



**A STRATEGY TO  
REDUCE PAPERWORK BURDEN  
FOR SMALL BUSINESSES IN CANADA**

**2008 PROGRESS REPORT ON THE  
PAPERWORK BURDEN REDUCTION INITIATIVE**

SUBMITTED BY THE  
ADVISORY COMMITTEE  
ON PAPERWORK BURDEN REDUCTION

Canada 

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April 1, 2008

The Honourable Jim Prentice, P.C., Q.C., M.P.  
Minister of Industry  
11<sup>th</sup> Floor, East Tower  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5

Dear Minister Prentice:

The Advisory Committee on Paperwork Burden Reduction (ACPBR) is pleased to present its second Progress Report on federal efforts to reduce the burden of compliance by businesses with information obligations and administrative requirements associated with government rules and regulations.

The Committee commends the Government of Canada for progress achieved since our first report to the Minister of Industry in March 2006. Much has been accomplished or is under way to help realize our vision for Canada as a world leader in making measurable reductions in paper burden. At the same time, a strong ongoing effort will be needed for the foreseeable future to safeguard gains to date and deliver even more relief to businesses from the cumulative impact of government paperwork.

The ACPBR wishes to encourage you, the Secretary of State (Small Business and Tourism) and your Cabinet colleagues, in your leadership on this effort. We plan to continue to monitor progress and look forward to continued collaboration with you.

Sincerely,

The Advisory Committee on Paperwork Burden Reduction



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# ACKNOWLEDGMENTS

The Advisory Committee on Paperwork Burden Reduction (ACPBR) would like to acknowledge contributions from the federal Interdepartmental Working Group on Paper Burden toward progress documented in this report. We would also like to thank members of the Secretariat to the ACPBR from the Small Business Policy Branch of Industry Canada for their help in the production of this report and for their ongoing dedication and commitment.

Although there have been changes in the membership of the Committee since its formation, the views of past and current members are presumed to be contiguous for purposes of views attributed herein to the Committee.

This report is a consensus document to which all Committee members have concurred. They alone are responsible for the views outlined herein.



# RECOMMENDATIONS

Suggestions and recommendations contained in this report are listed below. The reader will note that some of the recommendations from the first Advisory Committee on Paperwork Burden Reduction

(ACPBR) progress report are repeated. The Committee felt that these remained valid as overarching guiding principles when addressing the issue of paperwork burden.

## **LEADERSHIP, COORDINATION AND CO-OPERATION**

### **Recommendation 1: Make a long-term commitment to a shared vision**

The ACPBR continues to recommend the following vision for reducing and controlling paperwork burden in Canada:

*Improve economic productivity by making Canada a world leader in effective, efficient and accountable administration of regulatory compliance, through the collaborative effort of government and business.*

### **Recommendation 2: Appoint champions**

Ministers in regulating departments and agencies should be champions for paperwork burden reduction and should appoint senior officials to champion and implement reduction plans such as those in the Canada Revenue Agency's Action Task Force on Small Business Issues report *Helping Small Business by Reducing the Compliance Burden*. Establishing task forces with private/public sector representatives like the one created by the Minister of National Revenue can help

to identify the most relevant regulatory irritants and tangible recommendations for solving them in an efficient and effective manner.

### **Recommendation 3: Increase co-operation and coordination throughout the federal government and with other orders of government to reduce and control paper burden**

The ACPBR continues to recommend that government transform the way it deals with business and adopt a client-centred approach to compliance. Government information on compliance rules should be easy to understand and locate through "single-window" access points. Businesses need to be able to interact with government as a whole without the need to know which department or agency delivers what permit, approval or service. Initiatives such as BizPaL, which follow this approach and simplify interaction with government, should be expanded.

## MEASUREMENT AND REPORTING

### Recommendation 4: **Achieve a 20-percent reduction in paper burden**

Considerable effort will be needed by many departments and agencies to achieve the aggregate 20-percent reduction in paper burden, to which the government is committed, by November 2008. Each department or agency should focus its 20-percent reduction by concentrating on the most burdensome regulations identified by small businesses in the Statistics Canada survey and ACPBR members. Industry Canada should coordinate the overall effort and provide regular progress reports.

The ACPBR recommends that the government make achieving the regulatory reduction a cross-government priority, recognizing that legislative drafting is usually beyond the control of individual operational departments and agencies.

### Recommendation 5: **Explore other measurement approaches or metrics**

Measuring red tape is key to accountability and to tracking the effectiveness of paper burden reduction exercises. No one metric can adequately capture all facets of this complex issue. Since our first report, beyond the federal inventory, several other measures, including the Statistics Canada *Survey of Regulatory Compliance Costs* and the Canadian Federation of Independent Business report *Prosperity Restricted by*

*Red Tape*, have been developed. Each can be used to help benchmark progress on reducing and controlling paper burden over time. The ACPBR recommends that all of these measures be continued. Other measures and ways of understanding the burden should continue to be explored. As we indicated in our first report, results from measurement initiatives should be transparent and made available to the public.

### Recommendation 6: **Continue to measure and control paper burden over the long term**

Red tape is an ongoing problem for businesses. The ACPBR recommends that government departments and agencies continue to systemically reduce existing and new paper burden obligations. To ensure continued awareness of the size of regulatory burden, its impact and government successes in reducing it, ongoing measurement and public reporting should remain a priority.



## **REDUCTION AND SIMPLIFICATION**

### **Recommendation 7: Collaborate with provincial and municipal governments**

For Canada to achieve the vision of becoming a world leader in effective, efficient and accountable administration of regulatory compliance, federal, provincial and municipal governments must collaborate in lightening the burden of red tape. Many governments, such as Newfoundland and Labrador, Nova Scotia, Quebec, British Columbia and Ontario, have already taken up the challenge. This development is promising for bilateral or other arrangements with the federal government to harmonize compliance requirements and avoid obligations that are overlapping or duplicative of one another.

### **Recommendation 8: Customer service should be a focus for all regulating departments and agencies**

Good customer service and easy access to information are essential to reducing the burden business owners encounter when dealing with government. Departments should have dedicated customer service representatives and targets for responding to business owners.

Ongoing attention in regulation-making should be given to suggestions made in the 2005 ACPBR progress report, including:

- drafting requirements in plain language;
- consolidating information obligations;
- using common definitions for business terms across federal legislation; and
- varying information and reporting obligations for small businesses to prevent disproportionate impacts on them.

### **Recommendation 9: Consult with the private sector**

The ACPBR continues to recommend that government consult with those most affected by paper burden on the design and implementation of new programs and the revision or elimination of existing programs.



# INTRODUCTION

The Advisory Committee on Paperwork Burden Reduction (ACPBR) was established in 2005 as a public–private sector body dedicated to providing advice to the Government of Canada on ways to reduce paper burden, that is, the burden of compliance by businesses with information obligations and administrative requirements associated with government rules and regulations. Since then, we have worked continuously to call attention to the problem of paper burden and solutions to it.

We submitted our first report to the Minister of Industry in March 2006. In it, we identified a practical action plan for reducing paper burden, situated in our overall vision for making Canada a leader in effective, efficient and accountable administration of regulatory compliance, through collaborative efforts by government and business.

The perspectives we offered, and the recommendations we made, are as relevant to Canadian competitiveness today as

they were three years ago. Paper burden remains a concern for many businesses, especially small businesses for which the cumulative costs of compliance are proportionately higher. As the business saying goes, “time is money.” In the face of so much economic change, intense competition and an increasingly tight labour market, entrepreneurs need to spend less time satisfying information and administrative requirements of all orders of government and more on productivity-enhancing business strategies.

It is in this context that the ACPBR is delivering its second report to the Minister of Industry. The main purpose is to take stock of progress since our first report. Looking forward, we conclude with some thoughts for maintaining the momentum from efforts to date and for needed change and emphasis in the way that federal departments and agencies approach matters of regulatory compliance.



# OUR 2005 REPORT AND FOLLOW-ON WORK

In our 2005 report, we called first and foremost for a clear vision for reducing paper burden, with strong leadership and a crosscutting approach. We recommended the adoption of a framework to drive transformation of government interactions with business, along with incentives for improving coordination and co-operation among regulators; for rationalizing and simplifying administrative requirements; and for developing collaboratively the measurement tools required to assess progress on reducing the paper burden businesses face.

The Committee recommended that action be taken in three areas:

- Leadership, Coordination and Co-operation — allowing government and businesses to set goals, share ideas and coordinate joint initiatives;
- Measurement and Reporting — developing objective measures of the goals to be achieved, tabling action plans and reporting annually on progress toward these goals; and
- Reduction and Simplification — working co-operatively to implement strategies for achieving outcomes.

Encouraged by the government's responsiveness to our ideas, as detailed below, the ACPBR has met four times since tabling its first report. During these sessions, the Committee heard from various federal, provincial and private sector officials, as well as about research from the European Union, the Netherlands and the United Kingdom in particular, on measures and strategies for addressing paper burden. We debated

and compared best practices, and provided constructive feedback on recommended approaches. Key items of interest included options for establishing a federal baseline measure of burden, the Statistics Canada *Survey of Regulatory Compliance Costs*, initiatives by particular departments and agencies to reduce burden, communications activities and how the ACPBR can best serve to advance progress.

## **DEFINING PAPERWORK BURDEN**

"Paperwork burden" is the time and money spent by business owners, managers, staff or external contractors and experts to understand and comply with information obligations or administrative requirements that stem from government regulations. From a firm's perspective, paperwork involves activities such as processing and storing data, completing forms and reporting information to various orders of government. From governments' perspective, it involves collecting information that allows them to monitor businesses' compliance with these orders.

"Burden" refers to administrative costs that are above and beyond the daily operational costs of running a business. It includes the incremental costs borne by businesses to support regulatory objectives.

Paperwork burden is often referred to as red tape.

# PROGRESS ACHIEVED

## 1. LEADERSHIP, COORDINATION AND CO-OPERATION

In 2006, the ACPBR called on the federal government to make a long-term commitment to reduce paper burden, to appoint champions who would act on this commitment in regulatory departments and agencies, and to increase coordination and co-operation throughout the federal government and with other orders of government in determining information obligations associated with regulation and the manner in which information is collected.

The government has responded decisively to these recommendations, in the Committee's view, especially through the creation of a new position in the Ministry, that of Secretary of State (Small Business and Tourism). Beginning in January 2007 with the appointment of the Honourable Gerry Ritz to this position, and continuing with the appointment of the Honourable Diane Ablonczy in August 2007, the government has sought to provide the leadership needed to encourage concerted action across the federal government and engage with interested stakeholders. The Committee met on separate occasions with both Minister Ritz and Secretary of State Ablonczy, and we appreciated the commitment they demonstrated in advancing this priority together with their Cabinet colleagues.

The Committee is further encouraged by the emergence of departmental champions for reducing paper burden. Some such champions are members of the ACPBR, whereas others have been engaged through the process of establishing a

federal inventory of paper burden, detailed in the following section of this report. This development portends positively for the shift in bureaucratic culture needed to achieve a lasting and positive transformation of government interactions with business.

In a federation like Canada's, federal/provincial/territorial co-operation is essential to the achievement of shared goals. In this regard, the Committee has benefited from having two provincial government officials as members and receiving knowledge and advice on approaches taken in their jurisdictions and others. It is apparent that reducing paper burden is a shared priority throughout much of Canada, with some provinces having led the way with innovative approaches that have informed the federal effort. Recognition is deserved for this behind-the-scenes working collaboration.

A great example that illustrates the value of multi-jurisdictional collaboration is the recent Memorandum of Understanding signed by the Government of Canada and Province of Ontario on October 6, 2006, that will lead to the Canada Revenue Agency administering most of Ontario's corporate taxes. Ontario corporations will benefit from one form, one set of rules, one audit, one appeals process and one point of contact. Corporate Tax Administration for Ontario (CTAO) is expected to benefit hundreds of thousands of corporations throughout the province of Ontario, particularly with respect to administration costs. The first blended instalment payments of federal and provincial income tax to the Canada

Revenue Agency will be for taxation years ending after December 31, 2008. Corporations will have started making blended payments to the Canada Revenue Agency as early as February 2008.

The Committee endorsed the BizPaL (Business Permits and Licences) initiative, which brings together federal, provincial-territorial and municipal governments to streamline and harmonize permit and

licence requirements. We took note of the funding provided in Budget 2006 to accelerate the expansion of BizPaL and its subsequent introduction in municipalities in provinces with which the federal government has entered into an agreement. The Committee supports continuing efforts to apply the BizPaL model in other areas to address the knowledge gaps of small business owners in respect of their interactions with governments.

**PROVINCIAL RED-TAPE REDUCTION INITIATIVES  
(CURRENT AS OF NOVEMBER 2007)**

Several provinces are currently pursuing paperwork reduction initiatives:

- Newfoundland and Labrador has a goal to reduce regulatory and administrative red tape by 25 percent by the end of 2008.
- Nova Scotia will achieve a reduction of 20 percent, by 2010, in the time businesses must spend on satisfying government administrative requirements.
- Quebec is ending a second multi-year moratorium on the net increase of new regulatory requirements. The government is also committed to achieving a reduction of 20 percent by the end of 2010 in the cost of paperwork for businesses; this new objective comes after a reduction of 20 percent had been attained between 2001 and 2004.
- In 2007, Ontario completed Phase 1 of a three-phase paper burden reduction initiative to reduce the paper burden for small business. Phase 1 resulted in the elimination of 24 percent of obsolete business forms from seven key business ministries and an increase in government business forms available electronically on the Ontario government's central forms repository. Phase 2 is currently under way with another eight ministries, with remaining ministries scheduled in Phase 3, starting in April 2008. In addition, Ontario is implementing new guidelines to control the creation of new government business forms.
- Saskatchewan's new Regulatory and Service Enhancement Initiative is focusing on projects that make it easier for businesses to do business and to interact with government.
- British Columbia set an initial target of reducing regulatory requirements contained in legislation, regulations and administrative and compliance policies by one third in three years. After exceeding its target by achieving a 37-percent reduction in regulatory requirements between 2001 and 2004, British Columbia established a new multi-year target of a net zero increase in regulatory requirements between 2004 and 2008. This means that for every new requirement added, one in the existing stock of requirements must be eliminated. That target has recently been extended to 2012.



## 2. MEASUREMENT AND REPORTING

The government has acted decisively on our key recommendations to utilize measurement tools to assess the impact of paper burden on small businesses and to track progress in reducing it. As emphasized in our first report, what gets measured gets addressed.

### *Survey of Regulatory Compliance Costs*

While writing our first report, the Committee was also contributing to the development of the Statistics Canada *Survey of Regulatory Compliance Costs*. Since that report, Statistics Canada has completed the survey. The ACPBR, in close collaboration with Industry Canada, has confirmed analysis of the results.

The survey validates previous findings on paper burden, and substantiates the need for systemic changes by government departments and agencies to reduce regulatory burden. In particular, the survey shows that red tape is still a problem for business, notwithstanding previous government efforts to simplify and streamline their dealings with business (key efforts were profiled in the section in our first report entitled “Progress to Build Upon”).

#### **MAGNITUDE OF THE BURDEN: STATISTICS CANADA SURVEY OF REGULATORY COMPLIANCE COSTS**

Results from the survey reveal that for 12 information obligations, over 17 million submissions and claims were prepared over a 12-month period (2004/2005) by Canadian private sector businesses. On average, the number of submissions and claims per business was 28. However, this number varies significantly depending on the number of employees.

Table 1 lists the total number of submissions and claims reported for each obligation. The number represents only a portion of the total submissions and claims prepared by all businesses in Canada for all information obligations, however, as the survey covered only 12 selected obligations and a targeted group of businesses.



**Table 1: Number of submissions and claims and due dates by obligation**

Obligations	Total number of submissions and claims for survey population	Due dates for sending submissions or claims to government
<b>Employment-related obligations</b>	<b>8 931 722</b>	
Payroll remittances	5 259 836	Monthly, quarterly or other (based on average monthly withholding amount)
Record of employment	2 268 412	Five calendar days after employment is terminated
Workers' compensation — remittances	1 141 344	Quarterly or monthly (based on annual insurable earnings)
Workers' compensation — claims	262 130	Not applicable
<b>Tax-related obligations</b>	<b>6 618 680</b>	
Federal/provincial sales tax	3 838 854	Monthly, quarterly or annually (based on taxable supplies)
Corporate tax instalments	1 762 878	Last day of every complete month of business' tax year
T4 summary/individual T4	389 149	Annually — last day of February of each year
T1/T2 income tax filing	627 799	April 30 (T1), June 15 (T1, self-employed), within 6 months of end of business fiscal year (T2)
<b>Other obligations</b>	<b>1 920 639</b>	
Mandatory Statistics Canada surveys	698 821	Varies with the frequency of the survey (e.g. monthly surveys due at end of each month)
Provincial operating licences/permits	429 802	Varies
Corporate registration	428 579	Annually — incorporation Upon start-up — registration
Municipal operating licences/permits	363 437	Varies
<b>All obligations covered in survey</b>	<b>17 471 041</b>	

Source: Statistics Canada, *Survey of Regulatory Compliance Costs — Main Survey, 2005*; due dates compiled from various government websites.

Table 2 shows that the majority of submissions and claims are prepared by businesses employing between 1 and

19 employees. These results help to illustrate the magnitude of the paperwork burden imposed on small business.

**Table 2: Number of submissions and claims by employment size (for the information obligations covered in the survey)**

Employment size (number of employees)	Number of submissions and claims prepared over 12 months by targeted businesses	Average number per business
No employees	1 542 810	7
1–4	5 292 341	27
5–19	5 542 847	41
20–99	3 741 143	77
100–499	1 351 900	164
<b>All businesses</b>	<b>17 471 041</b>	<b>28</b>

Source: Statistics Canada, *Survey of Regulatory Compliance Costs — Main Survey, 2005*.

#### **KEY FINDINGS FROM THE STATISTICS CANADA SURVEY**

- Only 3 percent of businesses perceive costs have decreased over the past three years. Businesses with larger workforces are more likely to perceive that overall regulatory compliance costs have increased.
- The majority of businesses that perceive overall compliance costs to be rising say that it is because of an increase in the complexity of compliance.
- Sixty-four percent of the businesses surveyed indicate that the information obligations covered in the survey occupy most of the time and money they devote to government paperwork. Among the most burdensome obligations for business are those stemming from selected tax- and employment-related regulations (administered by the Canada Revenue Agency and Human Resources and Social Development Canada) and from mandatory Statistics Canada surveys.
- Businesses prepare at least 17 million submissions and claims to government annually for the information obligations covered in the survey. The average number of submissions and claims per business is between 7 and 164, depending on employment size and other factors.
- Over 30 million hours are spent annually by internal staff to comply with some or all of these 12 information obligations (based on a sample that represents 540 399 businesses or just fewer than 25 percent of Canadian businesses).
- Businesses with fewer than 20 employees are disproportionately affected by compliance — a small business with 1–4 employees incurs at least seven times more costs per employee than its larger counterparts (i.e. those with 20–99 employees).
- The most costly information obligations covered in the survey are T1/T2 (personal/corporate income tax returns), payroll administration/remittances and GST/PST.
- The majority of businesses use an external service provider to prepare their T1/T2 income tax submission, reflecting, in part, the complexity involved in complying with this obligation.

Overall, the survey provides a set of robust, credible metrics by which to benchmark and track progress in reducing paper burden. Current plans are for the survey to be repeated in 2008 and every three years thereafter to provide an ongoing indication of whether measures taken to reduce paper burden are working. The survey was restricted to five industry sectors and 12 information obligations confirmed by

respondents to be the most burdensome. The impact of future reduction measures targeted at obligations currently not covered by the survey will not be captured. As such, it would be advisable for government to investigate possible enhancements to the survey or additional measurement tools to assess impacts and track progress.

## Federal Inventory of Paper Burden

Our 2005 report identified the need for additional measurement tools that would, to the greatest extent possible, objectively quantify the existing paper burden on businesses and set a baseline from which to track progress over time. We also called on the government to set an aggregate target of a 20-percent reduction in paper burden to be achieved within a specified time frame. We thought it advisable for each regulating department and agency to work toward the establishment of individual targets of their own in order to contribute to the aggregate 20-percent reduction in paperwork burden, but we remained silent on what those individual targets should be.

In March 2007, through the federal budget, the government committed to an approach based on the burden reduction strategy adopted by British Columbia as suggested by the ACPBR in its first report. In particular, it was indicated that the government would reduce paper burden by 20 percent by

- requiring key federal regulatory departments and agencies to establish an inventory of administrative requirements and information obligations

with which business must comply by September 2007; and

- achieving a 20-percent reduction of those requirements and obligations by November 2008.

The baseline count, which was completed on schedule and announced by the Honourable Vic Toews, President of the Treasury Board, and the Honourable Diane Ablonczy, Secretary of State (Small Business and Tourism), on October 5, 2007, shows that there are more than 400 000 business-related requirements and obligations contained in the statutes, regulations, policies and forms for which 13 key departments are responsible. The majority of these requirements stem from government policies and forms:

- Statutes: 9 percent of total requirements
- Regulations: 28 percent of total requirements
- Policies: 26 percent of total requirements
- Forms: 37 percent of total requirements

A 20-percent reduction translates into the elimination of approximately 80 000 requirements and obligations by the 13 departments and agencies. (See Table 3 for a breakdown by departments/agencies.)



**Table 3: Share of baseline count by department/agency**

Department/agency	Share of baseline count (%)
Agriculture and Agri-Food Portfolio	11
Canadian Food Inspection Agency	18
Canada Border Services Agency	2
Environment Canada	2
Finance Canada	6
Canada Revenue Agency	10
Fisheries and Oceans Canada	1
Health Canada	20
Human Resources and Social Development Canada <sup>1</sup>	<1
Industry Canada	14
Statistics Canada	3
Natural Resources Canada	1
Transport Canada	11
<b>Total</b>	<b>100</b>

<sup>1</sup> HRSDC's regulatory involvement with business is largely comprised of employer-related Employment Insurance obligations. The frequency of filling these obligations varies according to the level of employee turnover of a business. The methodology used to count federal requirements did not account for this type of variability.

The Committee realizes that the total count does not equate to the number of federal requirements and obligations with which any particular business must comply. Furthermore, the count does not differentiate between simple information requests and more complex compliance requirements. For example, the Statistics Canada *Survey of Regulatory Compliance Costs* indicates that tax-related obligations are more burdensome for business, yet the Canada Revenue Agency's share of the baseline count is only 10 percent. As the count includes all conceivable obligations in the body of legislation, regulations, policies and forms examined, the count is more than a measure of paper burden imposed on business. Nevertheless, we believe that the inventory offers a transparent and objective baseline through which to track progress

toward the reduction target and to promote needed change.

The timeline for achieving the 20-percent reduction target, i.e., November 2008, is ambitious, but will help ensure that departments and agencies focus on actionable measures. The Committee notes, however, that other jurisdictions that have set targets have also set longer timelines for achieving them. In these circumstances, departments and agencies can be expected to initially focus on changing policies and forms within their purview and planning for legislative or regulatory changes needing Parliamentary or Cabinet consideration and approval, as required. We believe that to meet the target, departments will need to have well-defined strategies and strong support from elected officials for moving ahead.

In the development of strategies for contributing to the 20-percent reduction target, it will be important for departments and agencies to engage with the business community, and to focus their efforts on reductions that will result in concrete

burden reductions for businesses. Overall coordination and cross-government integration should continue to be provided by Industry Canada, with reports provided to the Minister of Industry and Secretary of State (Small Business and Tourism).

### **3. REDUCTION AND SIMPLIFICATION**

In 2006, we called for a variety of measures to lessen paper burden, including restricting further growth in burden through the Smart Regulation initiative, easing government service-to-business interactions through client-focused initiatives, and holding consultations with the private sector in the follow-up to the Committee's recommendations.

With the federal inventory having been completed, now is the time for regulating departments and agencies to respond. The process of establishing an inventory served to raise awareness of the number and complexity of requirements imposed on businesses and opportunities to eliminate overlap, duplication or redundancy. Other jurisdictions that have established inventories as a baseline for burden reduction have reported resulting changes in the regulatory community's culture as officials work through approaches that mitigate business impacts without jeopardizing the overall intent of the legislation, regulation or policy in question.

The *Survey of Regulatory Compliance Costs* confirmed that a majority of businesses see complexity of regulation as a major contributor to increased compliance costs as opposed to increasing volume of submissions. The Canadian Payroll Association has surveyed its members and its findings echo similar concerns. The top three issues identified by payroll professionals are the lack of consistency, increasing complexity and volume of legislation. Given that complexity is generally a factor of complicated rules and not the number of times a business interacts with government, addressing this issue will be more challenging. The Committee wishes to re-emphasize that priority be given to measures that streamline and simplify rules and procedures for compliance.

A measure easing business-government transactions is the Canada Revenue Agency's My Business Account (MyBA). MyBA is a way for business owners (including partners, directors and officers) to access various tax accounts online.

As more and more Canadian businesses are using MyBA, the Canada Revenue Agency continues to expand its online services so that business owners can access and manage their business tax information through this service, saving them time and money. Recent enhancements include the ability of business owners to authorize an employee, an individual, a firm or an individual of a firm to have access to their business account information.

A best-in-class approach to identifying reduction and simplification measures is embodied in the report of the Canada Revenue Agency's Action Task Force on Small Business Issues, established by the Honourable Carol Skelton in August 2006.

Its May 2007 report *Helping Small Business by Reducing the Compliance Burden* identified over 60 initiatives to reduce compliance burden, which the Canada Revenue Agency is committed to implementing. The ACPBR commends the Task Force for the development of these burden reduction initiatives, as well as the Canada Revenue Agency for committing to them. As a recommendation, other departments and agencies are encouraged to model their own approaches to burden reduction after that of the Canada Revenue Agency and the Action Task Force on Small Business Issues. This will help ensure that reductions implemented are as meaningful as possible to businesses.



# LOOKING FORWARD

In the current situation described above, it is apparent that paper burden reduction efforts in the federal government will, for the foreseeable future, be placed on achieving the current plan for delivering relief for Canadian businesses. It bears repeating that the less time and money businesses spend on satisfying government information obligations and administrative requirements, the more time they can spend on operating and growing their businesses. Although the current reduction target is welcome and represents a significant accomplishment, reduction of the compliance burden and maintaining this burden at an acceptable level is an ongoing process rather than an event.

Continuing political commitment to reducing paper burden to foster economic competitiveness is key. Without such a commitment, involving active engagement among ministers of regulating departments and agencies and between them and senior officials from the public service, the laudable progress noted herein would be jeopardized.

Future initiatives, similar to the agreement reached with the Ontario government whereby the Canada Revenue Agency will administer corporate income taxes on behalf of Ontario, should be promoted. The fact that the number of tax payments and corporate returns will be cut in half is a clear benefit, but a larger benefit for most incorporated businesses will be the fact that corporations will now only deal with one regulator on all corporate income tax issues. Specific areas where harmonization

would be beneficial include payroll taxes/levies/withholdings (including workers' compensation) and commodity taxes.

Even if the assessment and collection of a particular type of tax/levy won't be completely harmonized, the use of common definitions or concepts will significantly reduce the compliance burden on business. A good example would be a common definition of who is an employee and an agreement that all orders of government will abide by one common ruling on the issue. This would harmonize a key concept for payroll remittances, provincial payroll taxes, income taxes and workers' compensation. Having different regulators disagree on the same issue causes complexity and confusion.

Some harmonizing at the federal and provincial levels has already taken place. Three provinces, Nova Scotia, New Brunswick, and Newfoundland and Labrador, have harmonized their provincial sales tax with the federal Goods and Services Tax (GST) to create the harmonized sales tax (HST). The Canada Revenue Agency administers the harmonized sales tax on behalf of these three provinces. The ACPBR has been apprised that the Canada Revenue Agency and Finance Canada would welcome further harmonization opportunities.

Forging a stronger link between the current process surrounding paper burden reduction and the information obligations arising from future federal



legislation, regulations, policies and forms is progressing. In this regard, we are encouraged by the government's announcement, in Budget 2007, that a new Cabinet Directive on Streamlining Regulation (CDSR) came into effect on April 1, 2007, to help make Canada a best-in-class regulator by ensuring that efficiency and effectiveness are key considerations in the development and implementation of regulations. Most notably, regulators must identify, at the onset, the business impacts of their proposals. This will serve to keep ministers informed of the number and complexity of the obligations the regulations under their purview are imposing on business. Departments and agencies are to assess regulatory proposals at an early stage to determine where approval processes can be streamlined and where resources should be focused.

For recommended actions they must, among other things,

- identify and limit the cumulative administrative burden and impose the least possible cost on Canadians and business necessary to achieve the intended policy objectives; and
- consider the specific needs of small business and identify the least burdensome, but most effective, approach to addressing these needs.

Consideration should be given to means through which this “lens” could be applied to the development of new legislation and policies. In particular, we suggest that a more rigorous review of complexity and its impact on business, in terms of a business' ability to comply and the cost of such compliance, should be a required step when new legislation or policies are introduced.

## Promoting Ongoing Progress

The ACPBR is committed to continue to monitor progress in lessening paper burden, to identify possible remedial measures reflecting input from private and public sector stakeholders alike, and to report results from this work.



# ANNEX: KEY REGULATORY DEPARTMENTS AND AGENCIES

The following regulating departments and agencies are responsible for reducing their regulatory requirements and information obligations by 20 percent by November 2008:

Agriculture and Agri-Food Canada  
[www.agr.gc.ca](http://www.agr.gc.ca)

Canada Border Services Agency  
[www.cbsa-asfc.gc.ca](http://www.cbsa-asfc.gc.ca)

Canada Revenue Agency  
[www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

Canadian Food Inspection Agency  
[www.inspection.gc.ca](http://www.inspection.gc.ca)

Environment Canada  
[www.ec.gc.ca](http://www.ec.gc.ca)

Finance Canada  
[www.fin.gc.ca](http://www.fin.gc.ca)

Fisheries and Oceans Canada  
[www.dfo-mpo.gc.ca](http://www.dfo-mpo.gc.ca)

Health Canada  
[www.hc-sc.gc.ca](http://www.hc-sc.gc.ca)

Human Resources and Social  
Development Canada  
[www.hrsdc.gc.ca](http://www.hrsdc.gc.ca)

Industry Canada  
[www.ic.gc.ca](http://www.ic.gc.ca)

Natural Resources Canada  
[www.nrcan-rncan.gc.ca](http://www.nrcan-rncan.gc.ca)

Statistics Canada  
[www.statcan.ca](http://www.statcan.ca)

Transport Canada  
[www.tc.gc.ca](http://www.tc.gc.ca)

