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Red Tape Reduction Action Plan

Canada

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Message From the President of the Treasury Board

Canada is internationally recognized as one of the best places in the world to do business. A solid fiscal standing, with the lowest debt among the leading G7 countries, a competitive tax regime and a robust regulatory system have distinguished Canada at a time when many countries are struggling with rising debt and an increasing tax burden. But we cannot afford to rest on our laurels.

If Canada is to maintain its competitive edge, increase productivity and spur innovation, we must constantly strive to improve the conditions for doing business. Given the current global uncertainty, it is more important than ever that Canadian businesses, indeed all Canadians, are able to operate in a climate of predictability, transparency and accountability.

The Government of Canada has made cutting red tape a key priority and as such, is launching a regulatory reform package that is among the most ambitious of its kind today. The Red Tape Reduction Action Plan, the product of business community input to a year-long commission, not only targets specific irritants to businesses, but the systemic barriers that unnecessarily frustrate and burden Canadian business with additional delays, costs and bureaucracy.

“The systemic reforms contained in the Action Plan are game-changers for doing business in Canada,” says Tony Clement, President of the Treasury Board and lead minister for the Action Plan. “Government regulation must and will continue to protect the health, safety and environment of all Canadians. But we must meet this imperative in ways that free business from unnecessary and frustrating red tape. The Red Tape Reduction Action Plan is a major step forward in striking that fine balance.

As part of the Plan detailed here, Minister Clement is overseeing the introduction of six fundamental, systemic reforms. These in turn, are supported by an additional 90 department-specific changes; common sense solutions to problems identified by businesses in areas ranging from tax and payroll, to labour, transport and trade. The vast majority of these changes will be implemented over the next three years.

The systemic reforms include:

- A One-for-One Rule will require regulators to offset new administrative burden costs imposed on business with equal reductions in administrative burden from the stock of existing regulations. They will also have to remove a regulation when a new one increases administrative burden costs on business. Canada will be the first country to give such a rule the weight of legislation.

- A Small Business Lens will ensure regulators take into account the impact regulations have on small business. This assessment will include the publication of a 20-point checklist that drives efforts to minimize burden on small business, avoidance of bureaucratic duplication and the communication of regulatory requirements in clear, plain language.
- The publication of departmental Forward Plans, which will highlight upcoming regulatory changes over a 24-month period, providing businesses with critical predictability.
- Service Standards will set targets for the timely issuance of high volume licences, certifications and permits. Regulators will also establish a feedback mechanism for business users in these areas.
- An Annual Scorecard will report publicly on implementation of systemic reforms, particularly the One-for-One Rule, Small Business Lens and Service Standards.

The Scorecard, to be published by the President of the Treasury Board, will be reviewed by an external advisory committee. This is part of the Action Plan's broader commitment to accountability and public reporting. For example, the results of the Small Business Lens will be posted on the Web when a regulation is published for public comment. Similarly, key metrics tallying the number of new service standards introduced and departmental performance against those targets will be published.

Finally, to provide Canadians with additional assurance of our government's commitment to monitoring and reporting on regulatory red tape, by September 2014, the government will refresh that part of the Paperwork Burden Reduction Initiative inventory, which identified requirements in federal regulation that impose administrative burden on business. Once updated, this information will be refreshed and reported publicly every year.

Reducing red tape is one of the most important measures a government can take to support a flourishing and healthy business environment, which is the foundation for creating jobs and long-term prosperity. The Government of Canada has shown an unwavering commitment to this goal; through greater regulatory coordination with the United States, a more streamlined and predictable approvals process for major natural resource projects and the Paperwork Burden Reduction Initiative, which cut the paperwork burden by 20 per cent.

With the Red Tape Reduction Action Plan, the Government of Canada will continue the important work of reducing barriers to building prosperity and ensuring Canada remains a leading light in the world when it comes to doing business in a fair, transparent and responsive environment.

The Honourable Tony Clement
President of the Treasury Board and Minister for FedNor

The Evolution of Canada's Red Tape Reduction Action Plan

In January 2011, Prime Minister Stephen Harper announced the launch of the Red Tape Reduction Commission. The Commission was asked to identify irritants to business stemming from federal regulatory requirements and provide recommendations to reduce the compliance burden, both at a specific and systemic level.

The Commission, headed by Minister of State for Small Business and Tourism Maxime Bernier, canvassed business representatives from across the country, with an emphasis on identifying irritants that had a clear detrimental effect on growth, competitiveness and innovation. A special emphasis was placed on small business, which is a significant employer, but carries a disproportionate share of regulatory burden. The Commission hosted a total of 15 roundtable sessions in 13 cities, attracting some 200 participants. There was also an online consultation and a dedicated website. Hundreds of ideas were shared.

While many recognized the importance and necessity of regulations, business representatives argued that a better job could be done in designing, implementing and monitoring their requirements. Specifically, the regulatory regime, they said, is not always attuned to the needs, capacities and realities of business. There was a high degree of frustration over duplication among different regulators, high administrative costs, and a lack of a customer-service orientation among public servants. Regulators had a poor understanding of industry realities, they added, and there was a need for a greater attention to timeliness, predictability and accountability.

The Commission analyzed the results of consultations, identified the root causes of the problems and engaged federal organizations to get a comprehensive understanding of the issues. The result was the September 2011 release of the Commission's "What Was Heard" Report.

The Commission then worked with independent experts to evaluate the viability of systemic reforms identified in the "What Was Heard" Report. Their advice was reviewed during two roundtable sessions with businesses, along with a second online consultation. This work led to the January 2012 release of the Commission's Recommendations Report, which detailed 15 systemic changes and 90 department-specific solutions to reduce or remove regulatory irritants.

The Red Tape Reduction Action Plan is the response to the Commission's Recommendations Report. It underscores the Government of Canada's keen commitment to breaking down barriers to doing business in Canada and building the foundations of long-term prosperity.

Where We're Going: The Government's Response to the Commission's Recommendations

The Commission called on the government to take action that goes well beyond simple, one-time fixes and focus on fundamental change in how it designs and implements regulations. The government understands that cutting red tape is a critically important way that it can support innovation and increase productivity. This Action Plan demonstrates the government's commitment to delivering better results for Canadians with less frustration and lower costs for business.

The government's response to the recommendations of the Red Tape Reduction Commission falls under three major themes:

- Reducing burden on business;
- Making it easier to do business with regulators; and
- Improving service and predictability.

Reducing Burden on Business

The Commission called on regulators to reduce the regulatory burden on business. Thirty-one initiatives focus on reducing regulatory burden through sector-specific measures to:

- Streamline regulatory approval processes;
- Reduce reporting requirements and information demands; and
- Improve the coordination of compliance and enforcement activities.

Examples of Systemic Reforms

- In addition to this work at the department and sector level, the Government of Canada will take the opportunity to change the way it regulates. The One-for-One Rule[i] will reduce administrative burden (i.e., the time and resources spent by business to show compliance with government regulations) in two ways:
  - When a new or amended regulation increases administrative burden on business, regulators will be required to offset—from their existing regulations—an equal amount of administrative burden costs on business.
  - It requires regulators to remove a regulation each time they introduce a new regulation that imposes administrative burden.
- In Budget 2011, the government committed to implementing a "small business lens" to ensure regulatory requirements do not have unintended impacts on small businesses and are administered as fairly and efficiently as possible. The small business lens will be implemented

immediately and will incorporate sensitivity to small business into the regulatory process. Regulators will now be required to include in their Regulatory Impact Analysis Statements (RIAS) an analysis of small business impacts, a summary of consultations and of the government's efforts to minimize burden on small business. (The RIAS is a public document that is published with the proposed regulation that describes the government's regulatory action and its impact on the environment, health, safety, security, social and economic well-being of Canadians). This will enable small business owners to judge for themselves, and to comment upon, the government's efforts to minimize regulatory burden.

Examples of Departmental Initiatives

- To support sustainable economic prosperity in Canada's aquaculture sector, Fisheries and Oceans Canada (DFO) will consolidate permit, authorization and licence processes to minimize the number of applications within the British Columbia Aquaculture Regulatory Program. In addition, the Department will simplify the approval process for obtaining licences to introduce or transfer aquatic organisms (e.g., fish) from one body of water or facility to another. Businesses will benefit from being able to apply for one licence -- not several -- that covers multiple, low-risk movements of these organisms.
- Statistics Canada develops comprehensive measures on Canada's economy, based in part on data it obtains from business surveys. Statistics Canada will reduce the burden these surveys impose on business by optimizing the sample size of businesses contacted, by reducing content requirements for small businesses and by limiting the length of time a small business must remain in a survey sample. Starting in 2014, the content of the annual Unified Enterprise Survey (UES) - a survey program that includes 58 annual business surveys - will be reduced by 20 per cent, saving participating small businesses an estimated $640,000 per year in time and paperwork. The sampling strategy, content and the provision of 30 Web-based survey questionnaires will be completed in 2012–13. By the end of 2015, another 50 surveys will be offering an e-questionnaire alternative.
- The Canada Border Services Agency (CBSA) will enhance and harmonize trusted trader programs with the United States. The trusted trader program is a program that enlists the cooperation of private industry to enhance border and trade-chain security, combat organized crime and terrorism, and help detect and prevent contraband smuggling. It simplifies the entire border-crossing process for low-risk, pre-approved companies. Currently, program members must apply separately to both CBSA's Partners in Protection (PIP) Program and to the U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) Program and undergo separate risk assessments. Future enhancements will strive towards greater harmonization between the two programs.

Making It Easier To Do Business With Regulators

These measures include creating single-windows for stakeholders and implementing electronic processes to replace outdated paper systems. Some 41 proposals focus on simplifying complex government processes and making it easier for businesses to do business.

Examples of Systemic Reform

- During the Red Tape Reduction Commission's consultations, business commented that they often receive confusing information and contradictory instructions from regulators, including different interpretations on requirements. To address this issue, the government will require regulators to publish interpretation policies on their websites that explain how they interpret regulations, including when they can be counted on to give answers to stakeholders' questions in writing.

Examples of Departmental Initiatives

- CRA's One Business One Number initiative allows businesses to access and manage multiple accounts using one business number: a "tell us once" approach. Businesses are able to access their accounts electronically, and authorize electronic access to their representatives (e.g. accountants, lawyers, etc.), to save time and reduce frustration. The CRA is working to improve online registration and develop an electronic authorization for representatives. These improvements will be phased in starting October 2013.
- The Record of Employment (ROE) is a form that employers must complete for employees who experience an interruption in earnings. It is used to ensure there is no misuse of employment insurance (EI) funds and that funds are not received in error. Each year, over 500,000 to 600,000 employers fill out close to nine million ROE forms for their employees, even if an employee does not intend to collect employment insurance. Human Resources and Skills Development Canada (HRSDC) is encouraging employers to move to electronic ROEs, eliminating the need for businesses to order, store, print and send paper copies to employees or to Service Canada. HRDSC will also redesign the ROE Web application to make it more user-friendly, implement an online registration and account maintenance process, increase awareness of its benefits, and improve the functionality of the ROE Secure Automated Transfer. This initiative is expected to save employers approximately $37 million per year. HRSDC will implement these changes over the 2012–14 fiscal years.

- HRSDC will improve the administration of the Temporary Foreign Worker Program (TFWP) to reduce burden on business and improve predictability. The program involves four federal regulators and businesses are required to fill out multiple forms and provide supporting documentation to more than one department as part of the program. These recurring information demands will be reduced as a result of new information-sharing agreements that will be struck between HRSDC and Citizenship and Immigration Canada (CIC). A revamped website for the program will make it easier for business to make requests and to monitor progress online.

Improving Service and Predictability

The Commission identified service quality as a major issue for Canadian business. In response to this challenge, the government will implement 18 initiatives to improve service and predictability. These include measures to set and be accountable for service standards and to provide clear information and definitive guidance to stakeholders. This work will build on existing government-wide initiatives, such as the recently revised *Values and Ethics Code for the Public Sector*.[ii] Under the Code, public service employees are expected to provide fair, timely, efficient and effective service.

The Government will also introduce forward regulatory plans to provide Canadians and businesses with early notice of the government's intention to regulate. A forward regulatory plan is a public list of anticipated regulatory changes that a regulator intends to bring forward over a 24 month period. These plans will give Canadians, business and trading partners greater opportunity to inform the development of regulations and to plan for the future.

Examples of Systemic Reforms

- The Government is already taking steps to introduce measures to improve service and predictability: a new *Cabinet Directive on Regulatory Management* is being implemented to build on gains made since 2007 to improve regulatory design and implementation, with requirements for forward regulatory plans and consideration of administrative burden.
- The Commission called on regulatory departments and agencies to set and publish measurable standards, set goals for service improvement, and report on performance at meeting these standards. The government will fully implement this recommendation. Regulators will set service standards for high-volume regulatory authorizations such as licences, permits and certifications. Regulators will also be required to report on their performance against these targets on their websites.

- The government is committed to ensuring transparency and accountability for delivering on its commitments. As such, the government will establish a Regulatory Advisory Committee to the President of the Treasury Board, which will review the government's Annual Scorecard on implementation of systemic reforms, in particular, the One-for-One Rule, the Small Business Lens and Service Standards. The Scorecard will be made public. Both the Scorecard and the Advisory Committee's views on the government's progress will be provided to the Auditor General annually.

Examples of Departmental Initiatives

- The CBSA will modernize its Recourse Program to improve service, the timeliness of appeals and predictability to clients. This program provides clients with a fair and impartial review of decisions taken in support of border legislation. To date, the current process has been paper-based and significant volume has resulted in backlogs. The program will now move to an electronic case management system where clients will be able to complete an online appeal form instead of sending a paper copy by mail. Efficiencies from these changes will result in improved performance and will be captured in new service standards based on a thorough review of current processes and client input. Initial improvements to the Agency's appeals process and new service standards are expected to be in place by April 2013.
- The CRA will reduce business frustration and improve service professionalism by providing its telephone service agents with improved tools and training material to better position staff to answer questions directly, rather than transferring clients to another representative. CRA will also enhance its website based on feedback gathered through surveying small businesses. These improvements will result in more certainty for businesses through efficient and effective telephone service. An implementation plan for this initiative will be developed in 2012–13.
- The Department of Fisheries and Oceans will continue to enhance its use of Operational Statements, a less burdensome approach to considering and enabling routine, low-risk development projects. For example, rather than requiring the proponent to submit a detailed project proposal for review, businesses must simply notify the department that they are undertaking a low risk activity, such as maintenance of a culvert, in accordance with the requirements outlined in the associated Operational Statement.

This table sets out a series of regulatory system reforms the government will implement in response to the systemic recommendations of the Red Tape Reduction Commission.

Commission Recommendations	Government Response
The government should introduce legislation as soon as possible to adopt the One-for-One Rule.	The government accepts this recommendation, as announced in January 2012,[iii] and is implementing the One-for-One Rule.
All regulatory departments and agencies should establish an inventory of information obligations, reduce unnecessary information requirements and measure the meaningful reduction of administrative burden using the Standard Cost Model.	The Government agrees with this recommendation in principle. As the Commission recognized, about 80 per cent of the regulatory burden can come from 20 per cent of the stock of regulations. Implementation of the One for One Rule requires ongoing review and reform of existing regulations to identify unnecessary regulations and administrative burden that can be eliminated. The Rule will also require departments to use the Standard Cost Model to measure meaningful reductions in administrative burden on business. In addition, by September 2014, the government will build on the efforts of the Paperwork Burden Reduction Initiative by refreshing that part of the inventory that counted requirements in federal regulation that impose administrative burden on business. Once updated, this information will be refreshed every year and reported publicly.
Departments should review their current paper-based processes and forms and submit proposals to their ministers outlining how they will, wherever possible, implement electronic solutions.	The government agrees in principle with the Commission's view about potential service improvements offered by electronic processes and forms. Departments are already taking steps to put electronic solutions in place as part of their response to the Commission's department-specific recommendations. For example, Statistics Canada will reduce the administrative burden of its business surveys on stakeholders by: • Implementing measures such as optimizing sample size; • Implementing Web-based data collection methods; • Reducing content requirements for small businesses; and • Conducting feasibility studies on limiting the number of questionnaires sent to a small business as well as the length of time a small business must remain in a survey sample.

There should be greater coordination of federal regulatory compliance and enforcement activities in the same sector.	The government is already undertaking targeted efforts to improve coordination through initiatives such as the Regulatory Cooperation Council.[iv] The Canada Border Services Agency, with support from Foreign Affairs and International Trade Canada, Transport Canada, and Public Safety Canada, will expedite efforts to enhance and harmonize trusted trader programs with the United States with a view to facilitating joint admission of applicants, through a single, simpler application process. This will reduce red tape by increasing efficiency and predictability and by increasing small and medium-size businesses' ability to access and use the trusted trader programs.
All regulatory departments and agencies should work with businesses to develop regulatory information e-portals with sector-specific modules, which should set the stage for a "Tell Us Once" policy.	The government accepts this recommendation in principle. Departments are already making targeted efforts to implement electronic tools and share information as part of their response to the Commission's department-specific recommendations. For example, the Canada Revenue Agency will reduce business frustration and related administrative burden in communicating with the Agency by providing its telephone service agents with improved tools and training material, and by enhancing its website based on feedback gathered through surveying small businesses.
All regulatory departments and agencies should set and publish measurable standards, set goals for service improvement and report on performance at meeting these standards.	The government accepts and will fully implement this recommendation. Regulators will set service standards for high-volume regulatory authorizations such as licences, permits and certifications. Regulators will also be required to report on their performance against these targets on their websites.
The government should review and amend the *User Fees Act* to enable better service to regulated sectors and ensure accountability.	Departments will be setting service standards for high volume authorizations and will be accountable for meeting them, regardless of whether fees are charged or not. The government is, however, not prepared to make it easier for departments to pass on higher costs to businesses or consumers by amending the *User Fees Act*.
All regulators should develop a service charter.	The government agrees with the Commission's view regarding the importance of service excellence. The recently revised *Values and Ethics Code for the Public Sector* already sets clear service expectations. The Code calls on public servants to provide fair, timely, efficient and effective service.
All regulators should have a process for receiving feedback.	The government agrees and will establish service standards and complaint processes for high-volume regulatory authorizations. This will give stakeholders a clear opportunity to provide feedback on the service they receive.

Major regulators should establish a pathfinder function—an information officer to channel requests for information from small business to departmental experts, as well as track and follow up on requests.	The government agrees with the Commission's view that it is important to help business navigate the regulatory system. Service standards will ensure that processes for high-volume authorizations are clearly explained on departmental websites, and that contact information for officials is provided. Additionally, departments will prepare and publish annual forward regulatory plans to give business and citizens earlier warning of upcoming regulatory changes.
All regulators should review and, based on consultations with businesses, update their most-accessed regulatory publications.	The government agrees with this recommendation in principle, but given fiscal restraint, recognizes departments need flexibility to update publications based on operational priorities. The new requirement for departments to publish policies on how they interpret regulations will provide greater clarity and predictability for stakeholders and citizens.
All departments and agencies should have a published policy setting out how they interpret their regulatory requirements.	The government accepts this recommendation. Departments will now be required to publish their policy describing how they interpret regulations, including when they will provide written responses to stakeholder queries. Businesses and citizens will benefit from increased predictability.
The government should take measures (e.g., forward plans and consideration of administrative costs in regulatory analysis) to strengthen adherence to key regulatory policy requirements.	The government is already taking steps to implement this recommendation. A *new Cabinet Directive on Regulatory Management* is being implemented to improve regulatory design and implementation through introduction of the small business lens, forward regulatory plans, and strengthened requirements to consider administrative burden in regulatory proposals.
The government should move quickly to fulfill its Budget 2011 commitment to implement a small business lens.	The small business lens will be implemented immediately and will hardwire sensitivity to small business into the regulatory process; departments will be required to incorporate an analysis of small business impacts as part of their Regulatory Impact Analysis Statements, which will be published in the *Canada Gazette*.

The "Powers and Duties" section of the *Auditor General Act* should be modified so that the Office of the Auditor General of Canada is given the mandate to review and report on the progress in reducing the regulatory administrative burden.	The government agrees with the Commission that ongoing oversight and accountability are needed to reduce red tape and keep it out of the regulatory system. The government also agrees that the Auditor General should be kept informed of the government's commitments on reducing red tape and its performance against these commitments. In full recognition of the independence of the Auditor General as an Agent of Parliament, the government is committed to providing the Auditor General with the information he requires to make his own determination of the merits of auditing the government's progress on regulatory reform. In addition, the government will establish a Regulatory Advisory Committee to the President of the Treasury Board, which will review the government's Annual Scorecard on implementation of systemic reforms, in particular, the One-for-One Rule, the Small Business Lens and Service Standards. The Scorecard will be made public. Both the Scorecard and the Advisory Committee's views on the government's progress will be provided to the Auditor General annually.
A substantial part of the annual "pay-at-risk" of senior public servants should be given on the basis of the successful implementation of the One-for-One Rule.	The government agrees that senior public servants in regulatory departments should be accountable for red tape reduction. The current process for assessing the performance of senior public servants addresses this recommendation.

The government has also committed to following through on all 90 department-specific recommendations.[v] Over the coming months, regulators will develop their own plans to respond to the Commission's recommendations.

Endnotes

i. "The "One-for-One" Rule," http://www.tbs-sct.gc.ca/media/nr-cp/2012/0118b-eng.asp

ii. *Values and Ethics Code for the Public Sector*, http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=25049

iii. "Minister Clement welcomes recommendations from Red Tape Reduction Commission," http://www.tbs-sct.gc.ca/media/nr-cp/2012/0118-eng.asp

iv. Regulatory Cooperation Council, http://actionplan.gc.ca/eng/feature.asp?pageId=357&featureId=30&wb48617274=1034597E

v. "Appendix B: Specific Departmental Recommendations to Cut Red Tape" (from *Recommendations Report: Cutting Red Tape…Freeing Business to Grow*), http://www.reduceredtape.gc.ca/heard-entendu/rr/rr10-eng.asp#tocAppB