



Regulatory Reform and Administrative Simplification: *The Canadian Experience*

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Context – The Regulatory Reform Imperative

“There is a growing consensus that the quality of business regulation, and the institutions that enforce it are a major determinant of prosperity” – World Bank

- Regulation has a major impact on economic and social well-being, but it is not treated as strategically as other instruments, like government spending.
- Recognizing the growing importance of a sound regulatory framework, the Canadian Government announced in its 2007 Budget a change in how it regulates through the new *Cabinet Directive on Streamlining Regulation*.



How to implement regulatory reform policies and to build capacity

- The *Cabinet Directive on Streamlining Regulation* is the result of collaboration between federal regulatory departments and agencies as well as thorough consultations with a wide cross-section of stakeholders including environmental and consumer groups, industry and small business, and provinces and territories.
- Canada also took into account the recommendations that came out of the 2002 OECD review of the Canadian federal regulatory system. Those recommendations focused on:
 - Moving towards a lifecycle approach that includes evaluation;
 - Improving coordination within Canada;
 - Paying greater attention to market openness and competition.



How to implement regulatory reform policies and to build capacity (ctnd)

- The implementation of the Canadian Government regulatory reform framework was guided by the desire to make Canada a best-in-class regulator by ensuring that:
 - Efficiency and effectiveness are key considerations in the development and implementation of regulations;
 - Timeliness will be improved by focusing resources on larger, more significant regulatory proposals;
 - The Government is held to account by establishing service standards;
 - Continual improvement is achieved through periodic reviews;
 - The safety of Canadians is protected.

Regulation can be a strategic asset...when it is smart

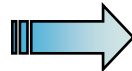


How to implement regulatory reform policies and to build capacity (ctnd)

The Cabinet Directive on Streamlining Regulation supports a performance-based regulatory system

Features

Quantitative cost-benefit



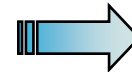
Domestic & int'l cooperation



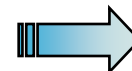
Business impact analysis



Performance measurement



Regulatory Governance



Outcomes

Protection of public and value for money

Sensitive to trade & investment, avoids duplication

Minimizes administrative burden on business

Drives continuous improvement

Drives the culture change to create a performance-based regulatory system

Canadians will benefit from new regulations that offer high levels of protection while being easier to comply with, aligned with key trading partners, and supported by timely and transparent approval processes.



How to implement regulatory reform policies and to build capacity (ctnd)

- This shift towards a performance-based regulatory system represents a significant change for federal departments
- To support departments in meeting the new requirements and to promote the necessary culture change, Cabinet approved an Action Plan with the CDSR to implement initiatives such as:
 - A Centre of Regulatory Expertise to provide expert support on high-impact proposals;
 - A new curriculum for regulators developed by the Canada School of Public Service;
 - A new series of guides for regulators on topics such as cost-benefit analysis, consultation, instrument choice and international cooperation.



How do programs for administrative simplification contribute to a user friendly regulatory system for citizens and businesses

- In addition to the *Cabinet Directive on Streamlining Regulation*, the 2007 Federal Budget also contained an initiative to reduce the paperwork burden on small business by 20%.
- This initiative builds upon a Government of Canada's budget commitment it made in 2004 to create a working group of government officials and small business representatives to measure the impact of regulatory compliance on businesses and make measurable reductions in paperwork burden.
- The Paperwork Burden Reduction Initiative (PBRI) involves measuring the costs and impact of regulatory compliance on small business and pursuing opportunities to reduce, rationalize and simplify regulatory requirements across federal departments and agencies.



How do programs for administrative simplification contribute to a user friendly regulatory system for citizens and businesses

- While administrative simplification is an important aspect of our regulatory reform framework, focussing only on this element would not do justice to the complex nature of regulation.
- Industry is equally interested in a regulatory framework that is:
 - Predictable
 - Transparent
 - Responsive to innovation

New regulatory paradigm  Not just protecting from the worst, but enabling the best



How to improve the administrative culture and improve transparency and policy coherence

Policy coherence can be improved through **coordination** and **consultation**

- **Interdepartmental coordination**
 - Working with other departments that may be active in a sector
 - Assessing existing and proposed requirements to minimize cumulative impact, use complementary approaches
- **Cooperating within Canada**
 - Involving provincial/territorial governments in regulatory activity
 - Working with relevant jurisdictions to minimize duplication and conflicting requirements
- **International cooperation**
 - Sharing knowledge, contributing to international standards and best practices
 - Limiting “unique-to-Canada” regulatory approaches to when they are demonstrably warranted by Canadian circumstances and result in greater benefit to Canadians
 - Identifying a rationale for the chosen approach, especially when unique Canadian requirements are proposed



How to improve the administrative culture and improve transparency and policy coherence

- A rigorous Regulatory Impact Analysis (RIA) process provides the founding blocks of a transparent and coherent regulatory framework by following common principles and best practices, such as:
 - Protect and advance the public interest;
 - Promote a fair and competitive market economy;
 - Make decisions based on evidence;
 - Create accessible, understandable, and responsive regulation through inclusiveness, transparency, accountability, and public scrutiny;
 - Advance the efficiency and effectiveness of regulation by ascertaining that the benefits of regulation justify the costs and by demonstrating tangible results for Canadians;
 - Require timeliness, policy coherence, and minimal duplication throughout the regulatory process.

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