



Four Policy Pillars for Prosperity

Pillar III: Adopt a Business Lens on Regulation

ACC Position

The ACC supports efforts to reduce the compliance burden associated with government regulation and actively engage in efforts to reduce trade barriers for businesses operating in more than one province.

Issue

The Atlantic provincial economies are comparatively small, but our governments impose a multitude of reporting requirements and regulations on businesses. This cumulative regulatory burden has been estimated to cost businesses billions of dollars nationally and contributes to a higher cost of servicing the small and dispersed markets across Atlantic Canada. The relative impact of the compliance burden is greater for small and medium-sized businesses and inordinately consumes company resources rendering them less productive. The lack of coordination of regulation between provinces has created numerous trade impediments and added costs to businesses moving goods and people between provinces.

Why it is important

In pursuing its mandate to provide security and public services, governments and the processes associated with its operation have evolved to the point where its clients are being burdened with repetitive demands for reporting, certifications and approvals. This burden of duplicative effort within provincial governments is further compounded by regulatory inefficiencies and barriers between provinces that have been estimated by the Atlantic Province Economic Council at a cost of \$8.5B to our collective economies. Given the small population and combined market size of the Atlantic Provinces, we should find ways to reduce the number of times a business must input the same data.

Comprehensive Tax Review

A dedicated and sustained effort at simplifying and eliminating complex and redundant regulatory obligations is necessary to improve business productivity and competitiveness. One pressing need is a comprehensive review of the tax system to reduce complexity and increase fairness. Progressive jurisdictions around the world are recognizing that economic activity can be stimulated via alignment and simplification of personal and corporate tax codes.

All new regulation must be evaluated in terms of its impact on the productivity of small and medium-sized business. This is especially important as provincial governments must soon decide how they will impose a national price on carbon.

Redundancy

Depending on their nature, businesses must register, report and certify their operations, often to different departments in the same government. Governments that want to reduce their negative impact on productivity should maintain a central registry of basic corporate information that can be referenced to reduce the time spent inputting basic identification data.

Many businesses are also burdened by the need to register and/or certify operations in more than one province. While at first glance, harmonizing regulations has certain elegance, in practice it has proven to be largely technical and prone to delays as provinces resist change. A more efficient method of eliminating redundancy is for provinces to mutually recognize certifications and share data. The ideal and most cost-effective situation would be for the four provinces to establish one Atlantic regulatory body where ever possible.

Barriers to Interprovincial Trade

Canadian provinces need to recognize and act on establishing open trade practices between provinces. It is unacceptable that our federal government negotiates more liberalized trade regulations with other countries while the provinces maintain fiscal and regulatory barriers that impose different regulations to achieve the same objectives.

Business Impact Assessments

It is essential all provinces in Atlantic Canada implement a requirement for a business impact assessment to accompany proposed regulatory and legislative change. This concept is the foundation of avoiding increases to the compliance burden that is currently hampering improvements in productivity. Nowhere will this be more important than in the design of programs to impose a price on carbon. Ideally emission reduction should be accomplished by regulatory programs that produce reductions in usage, not complex and expensive taxation or credit-trading systems.

Get Government out of the Retail Sector

With the coming legalization of recreational cannabis, the issue of governments engaged in retailing controlled substance bears questioning. Provinces should strongly reconsider the need and value of being the sole marketer of such products and restrict their role to that of regulator. Recent permitting of agency liquor stores underscore the reality that governments are neither required nor the most efficient alternative for operating retail sales outlets.

Recommendations

The Atlantic Chamber of Commerce recommends that provincial governments:

- Require any changes to regulations include a publicly-accessible business impact assessment;
- Recognize and act on the realization that regulations and the processes that support them are inordinately onerous on small businesses and need to be reduced in complexity, starting with the tax system;
- Streamline reporting mechanisms by sharing basic identification data interdepartmentally and between provinces;
- Wherever possible consider establishing electronic regional databases or agencies to provide create data interchange efficiencies;
- Wherever possible, opt for mutual recognition of provincial training and certifications;

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- Establish Atlantic Canada as a free trade zone, recognizing consumers should be able to access the lowest cost goods and services; and
 - Evaluate the potential of private sector delivery of public services, including registrations, certifications, inspections and retailing of controlled substances.

Key Messages

- The costs of regulating four small economies in Atlantic Canada must be simplified, streamlined and consolidated to provide efficiencies and improve productivity.
- Regional agencies, or at a minimum, mutual recognition of certifications is the most effective approach to reducing the compliance burden.
- We are operating in a global economy, it is unacceptable that provinces in Canada are allowed to erect barriers and impediments to cross-border trade.
- The private sector has much to offer in assisting government provide public services efficiently and at a lower cost

