



## 5 Minutes for Business

April 11, 2019

### Regulatory Reform: The Good, the Bad and the Ugly

*"A promise made is a debt unpaid." – Robert W. Service*

Following last month's federal budget, Finance Minister Bill Morneau defended Canada's corporate tax regime and [cited regulatory issues as a priority for dealing with Canada's competitiveness problems](#). The Minister was half-right. While there is no credible defence for our hopelessly outdated tax system, he was correct that Canada's regulatory systems have put Canada at a competitive disadvantage. As we [outlined in a report a few months ago](#), Canada absolutely needs a comprehensive review of our uncompetitive, cumbersome and inefficient tax system. Given the Minister's post-budget assertion, it is an opportune time to take a quick walk through the good, the bad and the ugly of federal efforts to address Canada's regulatory competitiveness problem.

**The good:** In its November 2018 [Fall Economic Statement](#), the federal government proposed an ambitious regulatory reform agenda, largely based off our recommendations in our May 2018 report, [Death by 130,000 Cuts: Improving Canada's Regulatory Competitiveness](#).

**The bad:** Budget 2019 had little to no progress to report on fulfilling those Fall Economic Statement commitments.

**The good:** Both the Fall Economic Statement and the Budget stated the federal government will consider legislative changes to make regulatory efficiency and economic growth a permanent part of regulator mandates. This is a key recommendation of ours and is one of the most important changes needed in the federal regulatory environment. Many regulators are currently not giving appropriate consideration to economic growth and competitiveness impacts in their decision making because they are not required to.

**The bad:** There is very little time left in the parliamentary calendar before the federal election for the government to actually introduce and pass new legislation.

**The good:** The Budget introduced the concept of 'regulatory roadmaps' and provided \$220 million in funding for three regulators (the Canadian Food Inspection Agency, Health Canada and Transport Canada) to make their regulatory systems more user friendly, to use novel or experimental regulatory approaches and facilitate greater regulatory cooperation and less duplication.

**The bad:** If the activities listed as part of these 'roadmaps' sound like something all regulators should already be doing, it is because they should be. While the roadmap process will lead to regulatory improvements in these areas, businesses are looking for more than three regulators being given \$200 million in funding to do the work they are already supposed to be



doing, according to the government's own [regulatory management policies](#).

**The ugly:** The job of leading federal regulatory reform falls to the President of Treasury Board, and the federal government started in 2019 by [shuffling three different Ministers](#) in and out of the role in three months ([apparently it's all Scott Brison's fault](#)). No, it is not Scott Brison's fault. In fact, we owe him thanks for proposing the federal government's regulatory reform agenda. However, the instability at Treasury Board raises serious questions about the department and the federal government's ability to live up to its regulatory commitments.

What should Canadian businesses take from all this?

**The good** is that the federal government recognizes the regulatory problems confronting Canadian companies and has made a series of promises to start resolving them.

**The bad** is that most of these promises have not been fulfilled. Canada's regulatory problems continue to be a serious problem for our economy, and there is little time left before this fall's federal election to make substantive progress.

**The hopeful** is that all political parties put systemic regulatory reform at the center of their election platforms. This will position the federal government to start working with the business community on the first day after the federal election to continue working to eliminate these systemic, incessant, self-imposed barriers to economic growth.

Read more of our recommendations to address Canada's regulatory woes at [RegulateSmarter.ca](#).

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