

CFIB

*In business
for your business™*

The State of Internal Trade: Canada's Interprovincial Cooperation Report Card

2022 Edition



Contents

Foreword..... 3

Introduction 4

CFTA Exceptions..... 5

Select Barriers to Internal Trade 8

Reconciliation Agreements 13

Internal Trade and the Federal Government..... 15

Moving Forward: Recommendations 17

Appendix A: Labour Mobility Exceptions..... 19

Appendix B: Methodology 20

The Authors



Laura Jones
Executive Vice-President
and Chief Strategic Officer



Corinne Pohlmann
Senior Vice-President,
National Affairs



Marvin Cruz
Director of Research



Keyli Loeppky
Senior Policy Analyst

Foreword

July 1, 2022, marks the fifth anniversary of the Canada Free Trade Agreement, an intergovernmental agreement with the objective to reduce and eliminate barriers to trade of goods and services, labour mobility, and investments within Canada.¹ The agreement replaced the Agreement on Internal Trade, which the business community and many policy makers viewed as dated and ineffective. The new trade agreement took several important steps forward. It uses what is called a negative list approach, where everything is included unless a specific exemption is taken (rather than only including things listed in the agreement). Signatories also created a Regulatory Reconciliation and Cooperation Table to address regulatory differences that act as barriers to trade. For the first time, business organizations had a place to raise longstanding irritants such as the requirement to have different first-aid kits or wear different work boots in every province. Business associations, including ours, cheered this breakthrough.

Fast forward five years and the state of internal trade and cooperation within Canada continues to be the topic of discussion, debate and handwringing among policy makers and business leaders. Some argue there are still many costly barriers preventing the free movement of goods, services and people within Canada and cite studies claiming that liberalizing internal trade would increase Canada's GDP per capita by about 4 per cent.² Others argue remaining barriers are mostly trivial and point out how difficult it is to identify long lists of specific irritants to fix. Meanwhile, headlines capturing high-profile barriers create a strong perception, whatever the actual reality, that Canada's internal trade is a barrier to businesses.³

The point of this report card is not to weigh in on this debate and evaluate the magnitude of remaining burdens. Instead, we work to do two things. First, we highlight available data on barriers to trade and labour mobility to create some much-needed transparency. Second, we evaluate the progress of provincial, territorial, and federal governments in addressing barriers to internal trade that they have identified and, in many cases, committed to fix.

The grades on this, our first annual report card, are low. The low grades do not indicate that no progress has been made. Rather, they reflect that much more work remains. At one time, eliminating unnecessary barriers to working and trading across Canada was less urgent. Today, with labour shortages and cost pressures mounting, wasting time and money is a luxury few can afford. We hope that provincial, territorial, and federal governments receive this report card in the spirit with which it is intended – a challenge to continue to knock down the irritants and barriers that waste precious time and stand in the way of a more prosperous union.

¹ FTA News Release: *Canadian Free Trade Agreement Finalized New Interprovincial Agreement to Grow Canada's Economy*. Canadian Free Trade Agreement. Retrieved: April 25, 2022. <https://www.cfta-alec.ca/wp-content/uploads/2017/06/CFTA-news-release-1.pdf>

² Jorge Alvarez, Ivo Krznar and Trevor Tombe. *Internal Trade in Canada: Case for Liberalization*. International Monetary Fund. 2019.

³ Examples: *The 'free the beer' case shows Canada isn't a true economic union* (Macleans.ca); *Canada's big challenge: The long list of trade barriers between its own provinces* (London School of Economics and Political Science, Business Review).

Introduction

This report card grades three major areas of inter-provincial/territorial cooperation: 1) Canadian Free Trade Agreement (CFTA) exceptions, 2) the existence of select interjurisdictional barriers to internal trade, and 3) the implementation status of reconciliation agreements under the Regulatory Reconciliation and Cooperation Table (RCT). Within this framework, governments with the highest overall scores are those that have the fewest exceptions and have made the most progress towards reducing specific barriers. Table 1 summarizes scores for each area in each jurisdiction. For details on how scores were calculated refer to the Methodology section in the Appendix B.

The highest overall grade is a B, indicating that much work remains to be done to reduce internal trade barriers (see Table 1). With regards to the areas of inter-provincial/territorial cooperation, grades are highest for the total number of exceptions to the CFTA in 2021, and the implementation status of reconciliation agreements. This signals that some governments have taken the actions set out in the CFTA to promote openness and reduce and eliminate barriers to trade where possible. Each of these two sections (exceptions to the CFTA and implementation status of reconciliation agreements) represents 40% of the overall grade, for a total of 80%.

The select barriers area contains the lowest scores, where we use specific indicators related to barriers to doing business (such as whether a jurisdiction allows wine to be shipped across provincial boundaries). Scores in this area indicate that significant barriers to internal trade remain. This part of the report card represents 20% of the overall grade.

Table 1

Areas of Inter-Provincial/Territorial Cooperation, Score and Grade^{1,2}

Jurisdiction	I. Total Exceptions to the CFTA in 2021		II. Select Barriers to Internal Trade		III. Implementation Status of Reconciliation Agreements		Overall Inter-Provincial/Territorial Cooperation Score and Grade	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade
AB	10.0	A	4.2	D-	8.8	A-	8.3	B
MB	8.6	B+	4.2	D-	9.5	A	8.1	B
SK	8.3	B	3.7	F	8.8	A-	7.5	B-
NS	6.2	C-	3.8	F	9.0	A	6.8	C
BC	7.6	B-	3.3	F	7.5	B-	6.7	C
ON	4.8	D-	5.0	D-	9.0	A	6.5	C-
PEI	5.2	D	1.7	F	6.3	C-	4.9	D-
NT	5.5	D+	0.0	F	5.6	D+	4.5	D-
NU	4.8	D-	0.0	F	5.6	D+	4.2	D-
NL	4.8	D-	0.0	F	5.6	D+	4.2	D-
NB	2.1	F	1.7	F	7.2	C+	4.0	D-
YT	0.7	F	0.0	F	8.8	A-	3.8	F
QC	0.0	F	2.5	F	7.0	C	3.3	F
FED ³	2.1	F			7.2	C+	4.6	D-

1. Score: 10 is best, 0 is worst. The scores of the three areas of inter-provincial/territorial cooperation are combined into a single score that allows for a ranking of governments from best (highest score) to worst (lowest score). The different areas are assigned the following weights: *Total Exceptions to the CFTA in 2021*—40%, *Select Barriers to Internal Trade*—20% and *Implementation Status of Reconciliation Agreements*—40%.

2. Grade: A, A-: 8.7-10 (Excellent performance); B+, B, B-: 7.5-8.6 (Good performance); C+, C, C-: 6.1-7.4 (Satisfactory performance); D+, D, D-: 4-6.0 (Less than satisfactory performance); F: 0-3.9 (Unsatisfactory performance).

3. The federal government is scored on two areas: the *Total Exceptions to the CFTA in 2021* based on the number of procurement exceptions they maintain, and the *Implementation Status of Reconciliation Agreements*, both areas are weighted equally (50% each) as the select barriers area was not available for this analysis.

CFTA Exceptions

The CFTA allows for exceptions that permit governments to exclude specific sectors, items, or workers from the agreement. For instance, in Ontario, businesses in the tourism sector must have a permanent physical place of business in the province. Doing away with exceptions, is desirable.

This section focuses on the total number of party specific exceptions that governments maintain within the CFTA, including exceptions to procurement, existing measures, and future measures.⁴ The lower the number of exceptions that exist, the higher the score. Note, the federal government is only scored for its number of procurement related exceptions. The federal government contends that their exceptions account for matters of national security and international market access, and that very few exceptions in the CFTA present a meaningful barrier to internal trade.⁵ Regardless, it is important the federal government follow through on its commitment to reduce or narrow their exceptions in the CFTA, where possible. Particularly the high number of restrictions relating to procurement which can affect the ability to do business across the country.

Alberta ranks highest in this section as it has the lowest number of total exceptions with six, followed by Manitoba with 10 exceptions – neither of these provinces have procurement exceptions (see Table 2, Figure 1). Conversely, the Yukon and Quebec rank the lowest – the Yukon has 33 exceptions; and Quebec has a total of 35 exceptions, including 19 exceptions for existing measures.

Table 2

Total Number of Exceptions to the CFTA in 2022, Score and Grade (10 is best, 0 is worst)

Jurisdiction	Total Number of Exceptions to the CFTA in 2021 ¹	Total Exceptions to the CFTA in 2021 Score and Grade	
AB	6	10.0	A
MB	10	8.6	B+
SK	11	8.3	B
BC	13	7.6	B-
NS	17	6.2	C-
NT	19	5.5	D+
PEI	20	5.2	D
NU	21	4.8	D-
NL	21	4.8	D-
ON	21	4.8	D-
NB	29	2.1	F
FED ²	29	2.1	F
YT	33	0.7	F
QC	35	0.0	F

Notes:

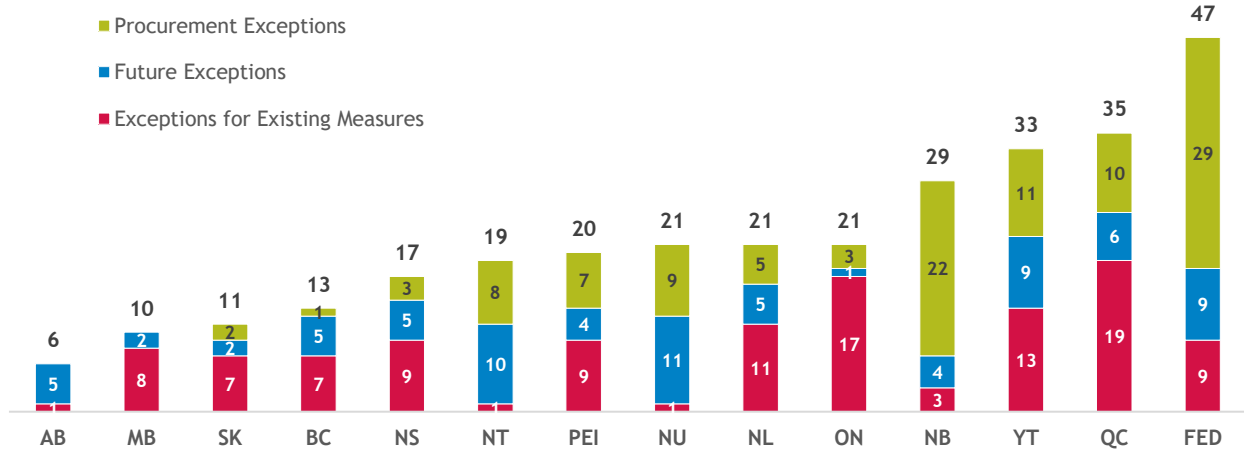
1. Provinces and territories are scored based on the sum of exceptions for to existing measures, future measures, and procurement.
2. The federal government is scored solely on procurement related exceptions.

⁴ Exceptions to existing measures are general measures applicable to goods or services. Exceptions for future measures allows governments to protect future activity in sectors like energy, fisheries, and agriculture.

⁵ Government of Canada. *Briefing book - Internal Trade - 2019*. <https://www.canada.ca/en/intergovernmental-affairs/corporate/transparency/briefing-documents/internal-trade.html>. Accessed: May 26, 2022.

Figure 1

Total Number of Exceptions to the CFTA 2021, By Jurisdiction

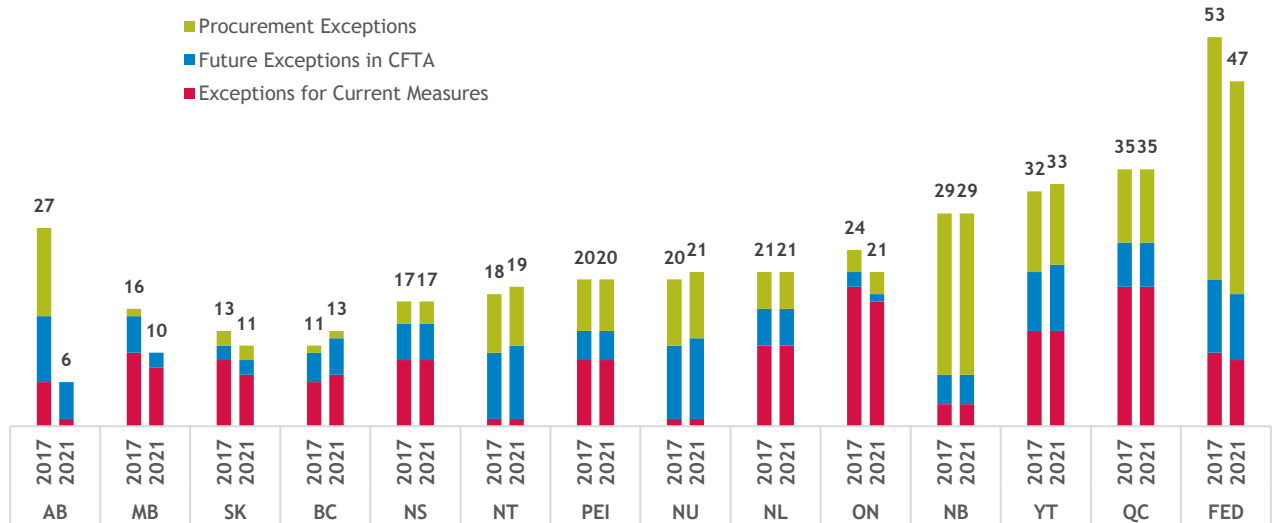


Source: Canadian Free Trade Agreement, Consolidated Version, September 2021.

While not scored in this report, we also look at the work done by jurisdictions to reduce the number of exceptions since 2017. Alberta has reduced their exceptions by the greatest amount moving from 27 to 6, including eliminating all procurement exceptions (see Figure 2). Manitoba also eliminated all exceptions related to procurement. These cases of reducing exemptions serve as examples that governments can unilaterally work to reduce barriers.

Figure 2

Total Number of Exceptions to the CFTA 2017 and 2021, By Jurisdiction – Ascending Order by Total Number of Exceptions in 2021



Sources:

1. Canadian Free Trade Agreement, Consolidated Version, September 2021,
2. Canadian Free Trade Agreement, Consolidated Version, 2017.

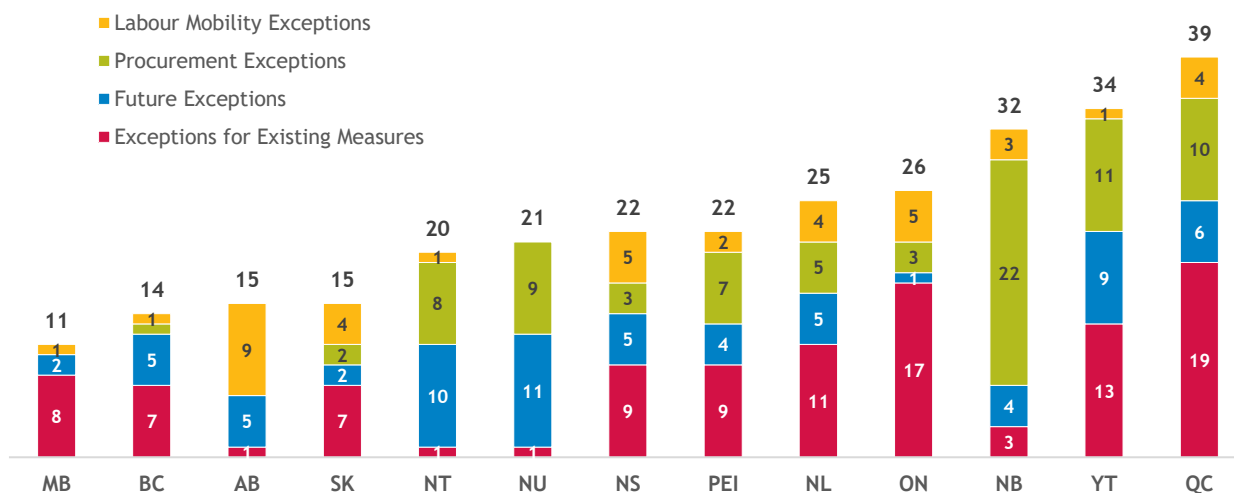
Beyond the party specific exceptions listed in the CFTA, governments can also take labour mobility exceptions. Generally, the CFTA allows for certified workers to work anywhere in Canada without undergoing further training, testing, or assessments; however, governments can post exceptions to the movement of certified workers across jurisdictions when certification requirements or occupational standards are distinct from one jurisdiction to another, justified by a legitimate objective such as to protect such things as public security and safety.⁶ For example, in some jurisdictions dental hygienists give injections for dental freezing, while in other jurisdictions this task is not part of their job. As such, a dental hygienist who wants to practice in a jurisdiction where dental freezing is part of the job may need to take additional training.

One unintended consequence of restrictive labour mobility is the effect it can have on jurisdictions facing labour shortages and that need workers from other areas in the country (or the world) to alleviate shortage pressures. As such, rather than preventing certified workers from practicing in a province/territory if they do not meet all the necessary requirements, jurisdictions should instead allow for certified workers to practice, with restrictions. The dental hygienist from the example above would then be allowed to work in any province but if they were not trained in freezing, they would be restricted from performing that part of the job until trained in that area.

Our report card grades do not yet include labour mobility exceptions. However, this is an area that we are looking to grade in future iterations of this report. Alberta currently posts the most labour mobility exceptions with nine. Adding these nine exemptions to the other existing exemptions brings the total exceptions in the province to 15, removing the province from the position of the jurisdiction with the least number of exceptions (see Figure 3). For a list of labour mobility exceptions that exist across jurisdictions see Appendix A.

Figure 3

Total Number of Exceptions to the CFTA 2021, Including Labour Mobility Exceptions, by Province/Territory



Sources:

1. Canadian Free Trade Agreement, Consolidated Version, September 2021.
2. Labour Mobility Working Group (LMWG) website, workersmobility.ca.

⁶ Labour Mobility Working Group website. Labour Mobility. <https://www.cfta-alec.ca/labour-mobility/>

Exceptions - The Need for Better Data

Traditionally the use of the number of exceptions to the CFTA serves as an indicator of efforts to liberalize free trade within Canada. There is, however, a greater complexity to this issue and as such this approach may not be optimal. For instance, the list of exceptions varies substantially across jurisdictions, and these exceptions are not equal in terms of scope. In addition, the costs associated with their inclusion in the CFTA can vary. For example, exceptions for existing measures pose a current direct cost, while exceptions for future measures pose no current cost, but they impose uncertainty for businesses, thereby limiting investment and trade.⁷ Another level of complexity is that the value associated with these costs is largely unknown, making it difficult to not only compare how effective jurisdictions have been at liberalizing trade, but also to understand where efforts could be directed to make the biggest impact. A more mature evidence base is needed, one which allows for more thorough comparative analysis of the effects that exceptions pose.

Select Barriers to Internal Trade

In this section of the report card, we analyse several high-visibility impediments or irritants that affect internal trade. Here, we focus on barriers to trade of alcoholic beverages using two indicators, and barriers to doing business using four indicators. Provinces/territories that have reduced or eliminated the identified barriers receive higher scores (see Table 3).

Table 3

Select Barriers to Internal Trade, Score and Grade (10 is best, 0 is worst)

Jurisd.	Barriers to Trade in Alcoholic Beverages Indicators		Barriers to Doing Business Indicators				Select Barriers to Internal Trade Score and Grade	
	Unlimited Import of Alcohol for Personal Consumption	Direct-to-Consumer Interjurisdictional Shipment of Canadian Wine/Craft Beer and Spirits	Extra-Jurisdictional Business Corporation Registration Fees Waived Across All Prov./Terr.	Legislated Timeframe for Professional Certification Approval	Mutual Recognition of Registration for Workers' Compensation	Mutual Recognition of Occupational Health and Safety Rules		
ON	10	0	10	10	0	0	5.0	D-
AB	10	0	5	10	0	0	4.2	D-
MB	10	10	5	0	0	0	4.2	D-
NS	10	3	10	0	0	0	3.8	F
SK	10	2	5	5	0	0	3.7	F
BC	10	4	5	1	0	0	3.3	F
QC	10	0	5	0	0	0	2.5	F
NB	0	0	5	5	0	0	1.7	F
PEI	10	0	0	0	0	0	1.7	F
NL	0	0	0	0	0	0	0.0	F
YT	0	0	0	0	0	0	0.0	F
NT	0	0	0	0	0	0	0.0	F
NU	0	0	0	0	0	0	0.0	F

Source: 2022 data

⁷ Sarah Pittman, Carlo Dade and Martha Hall Findlay. *Toilet Seats, Trucking and Other Trade Tie-ups. A new solution to the old problem of Canadian internal trade.* Canada West Foundation. <https://cwf.ca/research/publications/report-toilet-seats-trucking-and-other-trade-tie-ups-a-new-solution-to-the-old-problem-of-canadian-internal-trade/>. Accessed: June 16, 2022.

Barriers to Trade in Alcoholic Beverages

Alcohol Importation Limits

Table 4

Select Barriers Indicator 1 – Unlimited Import of Alcohol for Personal Consumption (score below data; 10 is best, 0 is worst)

Indicator	YT	NT	NU	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Unlimited Import of Alcohol for Personal Consumption – Yes/No	No (0)	No (0)	No (0)	Yes (10)	Yes (10)	Yes (10)	Yes (10)	Yes (10)	Yes (10)	No (0)	Yes (10)	Yes (10)	No (0)

Source: 2022 data.

The following point system was applied: Yes=10 points, No=0 points.

A great deal of progress has been made to eliminate personal limits on out-of-province/territory alcohol imports. Quebec and Prince Edward Island are the latest to join the list of provinces without alcohol limits. Quebec eliminated its alcohol limits in 2022, and Prince Edward Island did so in 2021.^{8,9} As such, citizens in eight provinces – British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, and Prince Edward Island – can bring alcohol across provincial/territorial boundaries for their personal consumption, without limits. These provinces receive a score of 10 (see Table 4). The Territories, New Brunswick and Newfoundland and Labrador are the only jurisdictions with limits, as such they receive a score of 0.

Interjurisdictional Shipment of Canadian Wine/Craft Beer and Spirits

Table 5

Select Barriers Indicator 2 – Direct-to-consumer Interjurisdictional Shipment of Canadian Wine/Craft Beer and Spirits (score below data; 10 is best, 0 is worst)

	YT	NT	NU	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Score	0	0	0	4	0	2	10	0	0	0	3	0	0
Direct-to-consumer Shipment of Canadian Wine – Yes/No ¹	No (0)	No (0)	No (0)	Yes (3)	No (0)	Some (1)	Yes (3)	No (0)	No (0)	No (0)	Yes (3)	No (0)	No (0)
Direct-to-consumer Shipment of Canadian Craft Beer – Yes/No	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	Yes (3)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)
Direct-to-consumer Shipment of Canadian Craft Spirits— Yes/No ²	No (0)	No (0)	No (0)	Some (1)	No (0)	Some (1)	Yes (3)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)

Source: 2022 data.

Scoring: The following point system was applied: Three points are given for each type of alcohol (Canadian Wine, Craft Beer, and Spirits) that is allowed for the direct-to-consumer shipment from all Canadian jurisdictions. If all three types of alcohol are permitted, then a score of 10 is given. When alcohol shipment is only allowed from select jurisdictions a partial score (1 or 2, depending on the number of jurisdictions) is given for each type of alcohol.

1. Saskatchewan receives a partial score as only British Columbia produced wines can be shipped directly to residents, albeit paperwork does have to be completed, and approved prior to ordering.
2. British Columbia and Saskatchewan have a deal where consumers can order craft spirits directly from producers in the other province and have them delivered, both provinces receive partial scores.

⁸ Government of Quebec. *Allègement réglementaire pour faciliter le commerce interprovincial - Québec modifie son règlement sur la possession et le transport de boissons alcooliques achetées ailleurs au Canada*. <https://www.quebec.ca/nouvelles/actualites/details/allègement-reglementaire-pour-faciliter-le-commerce-interprovincial-quebec-modifie-son-reglement-sur-la-possession-et-le-transport-de-boissons-alcooliques-achetees-ailleurs-au-canada-38602>. Accessed: May 25, 2022.

⁹ Government of PEI. *PEI liquor laws modernize*. <https://www.princeedwardisland.ca/en/news/pei-liquor-laws-modernize>. Accessed: May 25, 2022.

The ability to ship alcoholic beverages (i.e., Canadian wine/craft beer and craft spirits) from one province to another, by way of direct-to-consumer sales, has been an outstanding irritant for decades with distinct groups advocating for a fix. This situation has arisen not by design but by a long history of different jurisdictions pursuing different policy and regulatory objectives. As such, alcohol importation rules serve as a high visibility indicator of provinces/territories working together to reduce irritants. For this indicator, jurisdictions that allow the direct-to-consumer shipment of all three types of alcohol – Canadian wine, craft beer, and craft spirits – from any Canadian jurisdictions earn a score of 10. For specifics with regards to partial scoring see Table 5.

Manitoba is the only province that is fully open to interjurisdictional alcohol shipments, earning a score of 10 for this indicator (see Table 5). Nova Scotia and British Columbia allow direct-to-consumer shipments of wine from any jurisdiction. British Columbia and Saskatchewan have a deal where consumers can order craft spirits and wine directly from producers in the other province and have them delivered.^{10,11} No province/territory, other than Manitoba, allows the direct-to-consumer interjurisdictional shipping of craft beer.

Like alcoholic beverages, the recreational (non-medical) cannabis industry which emerged after legalization in 2018 also faces challenges in shipping from one province to another. While there are no federal restrictions on the movement of cannabis within Canada, there are provincial/territorial rules that restrict the interjurisdictional distribution and sale of cannabis.¹² Governments had agreed to work towards developing timelines for negotiations regarding the incorporation of recreational cannabis into the CFTA, however, these timelines were pushed due to the COVID-19 pandemic. Barriers to the interjurisdictional trade of cannabis are an item that CFIB is exploring, and one that we may incorporate in future iterations of this report card.

Barriers to Doing Business

Extra-Jurisdictional Business Registration Fees

Table 6

Select Barriers Indicator 3 – Extra-jurisdictional Business Corporation Registration Fees Waived Across All Provinces/Territories (score below data; 10 is best, 0 is worst)

Indicator	YT	NT	NU	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Extra-jurisdictional Business Registration Fees Waived – Yes/Some/None ¹	No (0)	No (0)	No (0)	Some (5)	Some (5)	Some (5)	Some (5)	All (10)	Some (5)	Some (5)	All (10)	No (0)	No (0)

Source: 2022 data.

The following point system was applied: Yes=10 points, Some=5, No=0 points.

1. Nova Scotia and Ontario stopped the practice of charging extra-provincial business corporation registration fees. Some provinces have agreements between them which waive extra-jurisdictional registration requirements: (i) British Columbia, Alberta, Saskatchewan, Manitoba (New West Partnership Agreement), (ii) Ontario and Quebec (iii), Nova Scotia and New Brunswick.

¹⁰ Saskatchewan Liquor and Gaming Authority. Importing Alcohol from Outside the Province. <https://www.sлга.com/permits-and-licences/liquor-permits/importing-alcohol>. Accessed: May 25, 2022.

¹¹ Government of Saskatchewan. *B.C. and Saskatchewan Remove Barriers on Canadian Wine and Craft Spirits*. <https://www.saskatchewan.ca/government/news-and-media/2014/august/29/bc-and-sask-wine-and-craft-spirits>. Accessed: May 25, 2022.

¹² Government of Canada. *Briefing book - Internal Trade - 2021*. <https://www.canada.ca/en/intergovernmental-affairs/corporate/transparency/briefing-documents/internal-trade-2021.html>. Accessed: June 6, 2022.

Corporations seeking expansion into other Canadian provinces/territories are typically required to pay business registration fees in each jurisdiction, despite already paying those fees in their home jurisdiction. Only two provinces, Ontario and Nova Scotia, stopped the practice of charging extra-provincial business corporation registration fees, as such these provinces receive a score of 10 for this indicator. Some provinces streamlined their extra-provincial registration processes through agreements, such that there are no additional registration fees. These provinces receive a score of 5. For instance, British Columbia, Alberta, Saskatchewan, and Manitoba waive registry under the New West Partnership Trade Agreement (NWPTA).¹³ The Territories, Prince Edward Island and Newfoundland and Labrador are the only jurisdictions where fees are not waived at all, as such they earn a score of 0 (see Table 6).

Professional Certification Approval

Table 7

Select Barriers Indicator 4 – Legislated Timeframe for Professional Certification Approval (score below data; 10 is best, 0 is worst)

Indicator	YT	NT	NU	BC ¹	AB ²	SK ³	MB	ON ⁴	QC	NB ⁵	NS	PEI	NL
Legislated timeframe for professional certification approval — Yes/No	No (0)	No (0)	No (0)	Some (1)	Yes (10)	Some (5)	No (0)	Yes (10)	No (0)	Some (5)	No (0)	No (0)	No (0)

Source: 2022 data.

The following point system was applied: Yes=10 points, Some=1-9, No=0 points.

1. BC: No legislation. BC is making it easier for international nurses to work in the BC health care system by speeding up certification assessment processes.
2. AB: [Bill 49 - The Labour Mobility Act](#). Regulatory authorities need to make registration decisions within 20 business days after receiving a complete application. Applies to more than 100 regulated occupations, including optometrists, engineers, and accountants.
3. SK: [Bill 81 - The Labour Mobility and Fair Registration Practices Act](#). Regulatory authorities must provide written responses to applicants within the period determined by the minister.
4. ON: [Bill 88 - Working for Workers Act](#). Regulatory authorities need to make registration decisions within 30 business days after receiving a complete application. Applies to 14 regulated professions.
5. NB: [Bill 118: Fair Registration Practices in Regulated Professions Act](#). Every regulatory body shall undertake a review of its registration practices and file a report of the Minister which will include among other things, the timeliness of decision making.

One of the fundamental purposes of the CFTA is to allow any worker certified for an occupation by a regulatory authority to practice throughout Canada.¹⁴ However, circumstances where the mobility of certified occupations is limited or restricted still exist. In some cases, credentials are not fully transferable as certain occupations are governed by provincial/territorial legislation requiring a worker to hold a certification/licensing in the province/territory they are working.¹⁵ As such, workers looking to practice in another province/territory can, in some cases, be faced with lengthy administrative registration requirements, additional testing, and processing fees for their applications.

This indicator focuses on whether legislated timelines for registration decisions exist: Some provinces/territories have legislation that helps provide workers and their employers with clarity and transparency regarding registration decisions and ensures that decisions are made in a timely manner. Alberta and Ontario receive the highest score as these provinces have a legislated timeline for registration decisions – 20 business days in Alberta, and 30 business days in Ontario (see Table 7). Saskatchewan and New Brunswick receive partial scores for their commitment to work with regulatory bodies to examine timeframes for registration decisions. British Columbia also receives a partial score for its work to speed up the certification process for international nurses looking to work in the province.

¹³ New West Partnership. *NWPTA - FAQs*. http://www.newwestpartnershiptrade.ca/faq_business_investor.asp. Accessed: May 25, 2022.

¹⁴ Canada Free Trade Agreement. *Labour Mobility*. <https://www.cfta-alec.ca/labour-mobility/>. Accessed: May 3, 2022.

¹⁵ Government of Alberta. *Labour mobility within Canada*. <https://www.alberta.ca/labour-mobility-canada.aspx>. Accessed: May 3, 2022.

Workers’ Compensation Registration

Table 8

Select Barriers Indicator 5 – Mutual Recognition of Registration for Workers’ Compensation (score below data; 10 is best, 0 is worst)

Indicator	YT	NT	NU	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Mutual Recognition of Registration for Workers’ Compensation — Yes/No	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)

Source: 2022 data.

The following point system was applied: Yes=10 points, Some=5, No=0 points.

Every workers’ compensation board across the country has different rules which govern when a business needs to register for coverage. For businesses that perform work in multiple jurisdictions, the variance in rules presents a barrier to doing business by creating additional administrative burden and potentially higher costs.¹⁶ For instance, in British Columbia an out-of-province business needs to register with the workers’ compensation board in British Columbia if its workers will be in the province for 15 or more days a year.¹⁷ In Nova Scotia, however, the same business would have to register with Nova Scotia’s workers’ compensation board only if three or more workers will be in the province for five or more days in a calendar year.¹⁸

One approach that would help to reduce costs and red tape for those trying to run their business across provincial boundaries, is for provinces/territories to mutually recognize each others workers’ compensation registration practices (with the opportunity for exceptions). If a business and its workers meet workers’ compensation registration standards in one jurisdiction, this would be sufficient for other jurisdictions in which the business operates.

One example where such an approach has proved successful is the use of a Mobile Business License (or Inter-Community Business Licence or Inter-Municipal Business Licence) in British Columbia. Mobile business licenses allow certain types of mobile businesses (e.g., those in construction and trades) to operate in more than one municipality by purchasing only one licence that is recognized across participating municipalities. Currently, there are 18 Mobile Business Licence partnerships in British Columbia covering 102 communities.¹⁹

Presently, no jurisdiction in Canada has worked to recognize registration requirements for workers’ compensation across other jurisdictions, as such all jurisdictions receive a score of 0 (see Table 8).

¹⁶ As part of the *Interjurisdictional Agreement on Workers Compensation*, businesses only pay assessments in a province or territory where work is performed (no double assessment).

¹⁷ Worksafe BC. *Out-of-province businesses coming to B.C. to work*. <https://www.worksafebc.com/en/insurance/need-coverage/who-needs-coverage/out-of-province#:~:text=If%20you%20are%20a%20business,of%20the%20following%20situations%20apply>. Accessed: May 2, 2022.

¹⁸ Workers Compensation Board of Nova Scotia. *Do I Need to Register?* <https://www.wcb.ns.ca/Workplace-Injury-Insurance/Do-I-Need-to-Register.aspx#:~:text=If%20you%20are%20firm,days%20in%20a%20calendar%20year>. Accessed: May 2, 2022.

¹⁹ Government of British Columbia. *Mobile Business Licence Program*. <https://www2.gov.bc.ca/gov/content/employment-business/business/small-business/mobile-business-licence-program#Okanagan>. Accessed: May 20, 2022.

Occupational Health and Safety Rules

Table 9

Select Barriers Indicator 6 – Mutual Recognition of Occupational Health and Safety Rules, (score below data; 10 is best, 0 is worst)

Indicator	YT	NT	NU	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Mutual Recognition of OHS Rules – Yes/No	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)	No (0)

Source: 2022 data.

The following point system was applied: Yes=10 points, Some=5, No=0 points.

Like workers’ compensation registration requirements, occupational health and safety (OHS) requirements and standards vary from one province/territory to another, making it challenging for businesses to ensure they comply when operating in multiple jurisdictions. For instance, a business with workers in more than one jurisdiction may find that their employees’ equipment, training, education, or credentials are not transportable. Progress across the country to adopt common standards (or harmonize) for items such as first aid kits, head protection, and hearing protection, among others, serve as an important step for reducing barriers. Harmonizing one item at a time, however, has proven to be a slow process. As such, mutually recognizing OHS rules from other jurisdictions (with the opportunity for exceptions) serves as a more effective way to simplify regulatory requirements – allowing businesses to work more seamlessly across provincial borders, while still protecting the health and safety for workers.

Presently no province/territory recognizes OHS rules from other jurisdictions, as such all provinces/territories score 0 (see Table 9).

Reconciliation Agreements

This section centres on the work of the Regulatory Reconciliation and Cooperation Table (RCT). Established in 2017 by the CFTA, the RCT is a federal-provincial-territorial body that provides a forum for governments to resolve internal trade barriers to business operations created by existing rules and processes. The RCT is vital to government’s current approach to reducing internal trade barriers and unraveling Canada’s economic potential. For instance, its work to harmonize construction codes across the country is estimated to result in an economic benefit of \$750 million to \$1 billion by 2028.²⁰

While there has been progress to reconcile trade barriers at the RCT on a variety of key issues, significant barriers remain. Further, progress to fully implement approved items on the RCT Work Plan is slow due to delays created by provincial ratification and implementation processes. For context, since 2017 only 11 agreements covering 14 of the 35 items on the RCT work plan have been ratified by provincial, territorial, and federal representatives. Of these 11 agreements, only three have been fully implemented by all jurisdictions. This lack of progress suggests stronger political leadership is needed.

²⁰ Canadian Free Trade Agreement. *Construction Codes Reconciliation Agreement*. <https://www.cfta-alec.ca/wp-content/uploads/2020/11/Construction-Codes-Summary-RA-2019.pdf>. Accessed. May 11, 2022.

This section presents the progress made by each jurisdiction to implement the 11 items from the remaining 8 endorsed agreements that are at separate stages of implementation.²¹ A score of 10 is given for each item that is implemented, a score of 5 is given if implementation is underway.²² Overall, Manitoba scores the highest as the province has implemented 10 of the 11 items from the ratified agreements they are participating in (see Table 10). The federal government is also graded in this section, as it is presently participating in 6 ratified agreements, and it has implemented 4 of the 9 items from these agreements.

Table 10

Implementation Status of Items from Reconciliation Agreements, Score and Grade (10 is best, 0 is worst)

	MB	NS	ON	SK	AB	YT	BC	FED	NB	QC	PEI	NL	NT	NU
Grade and Score	9.5	9.0	9.0	8.8	8.8	8.8	7.5	7.2	7.2	7.0	6.3	5.6	5.6	5.6
	A	A	A	A-	A-	A-	B-	C+	C+	C	C-	D+	D+	D+
1. First Aid Kits	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)
2. Hearing Protection	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
3. Personal Flotation Devices	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
4. Head, Foot, and Eye Protection	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
5. Fall Protection	IM (10)	IM (10)	UW (5)	UW (5)	IM (10)	IM (10)	UW (5)	NA -	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
6. Energy Efficiency Standards for Household Appliances	IM (10)	IM (10)	IM (10)	NA -	NA -	NA -	UW (5)	IM (10)	UW (5)	IM (10)	NA -	NA -	NA -	NA -
7. CRN for Pressure Equipment	IM (10)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	IM (10)	NA -	UW (5)	IM (10)	IM (10)	UW (5)	UW (5)	UW (5)
8. Aquaculture Site Marking	NA -	IM (10)	NA -	NA -	NA -	NA -	NA -	IM (10)	NA -	NA -	NA -	UW (5)	NA -	NA -
9. Corporate Registry	IM (10)	UW (5)	IM (10)	IM (10)	IM (10)	UW (5)	IM (10)	IM (10)	UW (5)	IM (10)	UW (5)	UW (5)	UW (5)	UW (5)
10. Construction Codes	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)	UW (5)
11. Upholstered and Stuffed Articles	IM (10)	NA -	IM (10)	NA -	NA -	NA -	NA -	IM (10)	NA -	UW (5)	NA -	NA -	NA -	NA -

Legend: Implemented - IM; Underway - UW; No Participation - NA

Sources:

- i. Regulatory Reconciliation and Cooperation Table - Work Plan #4 (2021-2022), Revised: November 30, 2021.
- ii. Canadian Free Trade Agreement's Regulatory Reconciliation and Cooperation Table, 2020 Annual Report, July 2021.
- iii. Reconciliation Agreements Endorsed by the RCT (Summaries).
- iv. Reconciliation Agreements Signed (Ratified) by All Participating Parties (Full Text).
- v. Through correspondence with government officials.

Notes:

1. The implementation status of completed agreements is defined as: Implemented (IM) – government has met the requirements of the agreement; Underway (UW) – government is either in the process of signing the agreement or has signed the agreement but the requirements of the agreement have yet to be met; Not applicable (NA) – government did not participate in the agreement or government did not have a regulation to reconcile, as such no score is given if there is no regulation to harmonize or acceptable rationale is provided.

²¹ The Canadian Free Trade Agreement. *Regulatory Reconciliation and Cooperation Table Work Plan #4 (2021-2022) Revised: November 30, 2021*. Retrieved: April 25, 2022. <https://www.cfta-alec.ca/wp-content/uploads/2021/12/RCT-2021-2022-Work-Plan-Final-Version-for-Website-November-30-2021.pdf>

²² Implemented – government has met the requirements of the agreement; Underway – government is either in the process of signing the agreement or has signed the agreement but the requirements of the agreement have yet to be met.

RCT Reporting and Transparency

While the RCT is doing meaningful work to address barriers to trade, its reporting requires significant improvement. Specifically, federal/provincial/territorial specific information related to reconciliation agreements and the implementation of the items under the agreements are not regularly updated. To help create a more transparent and accountable culture on matters related to reconciliation agreements, a detailed transparent report of each jurisdiction's status pertaining to reconciliation items is required, as well as their participation, or non-participation in the agreements. To this end we recommend the progress made by each level of government to both endorse the reconciliation agreements, as well as the implementation status of endorsed agreements be regularly reported. Further, progress reports should be available in an easy to find location.

Internal Trade and the Federal Government

In this report card, the federal government is only graded on their CFTA exceptions and for their work at the RCT. However, given that internal trade barriers present a collective problem to the country, the federal government plays a critical role not only by advancing internal trade in the areas it governs, but by prioritizing its commitment to reduce trade barriers by collaborating with provinces/territories to accelerate meaningful progress.

In terms of leadership, the federal government has taken some action in recent years to enhance internal trade. For instance, in 2019, the federal government facilitated greater inter-jurisdictional trade in alcohol by repealing its requirement that alcohol moving from one province/territory to another needed to go through a provincial/territorial liquor authority.^{23,24} As well, in 2019, the government introduced amendments to the *Safe Food for Canadians Act*, which enabled regulatory harmonization in the agri-food sector by aligning food regulation (restrictions to marketing certain organic foods) and food inspection requirements (for apples, potatoes, and blueberries). Further, in its 2021 Budget, the federal government committed \$21 million to reduce trade barriers in Canada by, among other measures, creating a repository of existing trade barriers and pursuing objectives of reducing barriers through federal transfers to the provinces and territories.²⁵

While some steps have been taken on the part of the federal government in recent years, many barriers still exist, and much work remains to be done to ensure actions are felt on the ground.

²³ Government of Canada. *Canada acts to eliminate barriers to interprovincial trade in alcohol*. <https://www.canada.ca/en/intergovernmental-affairs/news/2019/04/canada-acts-to-eliminate-barriers-to-interprovincial-trade-in-alcohol.html>. Accessed: May 19, 2022.

²⁴ Government of Canada. *Briefing book - Internal Trade - 2021*. <https://www.canada.ca/en/intergovernmental-affairs/corporate/transparency/briefing-documents/internal-trade-2021.html>. Accessed: May 18, 2022.

²⁵ Ibid.

Regulatory Reconciliation

Meat Inspection

Distinctions between federal and provincial/territorial regulations hinders the ability to do business across jurisdictional boundaries, this is highlighted by the challenges faced by meat producers. Currently, meat processed in provincially licensed plants can only be sold within provincial borders; only federally registered plants can sell across provincial borders.

For small and medium-sized processors, achieving federal standards can prove to be expensive and challenging, creating a disincentive to expand their operations.²⁶ To remove such barriers, some call for harmony between federal and provincial processing standards, and for supports for small processors seeking to comply with federal standards.²⁷ While harmonization and supports are viable solutions to help smaller meat processors compete, such actions still place additional requirements on provincially licensed plants looking to sell across provincial borders.

In 2020, the Canadian Food Inspection Agency (CFIA) loosened restrictions on meat inspection by putting in place an exemption allowing provincially inspected meat and poultry processors to sell their products across provincial borders if food businesses, such as wholesalers and retailers, experienced shortages.²⁸ In this process, food processors applied to their provincial food safety authority for an exemption, who in turn sent only appropriate exemption requests to the CFIA. Building on this action, the federal government should go further and mutually recognize provincial standards of meat inspection (with the opportunity for exceptions). By recognizing provincial standards as a valid form of inspection, meat processors would be able to access new markets and sell their product across provincial borders.

Approval of Inter-Provincial/Territorial Agreements

In June of 2019, the governments of Saskatchewan and Alberta came together to harmonize regulations relating to service rigs — a vital part of the oil and gas industry that operates in both provinces.²⁹ This interprovincial agreement will remove unnecessary barriers and improve efficiency for the industry. However, the provinces, along with the Canadian Association of Energy Contractors, are still waiting for the federal government to approve this interprovincial agreement and an exemption on hours of service. Therefore, barriers to the movement of services across provincial borders remain in place for this industry.

Future report cards will look to grade the federal government on select barriers, including these examples.

²⁶ Candace L. Wormsbecker. *Moving Towards the Local: The Barriers and Opportunities for Localizing Food Systems in Canada*. <https://uwspace.uwaterloo.ca/bitstream/handle/10012/3090/Candace%20Worms?sequence=1>. Accessed: May 24, 2022.

²⁷ Government of Canada. *Room to Grow: Strengthening Food Processing Capacity in Canada for Food Security and Exports: Report of the Standing Committee on Agriculture and Agri-Food*. <https://www.ourcommons.ca/Content/Committee/432/AGRI/Reports/RP11265969/agrip04/agrip04-e.pdf>. Accessed, May 24, 2022.

²⁸ Ibid.

²⁹ Government of Saskatchewan. *Governments of Alberta And Saskatchewan Sign MOU On Service Rig Regulatory Harmonization*. <https://www.saskatchewan.ca/government/news-and-media/2019/june/05/mou-with-alberta>. Accessed June 13, 2022.

Moving Forward: Recommendations

Mutual Recognition

The approach of reconciling regulatory differences that act as barriers to internal trade one by one will not help overcome the perception of Canada as a nation that is making slow progress to modernize its internal trade regime. Instead, CFIB recommends a different approach where governments **move quickly to adopt a mutual recognition agreement encompassing all federal, provincial, and territorial regulatory measures that impose requirements on the sale or use of all goods and services — such that any good or service that may be sold or used in one province/territory may be readily sold or used in all other provinces/territories without having to meet any additional requirements.**

Under this approach, we would expect provinces and territories to mutually recognize each other's regulatory standards. One example is differing occupational health and safety requirements with respect to everything from work boots to fall protection. If a business is meeting the health and safety standards of one province/territory, why would that not be sufficient for any province/territory? We accept that exceptions can be taken by provinces and territories as needed (negative list approach). This approach is preferred to the current process of identifying barriers and taking years to sign and implement a reconciliation agreement.

A similar approach is already used between jurisdictions in other countries. For instance, Australia's *Mutual Recognition Agreement (MRA)* allows goods sold in one Australian state or territory to be sold in another without needing to meet further requirements — here, each jurisdiction agrees to recognize regulations that have been made and administered by other states or territorial jurisdictions, even if they differ.³⁰ Under Australia's MRA, mutual recognition is subject to a negative list of exceptions detailing which goods are explicitly prohibited due to regulatory differences. Canada can learn from Australia and has an opportunity to go further by not limiting the agreement to solely goods but extending it to include services and in doing so becoming recognized as a world leader in its approach to internal trade.

Without a bold, clear signal, uncertainties over whether any good or service may be sold across the country will continue to negatively impact business and investment decisions. Trade both domestic and international will be key to Canada's economic recovery from the COVID-19 pandemic. By confirming that all goods and services sold and used in one jurisdiction can be sold and used in the others, Canada would send a strong signal that it is serious about creating an attractive investment climate. Mutual recognition benefits Canadians by increasing the choice of goods and services, reducing prices in a high inflation environment, generating new employment, and encouraging innovation.

Any province/territory that accepts our bold recommendation to mutually recognize all provincial and territorial standards and regulations will automatically receive an "A" grade in future iterations of this report card.

³⁰ Australian Government. *Reducing technical barriers to trade*. <https://www.industry.gov.au/regulations-and-standards/reducing-technical-barriers-to-trade>. Accessed: May 6, 2022.

Other recommendations

While mutual recognition remains our boldest recommendation, with the greatest ability to quickly remove barriers to internal trade, we recognize that it will likely take governments some time and consideration. Therefore, our more immediate recommendations are:

1. **Move unilaterally:** A significant issue with internal trade is that governments hesitate to remove barriers until other governments agree to do so also. This protectionist attitude slows progress. Some governments fear that others will not follow their lead, but this is simply not the case. For example, when provinces moved unilaterally on business registration and direct to consumer shipment of wine, some other provinces and territories followed. CFIB encourages governments to be leaders in removing barriers unilaterally.
2. **Provide better data and more transparency:**
 - Regarding the implementation of RCT items, there is a real need for better and more transparent data - not just on the process by which governments plan to remove barriers, but on status and outcomes. For example, the RCT currently provides little information in their annual report on the implementation status of reconciliation agreements, including the participation, or non-participation by a jurisdiction. CFIB recommends governments and the RCT provide more public facing data to help progress on inter-provincial/territorial cooperation.
 - With regards to exceptions to the CFTA, a more mature evidence base is needed, one which allows for more thorough comparative analysis of the effects that exceptions pose — including the costs associated with their inclusion in the CFTA.
3. **Develop a better structure for stakeholder engagement:** While we recognize COVID-19 has been the focus of governments over the last two years, it is now time to shift priority to the economy, including reducing internal trade barriers. There is currently no formal method for stakeholders to submit feedback to government on their progress or on barrier headaches that arise. CFIB recommends governments development a better structure for regular stakeholder engagement.

Appendix A: Labour Mobility Exceptions

The CFTA allows any certified worker in a regulated occupation to be recognized as qualified to practice that occupation, without additional requirements, across the provinces and territories, unless an exception is taken. Provinces and territories maintain exceptions to full labour mobility for the following regulated occupations:

Jurisdiction	Occupation(s)
British Columbia	<ul style="list-style-type: none"> • Lawyers
Alberta	<ul style="list-style-type: none"> • Dental Hygienists - Anesthetic • Dental Hygienists - Prescribing • Licensed Practical Nurses • Medical Radiation Technologists • Nurse Practitioner • Paramedics • Podiatrists • Safety Code Officer • Water Well Drillers
Saskatchewan	<ul style="list-style-type: none"> • Dental Hygienist • Paramedic (EMR/PCP/ACP) • Lawyers • Licensed Practical Nurses
Manitoba	<ul style="list-style-type: none"> • Licensed Practical Nurses
Ontario	<ul style="list-style-type: none"> • Dental Hygienists • Drinking Water System Operators - Class 1 • Lawyers • Registered Practical Nurse-Licensed Practical Nurses • Social Workers
Quebec	<ul style="list-style-type: none"> • Denturist • Lawyers • Primary Care Paramedics • Advanced Care Paramedics
New Brunswick	<ul style="list-style-type: none"> • Lawyers • Medical Radiation Technologists • Social Workers
Newfoundland and Labrador	<ul style="list-style-type: none"> • Dental Hygienist • Lawyers • Social Work • Licensed Practical Nurse
Prince Edward Island	<ul style="list-style-type: none"> • Lawyers • Social workers
Nova Scotia	<ul style="list-style-type: none"> • Dental Hygienist • Lawyer • Licensed Practical Nurses • Psychologist • Social Workers
Yukon	<ul style="list-style-type: none"> • Lawyers
Northwest Territories	<ul style="list-style-type: none"> • Lawyers

Source: Labour Mobility Working Group website, workersmobility.ca.

Appendix B: Methodology

The 2022 *Interprovincial Cooperation Report Card* uses an index approach to measure and rank the performance of Canada's provinces/territories towards addressing barriers to internal trade based on three major areas of inter-provincial/territorial cooperation or subindexes. These subindexes represent either a composite of multiple indicator scores, or a stand-alone value.

Areas of Inter-Provincial/Territorial Cooperation and Indicators

1. CFTA Exceptions - Stand alone score

1 Indicator:

- I. Total Number of Exceptions to the CFTA in 2022

2. The Existence of Select Provincial Barriers to Internal Trade - Composite score

6 Indicators:

Barriers to Trade in Alcoholic Beverages Indicators

- I. Unlimited Import of Alcohol for Personal Consumption
- II. Direct-to-Consumer Interjurisdictional Shipment of Canadian Wine/Craft Beer and Spirits

Barriers to Doing Business Indicators

- I. Extra-Jurisdictional Business Registration Fees Waived Across All Provinces/Territories
- II. Legislated Timeframe for Professional Certification Approval
- III. Mutual Recognition of Registration Requirements for Workers' Compensation
- IV. Mutual Recognition of Occupational Health and Safety Rules

3. Implementation Status of Reconciliation Agreements - Composite score

11 Indicators:

- I. First Aid Kits
- II. Hearing Protection
- III. Personal Flotation Devices
- IV. Head, Foot, and Eye Protection
- V. Fall Protection
- VI. Energy Efficiency Standards for Household Appliances
- VII. CRN for Pressure Equipment
- VIII. Aquaculture Site Marking
- IX. Corporate Registry
- X. Construction Codes
- XI. Upholstered and Stuffed Articles

Types of Indicators

2022 *Interprovincial Cooperation Report Card* contains both scalar and binary indicators.

On each scalar indicator, the province/territory with the best performance for an indicator (lowest or highest, depending on the indicator) receives the maximum score of 10, while the province/territory with the worst performance receives a score of 0. All other scores are based on the scale formed by these two values.

*When an indicator receives a lower score for a higher value or a higher score for a lower value the formula used is: $10 - ((x - \text{min}) / (\text{max} - \text{min})) * 10$*

*When an indicator receives a lower score for a lower value, or a higher score for a higher value the formula used is: $(x - \text{min}) / (\text{max} - \text{min}) * 10$*

Where x = the score to be calculated

Min and max are the minimum and maximum of the range of indicators.

Binary indicators typically have a value of either 0 or 10. We acknowledge that combining scalar and binary indicators with equal weight within a subindex may be problematic, because the extreme valuation of the binary indicator can significantly influence the results. However, the several binary indicators used are of such importance to small businesses that they warrant their valuation.

There are instances where the scoring of the indicator is represented by a range of values with extremes 0 or 10, and intermediate values ranging from 1-9 for example.

Report Card Grading Scale and Weighting

Each subindex is scored on a scale of zero (worst) to ten (best), and the numeric value is converted to a letter grade using an academic style grading system with the following ranges:

A	9.0-10 (Excellent performance)	C	6.6-7.0 (Satisfactory performance)
A-	8.7-8.9 (Excellent performance)	C-	6.1-6.5 (Satisfactory performance)
B+	8.4-8.6 (Good performance)	D+	5.5-6.0 (Less than satisfactory performance)
B	7.8-8.3 (Good performance)	D	5.1-5.4 (Less than satisfactory performance)
B-	7.5-7.7 (Good performance)	D-	4.0-5.0 (Less than satisfactory performance)
C+	7.1-7.4 (Satisfactory performance)	F	0-3.9 (Unsatisfactory performance)

Using a weighting scheme, the three subindex scores are combined into a single score that allows for a ranking of jurisdictions from best (highest score) to worst (lowest score). The three different areas are assigned the following weights: CFTA Exceptions — 40%; Implementation Status of Reconciliation Agreements — 40%; and Select Barriers to Internal Trade — 20%. A lower relative weight was given to the select barriers area as the relevance of this metric may not have been fully grasped by jurisdictions at the time of this report.

In the case of the federal government the score was based only two areas — CFTA exceptions and the Implementation Status of Reconciliation Agreements, weighted at 50% each. The select barriers area was not available for this analysis.

The data reflected in this report are based on information that was in effect as of June 16, 2022.



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

In business for your business™