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;

• 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