Canada’s Policy on Limiting Regulatory Burden on Business: The Small Business Lens

Presentation to the Informal Working Group on MSMEs
22 February 2019
Legal and Policy Framework

Legal Framework: Statutory Instruments Act

- **Examination** (legal review) by the Department of Justice
- **Registration** upon approval
- **Publication** in the *Canada Gazette, Part II*

Policy Framework: Cabinet Directive on Regulation (CDR)

- **Requirements** for regulatory proposals
- **Lifecycle**: development, implementation and review
- **Embed** Good Regulatory Practices, e.g., cost-benefit analysis, regulatory cooperation
- **Reduce** burden on business
- **Improve** service, predictability and transparency
Regulatory Process

CDR

Start

Regulatory proposals

Central challenge function

Cabinet review and approval

Establishes requirements for developing regulatory proposals, including instrument choice, implementation, performance management.

Departments and agencies develop regulatory proposals.

The Treasury Board of Canada Secretariat challenges regulatory proposals against the requirements in the CDR.

The Treasury Board considers and approves proposals.
Regulation Approval Process


Consultation (Canada Gazette, Pt. I) → Address Comments → Final Review of the Regulatory Submission → Governor in Council Approval → Registration & Canada Gazette, Pt. II → Standing Joint Committee for the Scrutiny of Regulations

- Cabinet decision-making
- Challenge function
Regulatory Impact Analysis

• Departments and agencies are required to develop a Regulatory Impact Analysis Statement (RIAS)

• The RIAS is an essential analytical tool that contributes to transparency within the regulatory system

• The RIAS describes the regulations and its impacts:

  - What the government is going to deliver
  - Objectives
  - Issue
  - Options considered

  - Impacts of the regulations
  - One-for-One Rule
  - Cost-Benefit Analysis
  - Small business lens
  - Social and environmental lens

  - How Canadians have been consulted
  - Consultation process
  - Views of consulted parties

  - Regulatory cooperation
  - Domestic
  - United States
  - International

  - Implementation, compliance and enforcement
  - Implementation plan
  - Compliance and enforcement strategies
Small business lens: Introduces a more systematic analysis of impacts on small business

1. Lens now applies to all regulatory proposals
2. Proposal must identify and cost anticipated small business impacts
3. Regulator can provide additional flexibility, and explain if it is not appropriate
4. Optional, streamlined checklist covers lens requirements only and is no longer published in the RIAS
5. New costing approach aligns the lens with cost-benefit analysis, and eliminates need for separate calculation