



# Reducing Red Tape without Eliminating Red Flags

regulatory reform's contribution to  
sustainable prosperity

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# Outline of Presentation

- Achieving sustainable prosperity
- Forces that impact regulatory regimes
- Choosing the right policy instruments
- How to improve regulatory regimes
- Where from here



# Achieving Sustainable Prosperity

Improving our competitiveness  
while also having  
a clean environment and healthy society



# Improving our Standard of Living by Boosting Productivity

- Canada is losing ground in terms of competitiveness and standard of living
- Canada's lower productivity levels are the main reason for our 85% gap in standard of living relative to the US
- Canada's standard of living slipping relative to other OECD countries and our productivity is among the poorest



# Boosting Productivity

- Multiple factors for Canada's lower productivity
- Business environment is a key reason
- Regulatory burden is a critical element of this business environment
  - Too many regulations that are added over time
  - Regulatory overlap and duplication
  - Regulatory processes too onerous, time consuming and costly



# Business Leaders' Views death by a thousand paper cuts

- 94% of respondents said NTBs have negative impact on their business
  - Standards and regulations 41%
  - Procurement policies 26%
  - Licensing requirements 20%
  - Labour mobility 13%
  - Transport trucking regs 11%



# Impact of NTB according to business leaders

- Loss of business
- Increased administrative costs
- Reduced competitiveness
- Higher cost structure



# Impact of Provincial Regulations on Competitiveness

- Hinder in home province 33%
- Hinder in other provinces 33%
- Hinder internationally 25%



# Main Factors for Provincial Regulatory Impact on Competitiveness

- Excessive, unclear, inflexible regulations
- Inconsistent regulations across provinces, territories, other countries



# Sustainable Prosperity is More Than Competitiveness

- Competitiveness improves economic performance and standard of living but not necessarily a sustainable high quality of life
- Need to prosper without negatively impacting the environment and society
- Prosperity must be assured for current and future generations = finding balance between competitiveness and protection



# Forces that impact regulatory regimes



# Increased Speed and Complexity

- Globalization leading to more complex and open world:
  - Rise of global supply chains
  - Increased mobility of capital and labour
  - International access to data and information through internet and media
- Rapid technological change leading to:
  - Proliferation of new products and services
  - Implementation of new production processes



# Increasing Scientific Complexity

- Increased speed and complexity of scientific developments a challenge/opportunity for science-based regulators and regulatory policy-makers
- Challenge in assessing new products in terms of impacts on humans, animals, ecosystems
- Opportunity for new assessment methods of hazards, pollutants and emissions



# Consumer Demand for Faster Access to New Products

- Internet and media informing consumers of new products (drugs, food, electronics, etc.) in other jurisdictions
- Canadians as consumers want these new products but Canadians as citizens want to make sure that these products are safe to themselves and environment



# Growing Infrastructure Needs and Project Approvals

- Ageing infrastructure (transportation, energy, water treatment and sewage, etc.)
- Keeping pace with economic and demographic growth requiring new infrastructure
- Tapping new market opportunities requiring approval of new productive capacity (mines, electricity, oil and gas, etc.)



# Choosing the Right Policy Instruments

Finding the optimal policy mix



# Optimal Policy Mix

Risks

High

Medium

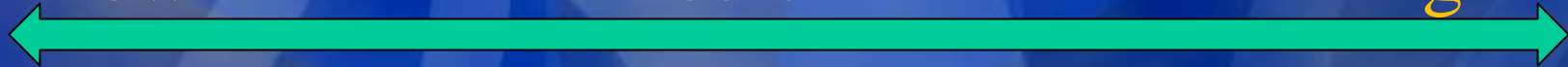
Low

Economic costs

Low

Medium

High



Voluntary  
Measures

Market-Based  
Instruments

Regs



# How to Improve Regulatory Regimes



# Finding New Means to Meet Policy Objectives

- Moving from risk aversion to managing risks
- Instead of adding regulations, seek other measures
- Review current regulations given variety of other possible measures



# Implementing an Annual Regulatory Agenda

- Governments tax, spend and regulate: First two have formal annual process for debate and democratic policy decision
- Instead of having one regulation at a time, develop an annual regulatory agenda based on risks and government priorities to be tabled for legislative approval



# Reducing Inconsistent, Duplicative and Overlapping Regulations

- Put own house in order: improve coordination of inter-departmental regulations
- Reach bilateral and multilateral agreements between provinces, federal government, foreign governments to harmonize or at least coordinate regulatory regimes



# Improving Regulatory Processes

- Ensure adequate resources for regulators
- Establish metrics and set targets for improving regulatory processes. For example,
  - Reduction targets in regulatory requirements
  - No net increase in regulations
  - Set efficiency and effectiveness targets for regulators (e.g., number of approvals per year, time on approvals, number of regulatory compliance infractions)



# Strong Leadership Required

- Improvement in regulatory regimes possible only through political will and effective leadership by government
- Commitment from Premier
- Strong Minister to lead
- Able bureaucrats and regulators



# Where from Here

- Globalization is increasing competitive pressures and Canada

