



SUBMISSION TO THE TREASURY BOARD OF CANADA SECRETARIAT

Regulatory Modernization – Request for Stakeholder
Comments

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1. INTRODUCTION

The Surrey Board of Trade (SBOT) is a not-for-profit organization that provides a benefit to the community by supporting businesses. With a membership of over 6,000 business contacts and over 3,000 businesses, the Surrey Board of Trade supports business and attracts business. Our role is to enhance economic opportunities throughout the region. The Surrey Board of Trade contributes to city-building initiatives that enhance livability in the region.

The Government of Canada is pursuing a number of initiatives to modernize the Canadian regulatory system and improve its performance for both Canadians and businesses. To inform the direction of these initiatives, the Treasury Board of Canada Secretariat (TBS) is inviting input from all interested stakeholders on the following four initiatives related to its regulatory modernization agenda:

1. Targeted Regulatory Reviews (Round 2) – focusing on clean technology, digitalization and technology neutrality, and international standards
2. Review of the *Red Tape Reduction Act*
3. Legislating changes to regulator mandates
4. Suggestions for the next annual Regulatory Modernization Bill

The Surrey Board of Trade has advocated for the reduction of red tape. Red tape refers to rules, policies, and government services that do little or nothing to serve the public interest while creating financial cost or frustration to producers and consumers alike. Red tape may include poorly designed laws, regulations, and policies; outdated rules that may have been justified at one time but are no longer; and rules intentionally designed to burden some businesses while favoring others. Red tape stands in contrast to justified regulation, which includes government laws, regulations, rules, and policies that support an efficient and effective marketplace and provide citizens and businesses with the protections they need.

The annual Surrey Board of Trade Red Tape Survey is intended to capture member experiences from which the Surrey Board of Trade can measure improvement over time. The survey is voluntary, whereby members can opt-in to the link provided. Several emails introducing the survey were sent to the membership as a whole. From the Surrey Board of Trade's Red Tape Survey, we hereby submit our response to the stakeholder engagement requested by the Government of Canada.

2. RESULTS

Targeted Regulatory Reviews

The Treasury Board of Canada Secretariat is coordinating the three-year targeted Regulatory Review process with federal departments and agencies. Targeted Reviews explore ways to enable regulations to be more agile, transparent and responsive, while continuing to protect the health and safety of Canadians and the environment. This will enable businesses to grow, benefitting all Canadians.

The first round of Regulatory Reviews focused on three high growth sectors: agri-food and aquaculture, health and bio-sciences, and transportation and infrastructure. Findings from the first round of Reviews were published in a [“What we heard”](#) report, and have been used to develop [Regulatory Roadmaps](#). The Roadmaps lay out plans for regulatory modernization in each of the targeted sectors. In particular, they respond to irritants raised by stakeholders during the Regulatory Reviews consultation period. The Roadmaps also contain proposals for legislative and regulatory changes, outline plans to update policies and practices, and propose novel approaches (such as pilot projects and regulatory co-development) designed to address the regulation of emerging technologies and better align the regulatory system with industry realities.

In this second round of review, the Government has chosen to focus on the following three areas:

- **Clean technology** — A Review in this area will explore opportunities for the regulatory system to enhance clean technology innovation, adoption and competitiveness. Clean technology refers broadly to any process, product, or service that reduces environmental impacts in many sectors of the economy, including energy, natural resources, agriculture, transportation, industrial sectors, manufacturing, and water and waste management, among others. A review of this sector is an opportunity to address regulatory barriers, as well as develop new regulatory approaches to enhance clean innovation and competitiveness.
- **Digitalization and technology neutrality** — A Review in this area is intended to advance digitalization — that is, the development, adoption, and support of digital tools and processes — in the regulatory space and examine existing regulations to support technology neutrality. By examining the potential of digital tools, there are opportunities to simplify the regulatory process and reduce administrative burden. Similarly, technology-neutral regulations enable businesses to adopt technology deemed appropriate to meet regulatory objectives, and reduce the risk that regulations may impede the adoption or use of new technologies.

- **International standards** — A Review in this area would examine strategic opportunities to better incorporate international standards in regulation, helping to save time and reduce barriers to international trade, while ensuring Canada’s robust standards for health, safety, security, and environmental protection are maintained. It would also examine opportunities for Canada to accelerate its leadership in the development of international standards.

The Government of Canada based three broad questions to guide submissions:

1. In your view, are there existing regulatory requirements or practices that impede economic development, competitiveness, or growth for your firm or sector? Please be as specific as possible regarding any burdens and their impact on your firm or sector, including your views on how the federal government should address these issues.

Our members expressed their dissatisfaction with the amount of time completing compliance and regulatory paperwork takes away from their businesses – some indicating as many as 20 hours per week. The preparation of information needed by government agencies was noted as being the costliest endeavour in the regulatory compliance process.

A proposed solution to these regulations is a streamlined information collection process whereby government agencies that require information understand the needs of other agencies that may require similar pieces of information. Another option to address this issue is to improve their online service portals and call centre services. With streamlined collection, and improved online services government can give businesses the chance to provide all agencies that require the same information thus improving industry’s ability to grow, innovate, and improve competitiveness.

2. Are there existing or emerging technologies, processes, or products in your firm or sector, including the clean technology sector, facing barriers because of federal regulations? In particular, please identify how digitalization, technology-neutral regulations, or the application of international standards could reduce the regulatory burden for your firm or sector or improve your ability to compete. What opportunities do you see for improved user experience in navigating regulatory requirements?

In the 2018 Red Tape Survey Report, we observed that trading across borders took more time for businesses and costed more when comparing 2017 to 2018. The amount of impact complying with the Canadian Border Services Agency had on businesses was seen to increase between 2017 to 2018.

3. How can regulations further support innovation in your sector? What opportunities do you see for regulatory experimentation (e.g. pilots or regulatory co-development) in



support of clean technology, digitalization, technology-neutral regulations, or the application of international standards in regulation? Please provide concrete examples, if possible.

Regulation is necessary in all aspects of development and innovation – there needs to be government intervention to prevent unchecked or dangerous innovation. The burden comes when businesses are not consulted when regulation is enacted. Although it is business that is being regulated (clean tech sector, technology sector, etc.), government should include business in the development of regulations.

Our members mentioned that communication efforts made by the federal government had become more effective from 2017 to 2018 as a whole but there were still those who had issues navigating the communicated issues.

The Red Tape Reduction Act

The *Red Tape Reduction Act* (RTRA), brought into effect in 2015, sets out requirements for federal departments and agencies to control the growth of administrative burden on business when developing regulations (i.e. the “One-for-One” Rule). When a new or amended regulation increases the administrative burden on business, the Rule requires that the cost be offset by other regulatory changes. The Rule also requires that an existing regulation be repealed each time a new regulation imposes new administrative burden on business. Since 2015, [annual reports](#) have been published detailing the results of the “One-for-One” Rule and the application of its exemptions.

The Government of Canada has launched the legislated review of the *Red Tape Reduction Act*, and is seeking stakeholder input on the Act, its design and implementation, and recommendations for improvement.

The government asked stakeholders the following questions:

1. Administrative burden is defined in the RTRA as anything that is necessary to demonstrate compliance with a regulation, including the collecting, processing, reporting and retaining of information and the completing of forms. Does this definition capture your interpretation of administrative burden? Please explain why or why not.

Our members stated that there is a crucial piece of administrative burden missing: comprehension of the initial request for information. Most letters or phone calls asking companies for information and to complete forms are cryptic, and difficult to understand.



2. The objective of the RTRA is to control the administrative burden that regulations impose on business. Has the RTRA had an impact on your organization or sector and, if so, how?

As a whole, the Surrey board of Trade membership has seen an increase in regulatory burden. In our yearly published Red Tape Survey Report, we found that businesses are having to spend more time dealing with regulation that imposes administrative burden. On average, businesses spent more time per week on complying with government regulatory requirements when comparing 2017 to 2018. When examining the time associated with tax returns, we also observed an increase when looking at 2017 compared to 2018.

3. Do you find regulators' estimates of administrative burden cost in line with your experience or consistent with your own data? Would you be willing to share more of your costing data to provide regulators with more information to design offsets of costs?

See enclosed red tape survey responses.

4. What more should be done to reduce administrative burden? Please provide concrete examples, if possible.

The reduction of frequency of reporting to a minimum is the best way to improve administrative burden. Requires for reports or compliance should be done on an as needed basis with clear instructions. There should be effective online submission portals that can enhance the user experience with clear timelines that must be adhered to with any variance resulting in compensation to the submitter.

Additionally, members of the Surrey Board of Trade reported that agencies share information effectively and coherently so that duplicate submissions of the same information is not required. This can be done by having a system that all agencies can view with a coded software that shows the information submitted on a business's or user's account.

Effective communication is key for regulatory burden reduction. Instructions should be simple, basic, and easy to follow. There should not be a need to understand legislation or legal jargon to collect information.

[Exploring Options to Legislate Changes to Regulator Mandates](#)

In the *Fall Economic Statement 2018*, the Government of Canada announced that it would review legislation to assess whether opportunities for legislative changes exist to integrate the assessment of regulatory efficiency and economic growth as an integral part of regulators'

mandates, while ensuring that Canada’s regulatory system continues to prioritize the health, safety, security, and social and economic well-being of Canadians, and a sustainable environment.

In response, TBS is considering the development of key principles related to efficiency and economic growth that would become part of the required analysis that regulators must perform as part of the regulatory development process. Through the regulatory impact analysis statements that are published with all regulatory proposals, stakeholders would have the opportunity to assess and provide input. Departments and agencies would receive guidance on the expectations for this analysis through policy documents and the central regulatory oversight function performed by the Treasury Board.

The following questions were asked to stakeholders:

1. What approaches should TBS consider to legislate regulatory efficiency and economic growth as an integral part of regulatory mandates?

Regulatory inefficiency hinders economic growth. The time spent on navigating the inefficient regulatory compliance space takes away from a business’s ability to grow and enter new markets.

The regulatory compliance arena is also riddled with redundancies. Multiple agencies request the same information of a company can be corrected by legislating that all agencies must communicate with each other before requesting for information.

The regulatory mandates should be flexible and amenable. The only time regulatory compliance should be enforced is when a real issue –subject to the regulation and agency – occurs.

2. How should the Government measure the impact of regulations on competitiveness?

The measurement of the impact of regulations on competitiveness in many ways. One such way is to study whether a business becomes more profitable over time due to regulatory compliance. A business will either fail due to non-compliance, fail due to overburden of complying, or succeed as a result of compliance. Measurement can occur based on the survey of companies continuing to operate and the level of compliance i.e. presentation of required information. A business audited for compliance and deemed to be not in compliance that shuts down can loosely – based on an assessment of other factors – be determined to have shut down as a result of non-compliance. A business that shuts down but is in compliance can be deemed to have shut down due to overburden after assessing the reason for shut down to be high admin costs. In the first instance we see that regulations are successful, and the last

instance concludes that regulations are ineffective, inefficient, and unnecessary burdens on competitiveness.

Additionally, comparing industry within Canada to the same industry outside of Canada would yield sufficient data on the impact of regulations on competitiveness. If it is observed that industry grows in other countries with varying levels of regulatory burden, but growth is stagnant within Canada, we can observe the impact regulations have on competitiveness.

3. How should the Government define and measure the cumulative burden of regulation?

The Government should define burden of regulation as limited growth as a result of needing to comply with regulation. On the other hand, it should also take into account the success that regulatory reporting has in terms of, for example, sustainable growth as a result of regulations. The measurement of burden has been addressed in question number 2.

4. What should regulators consider as positive impacts on competitiveness and their regulatory objectives (i.e. objectives to protect or improve health, safety, security, social and economic well-being, and the environment)?

Improving health, safety, security, social and economic well-being, and the environment must all be balanced with economic growth. Small businesses are the backbone of Canada's economy and a burdensome regulatory review or compliance process will limit the growth a business can experience. Government must provide a conducive environment for small businesses to enter the market and grow but limit the number of audits to essential ones only or those that will have a higher benefit when compared to the cost associated with complying to audits.

The Surrey Board of Trade and its members need to see regulators engage with businesses and not for profits when constructing regulations. All decision makers should be mandated to engage effectively with stakeholders in a meaningful way. This engagement should occur throughout the entire process of regulatory creation.

[Suggestions for the next annual Regulatory Modernization Bill](#)

Announced in the Government's *Fall Economic Statement 2018*, the Regulatory Modernization Bill is a new annual mechanism designed to remove outdated and redundant requirements embedded in legislation that impede federal regulators from making changes to keep pace with innovation and technology, and to modernize requirements and practices. The Bill will allow for the subsequent modernization of associated regulations. This annual exercise aims to help keep regulations current, to better reflect the realities of today's fast-paced environment.



TBS is seeking input from Canadians to identify specific areas of legislation that currently prevent regulations from being agile and responsive.

In general, the Surrey Board of Trade's comments are:

- Wherever possible, it is important for the government to eliminate duplication, overlap, inconsistencies, and contradictory rules across agencies and levels of government. Seeking ways to minimize the number of steps, decrease processing times, or make things more user friendly with the goal of cutting the time and cost of compliance and administration for businesses are obvious considerations. Digital technologies and data analytics can help in this regard, as can regularly reviewing existing regulations (with input from the business community) to determine whether they are achieving the desired ends. The concept of a “Who Does What” review certainly seems relevant and timely. The result could be to not only reduce the regulatory burden on individuals and businesses, but also to identify administrative and fiscal savings for governments.
- Political leadership is needed. If politicians are not fully on board, the reform will not happen or last.
- The federal government must establish a publicly available baseline for measuring the number of regulatory requirements and their estimated costs, along with regularly reporting to the public on changes to the number and costs of provincial regulations. This type of accountability is sorely needed to track whether or not progress is made.
- Place constraints (i.e. regulatory caps) on regulators and giving them the appropriate incentives to manage and minimize the regulatory burden.
- Adopt a regulatory budgeting model. A regulatory budget essentially requires that any new regulations need to be offset by reforming or eliminating existing regulations of an equivalent economic cost – using a standardized costing model to measure the economic costs of regulations across the government. Departments are therefore responsible for weighing the benefits and costs of new regulations against existing ones, and ultimately for setting out rules and regulations that minimize the cost burden on businesses and households.



3. CONCLUSION

The Surrey Board of Trade concludes that Surrey’s business community has many hinderances when dealing with federal regulators. There is much to gain from implementing regulatory services that include businesses as stakeholders. Additionally, streamlined and comprehensive services are necessary. A general database of collected information is also needed.

The government of Canada should do more to innovate the regulatory collection process, and provide more information to the general public, businesses, and employees that must deal with information requests.

Audits should also be limited to only the necessary aspects, and a timeline should be provided. Any audit that exceeds the timeline should result in remuneration provided to the auditee.