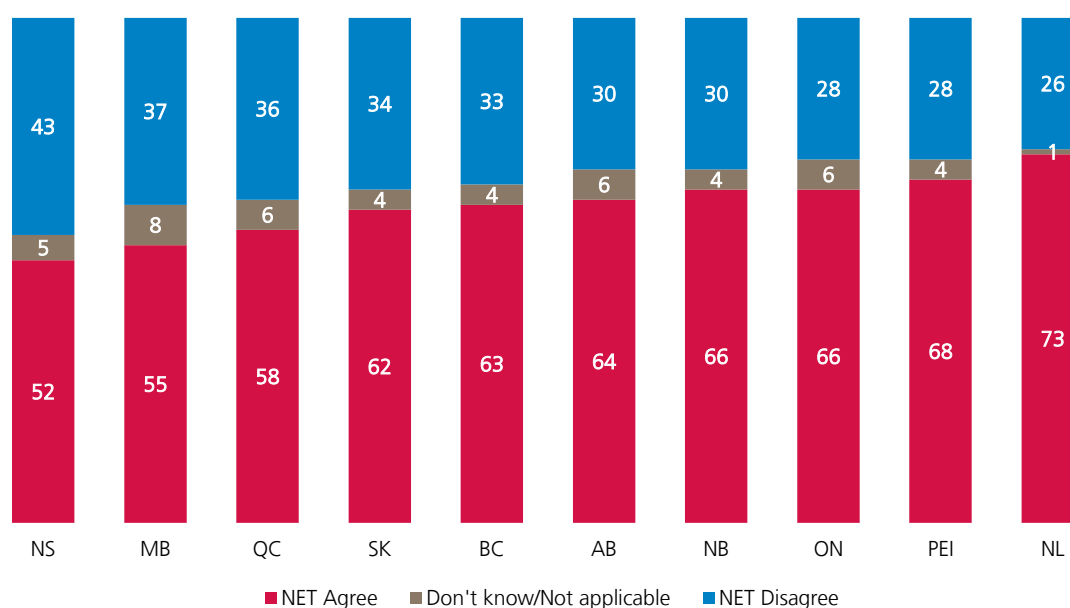
	2014	2017	2020	% Change 2017-2020
British Columbia	5,754	5,638	6,286	11.5
Alberta	5,049	4,700	4,685	-0.3
Saskatchewan	1,218	1,189	1,109	-6.7
Manitoba	1,337	1,249	1,264	1.2
Ontario	16,207	15,811	15,131	-4.3
Quebec	8,707	7,205	8,222	14.1
New Brunswick	696	688	646	-6.1
Nova Scotia	891	841	839	-0.2
Prince Edward Island	142	147	156	6.2
Newfoundland and Labrador	540	463	414	-10.6
Canada	40,531	37,938	38,751	2.1

Sources: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2014, n=6,644; conducted in 2017, n=5,838; conducted in 2020, n=4,603) and data from Statistics Canada.

Note: While we do not provide a breakout for the Territories, their cost is included in the overall cost for Canada.

Figure C.3

Given the current burden of government regulation, I would not advise my children to start a business, by province (% response)

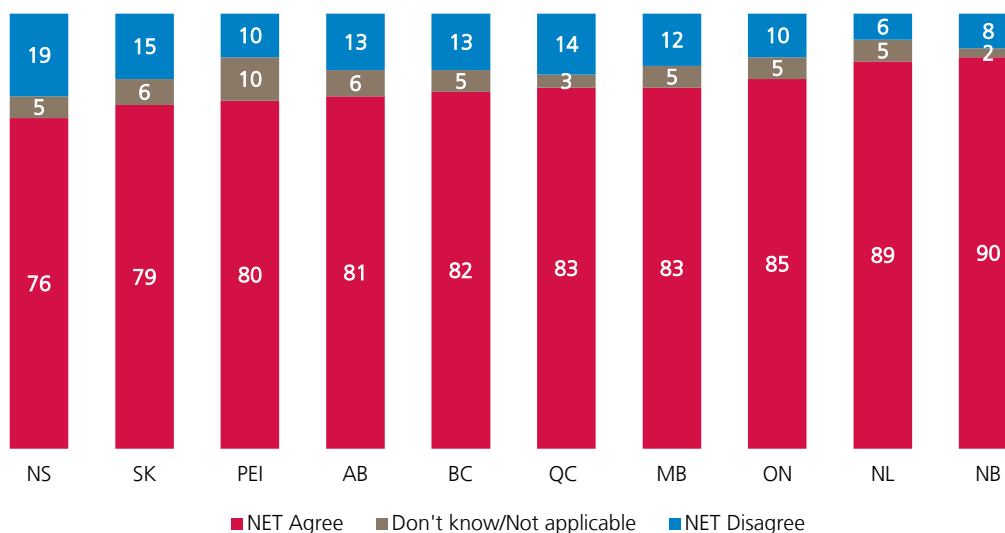


Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,267.

Note: Results for PEI are based on < 40 responses and should be interpreted with caution.

Figure C.4

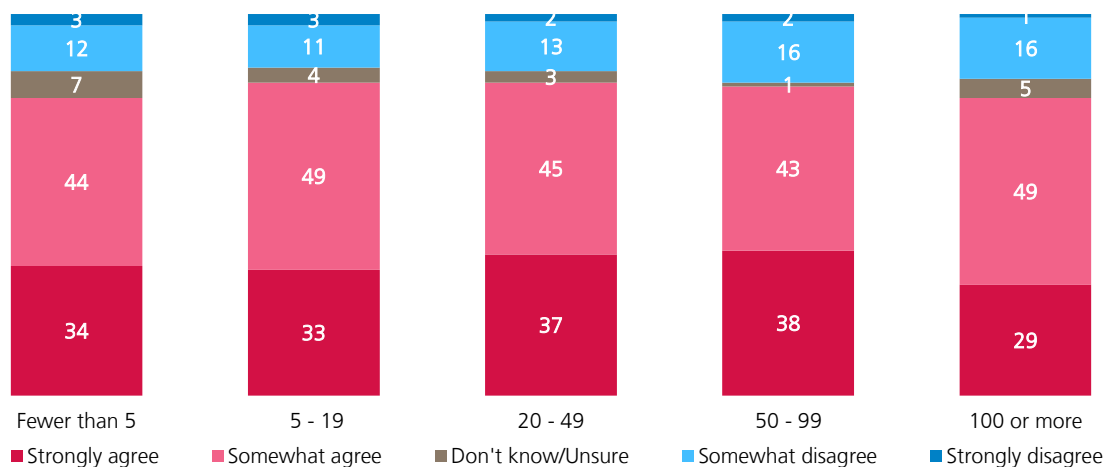
COVID-19 has substantially increased my business's compliance costs, in terms of time and money, by province (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,528.

Figure C.5

Excessive government regulations significantly reduce my business's productivity and ability to grow, by size of business (% response)



Source: CFIB, Regulation and Paperburden Survey, 2020, n=5,300.

Time Consuming

Occupational Health & Safety

Records of

Permits and

Canada Revenue Agency

Customer Service

Stats Canada Surveys

Customs

GST

Frustration

Payroll

Compliance

GST

Digital Compliance

W/CCB

Pension

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