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# Canada's Regulatory System

## Good Regulatory Practices: A business friendly approach

Presentation to the WTO TBT Committee

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# Outline

- Canada recognizes the economic value of a strong regulatory system.
- The presentation will focus on how it achieves this through:
  - Cabinet Directive on Regulatory Management
  - Administrative Burden Reduction Initiatives
  - Initiatives focused on small business
  - Regulatory Cooperation

# Good Regulatory Practices (GRPs)

- GRPs are internationally recognised processes, systems, tools and methods for improving the quality of regulations.
- 2015 OECD Regulatory Policy Outlook ranked Canada highly in terms of integrating GRPs into its regulatory framework:
  - Highlights role of the Cabinet Directive on Regulatory Management (CDRM) in setting out key attributes of Canada's regulatory system;
  - Focus on strong regulatory analysis requirements, stakeholder engagement, cooperation efforts, and oversight of system;
  - In Canada's view, GRPs are in the public interest as they benefit business, consumers, and regulators.

# Canada's Cabinet Directive on Regulatory Management (CDRM)

- The CDRM forms the policy framework for Canada's regulatory system.
  - It was implemented in 2012 to strengthen regulatory requirements around impact analysis and introduced a suite of administrative burden reduction initiatives
- Reaffirmed Canada's commitment to a "life cycle" approach to regulation making and management:
  - Focuses attention on implementation, evaluation, and review of regulations, not only development.
  - Stresses the importance of early consultation, regulatory cooperation and coordination throughout the life cycle.

# Targeted Administrative Burden Reduction Initiatives

- System-wide reforms introduced in 2012 to reduce the regulatory burden on business and make the regulatory system more predictable and transparent:
  - [One for One Rule](#) (elevated to legislation in 2015)
  - [Small business lens](#)
  - [Forward regulatory plans](#)
  - [Service standards](#)
  - [Administrative burden baseline](#)
  - [Interpretation policies](#)
- [Annual report](#) released on government-wide progress and results in implementing the regulatory reforms
  - Annual report published online and shared with the Office of the Auditor General

# Canadian regulatory initiatives focused on reducing small business impacts

- Small Business Lens reduces regulatory costs on small business, without compromising the health, safety, security and environment of Canadians.
- Regulators must:
  - Complete a checklist of considerations when developing a regulation and consult small business throughout regulatory design;
  - Develop an alternative implementation option that provides risk-appropriate flexibilities;
  - Demonstrate to Treasury Board Ministers (Cabinet oversight) that the flexibility best minimizes burden without compromising outcomes;
  - Share results of analysis in the publicly-available Regulatory Impact Analysis Statement.
- In 2015-2016, the lens helped small business avoid \$15 million in net annualized administrative and compliance costs.

# Role of Regulatory Cooperation in Facilitating Trade

- Regulatory cooperation supports Canada's objective of growing a competitive economy through increased trade and reduced regulatory burden.
- Regulatory cooperation is about regulators working together to reduce unnecessary regulatory differences across jurisdictions without compromising health and safety.
  - Regulatory cooperation is not only about reducing unnecessary regulatory diversity across countries, but also about limiting or reducing the costs associated with necessary regulatory diversity (WTO definition).
  - Regulatory cooperation is not just about regulations, but can also include the regulatory process and activities - consultations, standards, certification, licencing, inspections, etc.
- Important to note what regulatory cooperation is not:
  - It is not a race to the bottom;
  - It does not assume that one regulator – or regulatory system - is better than another;
  - It does not assume that populations are all the same or that each country shares the same goals.

# Who benefits from Regulatory Cooperation?

- Businesses
  - Removal of barriers to trade;
  - Improved market competitiveness;
  - Lower administrative costs;
  - Reduced duplication.
- Consumers
  - Lower cost of consumer goods;
  - Improved quality of products on the market;
  - Increase in selection of products on the market.
- Regulators
  - Cost savings through operational efficiencies;
  - Improved dialogue with international partners;
  - Greater information sharing;
  - Ability to learn from other jurisdictions.

# Looking Forward

- Canada is undertaking a review of its regulatory policy framework (the CDRM) in 2017.
  - Purpose of the five-year review is to ensure that the federal policy framework remains relevant and responsive to changes in the regulatory landscape.
- Broader regulatory cooperation efforts
  - Canada is working to implement regulatory cooperation with additional jurisdictions.
  - Canada is promoting both GRP and regulatory cooperation broadly given the economic value that they bring.

# Additional Resources/Information

- [The Cabinet Directive on Regulatory Management](#)
- [2015-2016 Annual Report on reducing burden and improving service and predictability](#)
- [Canada-United States Regulatory Cooperation Council](#)