

AGILE BUSINESS

Ensuring Regulatory Competitiveness

Annual Report 2020–2021

A decorative graphic featuring several interlocking gears of various sizes and colors (dark blue, light blue, and white) set against a blue background. The gears are connected by a network of dashed lines and solid lines, some of which are colored in a vibrant magenta. The overall design is modern and technical, symbolizing industry and innovation.

New Brunswick
Nouveau Brunswick

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**Agile Business
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Message from the Minister responsible for Opportunities New Brunswick

Message from the Minister Responsible for Opportunities New Brunswick, Economic Development and Small Business and Immigration

It takes a lot of courage, determination, and hard work to launch a successful business and countless more hours to run it. Excessive regulatory burden shouldn't get in the way.

I am pleased to present this Annual Report, summarizing the work we have done to reduce regulatory burden for businesses over the last year. In 2019-20, we set an ambitious goal to achieve a \$14-million reduction in the regulatory burden experienced by businesses by March 31, 2021. This report outlines the final pieces of that previous goal, and details how we came to meet, and finally exceed that goal.

Our long-term goal for ONB is to create a competitive business environment in New Brunswick and foster its growth, as we enable businesses in the province to do the same. We invite business owners from all over the globe to come to and grow their businesses in New Brunswick.

What is regulatory burden?

A regulatory burden is the time and monetary costs required for business to comply with regulation, legislation, policy, procedure, or practices. It can also include the time spent on paperwork and inspections, or government services and internal processes that, when changed, have a business impact.

Regulatory burdens include expenditures, fees and time spent on compliance, including finding information, applying for and receiving permission from government to operate (permits, licenses, and certifications).

Taxation, minimum wage and government spending are excluded.

While there is more work to do, there is much to be proud of. We have a new target established in 2021, and staff from across government have hit the ground running, with a renewed focus that I am confident will enable us to meet our targets yet again.

Cutting down on unnecessary costs is the pillar of our work and includes reducing the time it takes a business owner to comply with regulation, legislation, policy, procedures and practices.

A lightest touch regulatory environment is the foundation of a thriving private sector. Going forward, we will continue to keep asking: "What is the impact on business" and "Can we do it a smarter way." This lens is foundational to our pro-growth agenda and ensuring the right conditions for the private sector to thrive.

I am proud of the team behind this whole of government initiative and every staff member in every government department, Crown Corporation and agency that has worked diligently on behalf of New Brunswick business owners and I am looking forward to seeing the positive impacts that lie ahead.

Honourable Arlene Dunn



Minister responsible for Opportunities New Brunswick, Economic Development and Small Business and Immigration



Regulatory Burden Reduction: What was accomplished in New Brunswick

Government and businesses understand that regulation in some form will always be necessary to achieve specific policy outcomes and allow society to function. However, there are abundant examples around the globe that demonstrate the unintended consequences of unnecessary regulation.

The Government of New Brunswick has firmly committed to preventing unnecessary regulation by adopting the Premier's Charter of Governing Principles for Regulation (the Charter) through which every department, Crown Corporation and agency examines regulatory proposals. The Charter ensures that regulatory instruments are only deployed when necessary and when it is clear that no better policy alternative exists. The consistent use of the Charter has led to averted regulatory burden and to greater awareness of the importance of using the lightest possible touch to achieve the desired outcomes. The combination of averting the imposition of new burden and the active focus on reducing existing burden is critical to the success of achieving a competitive regulatory environment in the Province of New Brunswick.

On October 25, 2019 Government first launched its initiative to measure and reduce the regulatory burden experienced by New Brunswick businesses, with a target to reduce it by \$14 million by March 31, 2021. Since that time efforts to reduce regulatory burden have resulted in over \$34 Million in net burden reductions being realized.

Over the course of 2020-21 several regulatory and legislative amendments, as well as process improvement initiatives were undertaken to facilitate business transactions, provide pandemic supports and ensure regulatory competitiveness. From repealing restrictions on realtors signing legal agreements on Sundays to reducing the markup rate for large domestic brewers to increase their profits without affecting consumer prices, these changes touch a variety of industries, large and small.

Business Impact Assessment Tool

To ensure changes are being made to reduce regulatory burden on businesses, a means to quantify the cost of regulatory burden to business is required. The Government of New Brunswick worked with counterparts in Nova Scotia to leverage their successful regulatory burden measurement tool and create

a made-in-New Brunswick Business Impact Assessment tool. The New Brunswick Business Impact Assessment tool has now been in use since 2019.

The Business Impact Assessment tool provides a standardized approach to estimating the increase or decrease in regulatory burden when departments and agencies make changes that impact the business sector. This tool is based on the Standard Cost Model, which is a global standard used to quantify administrative burden. The Business Impact Assessment tool quantifies the costs of complying with regulation, including expenditures such as one-time and recurring purchases; and fees paid for licenses, registration, and permits.

The tool is an important instrument in the regulatory toolkit of Departments, Crown Corporations and Agencies. It is commonly relied upon as a vital component of the government decision making processes.

Business Navigator Service

The Business Navigator Service provides front-line support for business owners and entrepreneurs as they navigate the regulatory landscape. From inception to March 2021, the Business Navigator team assisted with approximately five thousand regulatory inquiries.

This past year, the COVID-19 pandemic brought a high degree of uncertainty, unpredictability, and challenges for businesses across the province. The Business Navigator team was on the front line for businesses, providing critical service, and helping business owners understand how the new rules affected their specific businesses. Over the course of the pandemic, there were times when the team expanded to answer the increased volume of inquiries about new pandemic guidelines, provincial and federal relief measures, and other necessary resources, in addition to regular inquiries.

This past fiscal year, the Business Navigators responded to over 2,700 COVID-19 related inquiries, while still maintaining a high quality of service helping new and existing New Brunswick businesses navigate the regulatory landscape as they responded to over 2,000 regulatory inquiries.



In the last fiscal year, the Business Navigators team has reduced regulatory compliance time by approximately 140,000 hours, reducing regulatory burden by an estimated \$1.45 M.

Total Inquiries: 4,727
Estimated Savings: \$1,448,313

Amendments to the *Days of Rest Act*

The *Days of Rest Act* was amended to permit real estate agents to legally conduct transactions on Sundays. Prior to the amendments, real estate agents in New Brunswick were unable to legally conduct business on Sundays which led to several workarounds, such as the post-dating of transactions. The New Brunswick Real Estate Association approached Government and requested amendments which were completed this fiscal year.

Estimated Savings: \$119,728

Domestic Blenders' Rate Changes

To further support New Brunswick companies, a new markup rate specific to domestic companies that import raw products and add value by blending them in New Brunswick was created. Prior to changes made this year, spirits blended by New Brunswick companies faced the same markup rate as spirits blended by companies outside of New Brunswick. Provincial producers now receive a greater portion of the sale price.

Estimated Savings \$350,000

Large Domestic Brewers Changes

Alcool NB Liquor (ANBL) reduced their markup rate for large in-province domestic breweries. A reduced markup rate enabled brewers to increase their profit margins without affecting the prices paid by consumers.

Estimated Savings \$1,500,000

Wholesale Discount Program

Alcool NB Liquor created a wholesale discount program to address the issue of licensed restaurants and bars paying the same full retail rates as charged to ANBL's retail consumers. The new wholesale discount program increases profit margins for New Brunswick businesses without affecting the end price paid by consumers.

Estimated Savings \$1,600,000

Tourism Marketing Website

The Government of New Brunswick had consistently promoted tourism through the Tourism NB website; however, over time much of the information became out of date. A primary obstacle to keeping information up to date was the requirement to submit new information through a lengthy and complex paper-based process. Following a significant review and analysis, the Department of Tourism, Heritage and Culture created an online portal where businesses can log in and update their information without having to navigate additional bureaucracy or paper-based processes.

Estimated Savings: \$27,684

E-Permitting

The COVID-19 pandemic brought forward many opportunities to adapt and transform services offered by government to businesses. The closure of government offices to the public meant that businesses were unable to access necessary permits. Users of Crown land were required to obtain a physical permit to conduct various industrial activities ranging from quarrying of road building materials to collecting fir boughs for wreathmaking.

The Department of Natural Resources and Energy Development implemented a new process to enable Crown land users to contact the Department via telephone or email and receive an electronic copy of their permit. This eliminated the need for businesses to travel to and from district offices across the province.

Estimated Savings \$78,066

Labour Market Programming

The Department of Post-Secondary Education, Training and Labour identified two outdated programs that were no longer meeting the needs of the current labour market. During the creation of the new Workplace Connections program, significant efforts were undertaken to ensure that the time and effort expended by employers and businesses were reduced wherever possible. Significant savings were achieved to benefit many employers across New Brunswick.

Estimated Savings: \$224, 349



Workers' Compensation Appeals Tribunal Notice of Appeal Forms

The Department of Post-Secondary Education, Training and Labour supported efforts by the Workers' Compensation Appeals Tribunal to address issues with a variety of forms that were required to access the appeal process. Prior to these changes employers and employees were required to submit their Notice of Appeal forms to the Tribunal via physical mail or through facsimile. Users reported issues with finding the required forms and also encountered difficulty filling them out by hand.

The Tribunal redesigned their website, highlighting access to new online fillable Notice of Appeals forms, and simplified the overall process for users.

Estimated Savings: \$3,045

Outfitters as Vendors

In New Brunswick professional hunting and fishing outfitters enter contracts with private parties to supply hunting and fishing trips and related excursions. The association that represents professional outfitters reached out to the Department of Natural Resources and Energy Development to express concerns about accessing necessary permits from approved vendors. The issue was primarily concerning the amount of time and effort required to travel to and from the approved vendors which was reducing the time their clients could spend hunting and fishing.

The Department addressed the issue by implementing a new process whereby outfitters can notify the department that they wish to be an approved vendor. As approved vendors, outfitters can now supply licenses directly to their clients without the need to travel or wait in line.

Estimated Savings: \$33,963

E-Bidding

Prior to amendments, companies wishing to bid on Department of Transportation and Infrastructure tenders were required to submit a physical bid document, along with a bid fee. The costs associated with submitting bids were determined to be an unnecessary burden on businesses. To alleviate the burden, the Department removed the requirement to pay a fee for the "right to bid" and made provisions to enable electronic bidding, eliminating courier costs for approximately ten percent of bidders.

Estimated Savings: \$201,700

Vehicle Mass and Dimensions Regulatory Amendments

Vehicle mass and dimension regulations varied widely across Canada, meaning a transport truck deemed legal in one province may not have been able to operate in another province.

The Regulatory Reconciliation and Cooperation Table put forth recommendations that included standardizing some aspects of provincial vehicle mass and dimensions regulations to facilitate easier transportation of goods among Canadian jurisdictions. To better harmonize regulatory requirements with other provinces and territories, the Department of Transportation and Infrastructure brought forward amendments to vehicle mass and dimensions regulations in New Brunswick.

Estimated Savings: \$88,799

Amendments to the General Regulation under the Pensions Benefit Act

Pension solvency regulations vary across Canadian jurisdictions, with many requiring an 85% solvency ratio. The Financial and Consumer Services Commission brought forward amendments that will allow for more flexibility in funding solvency deficits in defined benefit pension plans.

The amendments followed the Canadian Association of Pension Supervisory Authorities (CAPSA) *Recommendations: Funding of Benefits for Plans Other Than Defined Contributions Plans* released in February 2019.

Prior to this, New Brunswick's solvency ratio was set at 100%. Businesses were required to make "special payments" to ensure defined benefit pension plans maintain the regulated 100% solvency ratio. During periods of poor market conditions, "special payments" could exacerbate financial difficulties by demanding large, unplanned expenses for businesses (the plan sponsors).

The amendments made in New Brunswick were consistent with other jurisdictions and reduced the solvency ratio from 100% to 85%. This change alleviates some financial pressure while maintaining financial security for plan members.

Estimated Savings: \$24,005,433



Mining and Prospecting Fees

The COVID-19 pandemic presented significant and serious obstacles for businesses. Travel restrictions meant that many mining and prospecting companies were inactive during the 2020-21 fiscal year.

The Department of Natural Resources and Energy Development would ordinarily impose mining and prospecting fees in accordance with legislation. Rather than imposing the required fees, the department waived mining and prospecting fees which temporarily reduced the costs to businesses and provided immediate financial relief to the sector.

Estimated Savings: \$425,000

National Fire Code Adoption

The Department of Justice and Public Safety brought forward a recommendation to adopt the 2015 National Fire Code of Canada to replace a previously adopted code that was ten years out of date.

Operating under these older codes required the submission and review of “alternative solutions” in order to use construction techniques permitted under newer codes. Additionally, older codes did not permit the use of new materials. Adopting the 2015 codes enabled contractors, architects, and engineers to use more modern building materials and techniques, without the need to prepare plans for review and approval by the department.

Estimated Savings: \$10,746



Atlantic Regional Regulatory Alignment: Joint Office of Regulatory Affairs and Service Effectiveness

The Joint Office of Regulatory Affairs and Service Effectiveness was established in 2015 as a partnership between New Brunswick and Nova Scotia. Prince Edward Island and Newfoundland and Labrador joined later in 2015 and in 2016, respectively. The Joint Office began its work by developing a shared foundation including the adoption of the Premiers' Charter of Governing Principles for Regulation across the region and the passage of mirror legislation in all four provinces.

The purpose of the Joint Office was to achieve greater economic growth through improved, aligned, and reduced regulation across Atlantic Canada to provide business with easier and less costly access to a larger market.

The four provinces continue to collaborate on regulatory reform matters of common interest since that time.

A Shared Foundation for Regulatory Excellence

Adoption of Charter of Governing Principles for Regulation: All four Atlantic provinces have adopted the Charter of Governing Principles for Regulation which provides a shared framework for regulatory excellence. New Brunswick has done extensive internal communications to ensure broad awareness amongst regulators.

The Regulatory Accountability and Reporting Act: Mirror Legislation has been passed and proclaimed in all four Atlantic provinces. New Brunswick's *Regulatory Accountability and Reporting Act* will expire on June 28, 2021 unless extended through the legislative process. A proposal has been made for the extension of the Act to ensure regulators are bound to continue to apply best regulatory practices.

A Common Approach to Assessing and Measuring the Impact of Regulation on Business: Nova Scotia developed and implemented a Business Impact Assessment application which measures impacts, including financial, of individual regulatory proposals. In 2019-2020 New Brunswick implemented a modified version of the Nova Scotia tool and began using it to estimate the financial impacts on business after regulatory changes as well as to encourage adherence to the Premier's Charter of Governing Principles for Regulation. During the fiscal year 2020-21, New Brunswick enhanced the Business Impact Assessment tool to better align with the Premiers' Charter of Governing Principles for Regulation.

Shared Approach to Service: Since the launch of its Business Navigation service in 2017, Nova Scotia has helped start-ups and existing businesses navigate what can be a complex regulatory environment. New Brunswick established a Business Navigator service in 2019-2020 with very positive reactions from the business sector.



National Regulatory Alignment: Regulatory Reconciliation and Cooperation Table

The Canadian Free Trade Agreement (CFTA) was ratified in July 2017. The objective of the CFTA is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada and to establish an open, efficient, and stable domestic market.

The Regulatory Reconciliation and Cooperation Table (RCT) was established under the CFTA with a two-fold mandate: 1) to lead the reconciliation of regulatory measures that act as a barrier to trade, investment or labour mobility within Canada; and 2) to cooperate in the development of future regulatory measures.

The RCT's third annual (2020-2021) workplan was released publicly on September 25, 2020. This plan included 29 items from the 2018-2019 and 2019-2020 workplan and added four new items which seek to address ways in which the RCT can contribute to the reduction in barriers to interprovincial trade, investment, and labour mobility. For each workplan item, the RCT identified or established a working group to develop reconciliation agreements.

The RCT workplan and reconciliation agreements can be found at (<https://www.cfta-alec.ca/regulatory-reconciliation-cooperation/>).

