



Red Tape
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Red Tape Rollback: A step backwards for Manitoba's small businesses

Recipient: Manitoba Government

Bill 16¹ has left Manitoba's small business community reeling. The Bill repeals the Regulatory Accountability Act and effectively dismantles the province's hard-won regulatory accountability framework, eliminating two key mechanisms that shielded them from regulatory overload: the ongoing count of regulatory requirements, and the critical one-for-one rule.

Over the past six years, the province made significant progress in cataloging and creating an inventory of its regulatory requirements, an enormous task that took considerable effort from the public service. A baseline count was established to track the number of regulatory requirements, providing a clear picture of the regulatory burden across departments and fostering trust and transparency with Manitobans. Bill 16 tosses aside regulatory accountability by eliminating the requirement to count new rules and regulations. Maintaining the count would have required minimal additional effort, as the framework has been in place since 2017 with all ministries already tracking their regulatory counts.

Manitoba's one-for-one rule ensured that for every new regulation introduced, an outdated or unnecessary one was removed. Without this safeguard, new regulations could start piling up, creating layers of unnecessary red tape. CFIB's survey of Manitoba business owners following Bill 16's introduction revealed overwhelming disapproval:

- 96% of small business owners believe that regulatory accountability is essential for an open and transparent government.
- 93% believe the provincial government should make red tape reduction a top priority.

Eliminating these accountability measures threatens to exacerbate the regulatory burden on Manitoba's small businesses, posing a significant concern for many entrepreneurs.²

The fix: The Manitoba Government should reinstate the one-for-one rule and maintain the ongoing count of regulatory requirements. By doing so, it would protect small businesses from regulatory creep and ensure the government's commitment to cutting red tape remains intact.

¹ Government of Manitoba. *The Regulatory Accountability Reporting Act and amendments to The Statutes and Regulations Act (Bill 16, 1st Session, 43rd Legislature)*. <https://web2.gov.mb.ca/bills/43-1/b016e.php>

² Canadian Federation of Independent Business. (2024). *A step in the wrong direction: CFIB's statement on Manitoba government's decision to repeal the Regulatory Accountability Act*. <https://www.cfib-fcei.ca/en/media/a-step-in-the-wrong-direction-cfibs-statement-on-manitoba-governments-decision-to-repeal-the-regulatory-accountability-act>

Honourees:

The GST/HST grinch: How the holiday tax break stole small business' cheer

Recipient: Federal Government of Canada

The federal government's temporary GST/HST holiday, designed to boost retail sales, has instead caused administrative chaos, unexpected costs, and widespread confusion for small businesses.

Announced just before Black Friday, Small Business Saturday, and Cyber Monday—the busiest retail period of the year—the tax holiday left businesses scrambling to implement system changes with just two weeks' notice. So far, the average business has spent a median of one full eight-hour work-day implementing the GST/HST tax break changes.³

Reprogramming point-of-sale (POS) systems during the holiday season is not only time-consuming but costly, with a median estimated expense of \$1,000. Adding to the burden, 66% of small businesses struggled to navigate a confusing, inconsistent, and arbitrary list of tax-exempt items, leaving many uncertain about how to apply the exemptions accurately⁴. Toy and hobby store owners had to make judgement calls on things like adult versus child LEGO, while gift stores had to account for every item in gift baskets during their busiest times of year.

Instead of driving economic growth, businesses believe the tax holiday merely shifted consumer spending patterns to capitalize on the tax-free period, with two-thirds of small businesses anticipating delayed purchases or returns. Concurrently, 65% believe large corporations and online giants will reap far greater benefits than small businesses⁵. By the halfway point of the tax holiday, only 5% of businesses reported an increase in sales.⁶

Manufacturers and distributors, often unaware of their need to also adjust for the GST/HST holiday, compounded the administrative challenges for small businesses. The rushed rollout, unclear guidelines, and high costs have left many entrepreneurs feeling unsupported and frustrated.

Short-term fixes like the GST/HST holiday disproportionately impact small businesses, saddling them with unnecessary red tape and costs. To truly support Canada's entrepreneurs, the government must focus on long-term policies that promote stability and growth instead of creating temporary, burdensome measures.

The fix: Provide affected businesses with a \$1,000 credit in their GST/HST accounts to offset programming and administrative costs. Direct the Canada Revenue Agency (CRA) to waive taxes owed, penalties, and interest for good faith errors made during the rushed implementation period. Focus on meaningful, permanent tax changes, such as reversing the planned 19% increase in the carbon tax.

³ CFIB, Your Voice Survey, January 2025. January 9th - January 13th. Preliminary results, n = 1,723.

⁴ CFIB, Special survey: Impact of Canada Post Strike and GST/HST exemption, December 2024. November 26th - December 5th. Final results, n = 5,929

⁵ Ibid.

⁶ CFIB, Your Voice Survey, January 2025. January 9th - January 13th. Preliminary results, n = 745.

License to play: Les Cedres' playground bureaucracy

Recipient: Municipality of Les Cedres

Children in Les Cedres, Quebec, are free to play in the neighbourhood streets as long as the municipal government has approved their paperwork. A 2023 by-law⁷ aimed at promoting safe 'free-play' among children and youths has taken an unusual approach to achieving its goal by mandating children to fill out and submit paperwork to the city.

The by-law requires the bright young minds of Les Cedres to first navigate an obstacle course of municipal red tape, before they are allowed to scale imaginary mountains in their neighbourhood streets. Every summer, children must fill out a form,⁸ indicate what street they would like to play on, obtain signatures from two-thirds of the adult residents living on the relevant street, and then submit their form to the recreation director, or risk getting fined up to \$1,000.

However, the red tape nightmare does not end there. Upon receipt of the form, the recreation director must submit it to the municipal council for final approval. Once approved, the street will be deemed a free-play zone where children are allowed to play, but only between the hours of 9 am to 8 pm.

While CFIB acknowledges the need to establish safety procedures to ensure that children can play safely in the neighbourhood streets, there are alternative ways to achieve that without burdening young people with paperwork.⁹

The fix: The municipality of Les Cedres should eliminate the application process and strategize on more effective ways to achieve street safety.

⁷ Municipalité des Cèdres. (2023). *Règlement numéro 500-2023 régissant les conditions permettant le jeu libre dans les rues résidentielles*. Retrieved November 26, 2024, from https://www.ville.lescedres.qc.ca/sites/default/files/regl_500-2023_jeu_libre.pdf

⁸ Municipalité des Cèdres. *Annexe A - Formulaire de demande d'autorisation pour le jeu libre dans ma rue*. Retrieved November 26, 2024, from https://www.ville.lescedres.qc.ca/sites/default/files/annexe_a_formulaire.pdf

⁹ CTV News Montreal. (2023, June 21). *Quebec town's bylaw requires kids to collect signatures to play in the street*. CTV News. <https://montreal.ctvnews.ca/quebec-town-s-bylaw-requires-kids-to-collect-signatures-to-play-in-the-street-1.6925627>

A price tag on transparency: Winnipeg's \$28 tax search

Recipient: The City of Winnipeg

Accessing basic tax information has become a headache for businesses in Winnipeg. Unlike many other municipalities that provide property tax data online for free, the City of Winnipeg offers no easily accessible information. When businesses attempt to research their tax assessments and obligations, they are forced to jump through hoops just to find out how much they owe or where they stand.

Upon contacting the city's tax department, businesses are directed to an outdated and ineffective tax search portal.¹⁰ To make matters worse, accessing any information comes with a minimum fee of \$28 per search—just for the privilege of knowing their own tax data. This pay-to-access system feels more like a toll gate than a service, creating unnecessary costs for businesses, especially small ones trying to manage tight budgets.

This is a prime example of the kind of red tape that wastes time and resources, erodes trust, and reduces transparency, adding to the frustrations of businesses simply trying to comply with their rising tax obligations.

The fix: The city should remove the fee for residents and businesses to retrieve their tax data, fix the registration link for the page, and explore options to make this information more easily findable and accessible.

¹⁰ City of Winnipeg. *Property assessment and taxation. Online Tax Information Subscription Service*. Retrieved December 9, 2024, from <https://assessment.winnipeg.ca/AsmtTax/English/selfservice/citytax.stm>

The dog days are over: Toronto's new rules for commercial dog walkers

Recipient: Toronto City Council

A group of commercial dog walkers in Toronto have been handed on a leash of bureaucracy thanks to a recent decision by city council banning them from Ramsden Park's off-leash area.¹¹ This change came after a few residents complained about noise and parking- common features of life in a busy, high-density urban neighborhood.

The city had previously allowed these dog walkers to use the park freely, but this all changed in June 2024 when the council, decided to clamp down. Now, these small business owners, who are simply trying to walk dogs in their own neighbourhood, are suddenly facing the prospect of driving across town to find another park—assuming they can even find one with the same amenities.¹² The ban, which took effect in September 2024 without any consultation from commercial dog walkers, has sparked a petition¹³ calling for designated hours (11 a.m.-3 p.m.) rather than an outright prohibition.

The council's decision does not just impact the livelihood of the dog walkers, it creates unnecessary hurdles for the entire community. Instead of working towards a compromise, like setting specific hours or having designated areas, the city has imposed a blanket ban that threatens these small businesses' survival. In a city that claims to support local entrepreneurs, this decision feels like an unnecessary, anti-entrepreneurial, and heavy-handed approach to what could have been a manageable problem.

The fix: The city should reverse the ban and implement fair, clear guidelines, such as allowing commercial dog walkers during specific hours while also ensuring their involvement in future consultations.

¹¹ Toronto City Council. (2024). *Dogs off leash area criteria for commercial dog walkers* (Agenda Item 2024.MM19.3). Retrieved November 26, 2024, from <https://secure.toronto.ca/council/agenda-item.do?item=2024.MM19.3>

¹² CBC News. (2024, August 27). *Commercial dog walkers oppose ban from area at city park*. CBC News. <https://www.cbc.ca/news/canada/toronto/commercial-dog-walkers-ban-ramsden-park-1.7305310>

¹³ Petition to reverse the ban on commercial dog walkers at Ramsden Park. *Change.org*. Retrieved November 26, 2024, from <https://www.change.org/p/petition-to-reverse-the-ban-on-commercial-dog-walkers-at-ramsden-park>

