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**Monday, May 9, 2005**

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**Chair**

**Mr. Brent St. Denis**

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## Standing Committee on Industry, Natural Resources, Science and Technology

Monday, May 9, 2005

• (1530)

[Translation]

**The Chair (Mr. Brent St. Denis (Algoma—Manitoulin—Kapusking, Lib.)):** Good morning everyone.

[English]

Good afternoon, everyone.

I'm pleased to call to order this Monday, May 9, meeting of the Standing Committee on Industry, Natural Resources, Science and Technology. We are continuing our study of Canada's industrial strategy, regulatory and foreign investment frameworks.

We have with us today representatives of the Privy Council Office, who will brief us on government actions and the status of the report provided to the government called "Smart Regulation: Report on Actions and Plans". We more recently had the announcement of Minister Alcock on this very subject, so it's very timely that we have it here today.

For the benefit of colleagues, I'll take just a few moments on committee business, if I may. We have yet to receive Bill S-18. That's the census bill. If we receive it by the end of the day tomorrow—I'm not sure how likely that is—I might be asking you if you would consider a short meeting with witnesses before the Bangladeshi delegation Thursday morning. It would be something like we did last Thursday, a business meeting and then a delegation.

On Bill C-37, which is the do not call list, I had asked colleagues last meeting whether they were prepared to go to clause-by-clause consideration. The consensus was that I had no objections to going to clause-by-clause. So if there are no objections, we might try Bill C-37, clause by clause, on Wednesday, May 18. If there are no objections by the end of the next day or two, I would ask that you have amendments in by Friday, May 13, on Bill C-37, the do not call list.

Just to remind you, there will be an informal meeting with the delegation from Bangladesh from 11 to 12 Thursday, if you can be there.

Oui, Paul.

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** It was the C-281 bill that was sent to our committee last week?

**The Chair:** Do you refer to a bill presented by an MP?

**Mr. Paul Crête:** Yes.

**The Chair:** What is the number?

**Mr. Paul Crête:** It is C-281. Has any specific time been assigned to discuss it?

**The Chair:** Isn't it the case of the Bankruptcy and Insolvency Act?

**Mr. Paul Crête:** Yes, the bill regarding the order of reimbursements priority.

**The Chair:** For the moment, there is no date set. Under the Regulations, we have 60 days of sessions to submit a report. Given the list that we have now, I think this must wait a bit. However, if the Committee prefers to be released from this responsibility, I agree.

**Mr. Paul Crête:** I agree.

**The Chair:** Paul, if you wish, we can discuss this later.

**Mr. Paul Crête:** Thank you.

**The Chair:** Thank you all.

[English]

Monsieur Redling, I believe you're going to speak for your delegation. I'm not sure if the clerk spoke to you. In view of the nature of the subject, we would normally ask for five or seven minutes, but considering the expanse of this...

I'm sure, Werner, if we went a little over time with our witnesses on this subject, you'd be okay with that, considering the nature of the presentation.

**Mr. Werner Schmidt (Kelowna—Lake Country, CPC):** As long as we don't get cut off on questions.

**The Chair:** No, we'll make sure we have lots of time for questions.

**Mr. Werner Schmidt:** We have lots of questions.

**The Chair:** Werner has a particular interest in this.

Werner, you weren't here, but I was going to thank you for making sure we brought this up.

With that, Monsieur Redling, we'll invite you to start—excusez, Monsieur Redling.

Paul.

[Translation]

**Mr. Paul Crête:** Mr. Chair, I would like to make a point of order.

How many MPs are needed to have a quorum?

**The Chair:** In order to hear witnesses, there must be at least four of us.

**Mr. Paul Crête:** Presently, there are no Government MPs.

[English]

**The Chair:** I'm not sure if it's out of order to mention that.

[Translation]

**Mr. Paul Crête:** We can say that there is significant interest.

[English]

**The Chair:** I'm here.

[Translation]

**Mr. Paul Crête:** Yes, fortunately.

[English]

**The Chair:** Merci, Paul.

Monsieur Redling, I'll invite you to proceed.

•(1535)

[Translation]

**Mr. George Redling (Assistant Secretary to the Cabinet, Privy Council Office):** Thank you, Mr. Chair.

If you permit me, I will present my colleagues. This is Jody Aylard,

[English]

who is director of operations in the regulatory affairs division. Also with me today are Mrs. Diane Labelle and Ken Moore, who are senior analysts on the smart regulation implementation team.

Mr. Chairman, I have a deck that I believe has been distributed in both official languages. Having timed myself, it would take about 10 minutes to make the presentation, so I'll start quickly.

Thank you for inviting us, Mr. Chairman and committee members, and for the opportunity to provide a brief overview of work on smart regulation and also to obtain your views as we move ahead with this government-wide initiative.

Let me begin by explaining that while the implementation of smart regulation is a whole-of-government initiative, it is being coordinated by the regulatory affairs division at the Privy Council Office. As you know, the PCO plays a central role in managing the existing regulatory process and policy and in advising ministers on regulatory issues, recognizing that ministers and departments are accountable for their own legislated and sectoral responsibilities.

[Translation]

First of all, I would like to give you the historical context for smart regulation. This process started from the study stage. We asked the OECD to examine the Canadian regulation system and propose changes, as it has done for other countries. One of the OECD's recommendations was to make an examination from the Canadian point of view.

The Prime Minister created an external smart regulation consultation committee, composed of representatives from industry, academics and consumers. The report was presented in September

2004. Mr. Gaetan Lussier, presiding the Committee, presented his recommendations to you in October.

These two reports stress that the Canadian regulation system is solid, but can be improved. In some cases, we are doing too much: there is too much fragmentation, complexity and incoherence. In other aspects, we are doing too little: too little internal and international coordination and too little general strategic orientations.

[English]

The implementation plan for smart regulation was announced by the President of the Treasury Board on March 24. It sets in motion a process of renewal and reform that will change how we approach regulation. I believe all of you have a copy of "Smart Regulation: Report on Actions and Plans", which we distributed.

Smart regulation is the policy, process, tools, and capacity of the regulatory community required to sustain high levels of regulatory performance and continuous improvement.

The smart regulation approach is grounded in four key principles. First and foremost, we need to protect the health and safety of Canadians, our environment, and our quality of life. Second, regulation must reflect Canadian values, and that includes conducting activities transparently, fully open to public input and public scrutiny. Third, we must learn from the best and use the best from within Canada and from around the world so that best practices become common practices. Fourth, there must be effective and efficient processes and ongoing coordination among all levels of government as well as aboriginal communities, citizens, and business groups, so that Canada's regulatory system is timely and predictable and so that it develops in sync and not in silos.

The implementation is proceeding along three streams. First, we are strengthening regulatory management. This is being led by PCO. Second, we are improving coordination and cooperation within and between governments. This is being done in coordination with other departments and other levels of government. Third, each department involved is responsible for implementing the smart regulation principles and applying them to specific initiatives in areas such as health, environmental sustainability, safety and security, aboriginal prosperity, northern development, and innovation productivity in a business environment.

While Canada is recognized for having an innovative regulatory system and sound regulatory policy, this policy has not been updated in 10 years. Consequently, it has a number of gaps. It focuses on regulation-making and is weak in implementation and review. It does not fully recognize the demands of the global economy and our reliance on international trade. It also needs to better integrate modern policy and management techniques into the regulatory process.

The External Advisory Committee on Smart Regulation advised that we give priority to developing a new regulatory policy. We are working with stakeholders on a government directive on regulating that will address these gaps and introduce a life-cycle approach to regulatory management. The approach will outline process and policy requirements, not only for the development of regulations but also for their implementation, review, and renewal. This life cycle is necessary to integrate continuous improvement into regulation.

• (1540)

[Translation]

We create important tools for planning, transparency and accountability. Among these tools, there is a report on initiatives and projects, which will be submitted every six months to summarize progress made by departments in their key smart regulation initiatives.

The first report was published in April and the second issue will be published in November 2005. A regulation consultation board will be created and will consist of non-governmental representatives. This committee will be responsible for examination of implementation of smart regulation and will offer its opinion on improvements that can be made in certain key sectors.

[English]

Also, stakeholders must have a voice in the development of a new regulatory approach. Currently, industry associations, NGOs, and the aboriginal community are being contacted to invite their participation and to discuss how and at what point they wish to provide input into the process.

PCO already has a role in promoting learning about regulation—providing training and guidance tools to departments. Critical to realizing systemic and enduring change to the regulatory system is changing the culture of the federal regulatory community, especially as we move to a life-cycle approach.

The first phase we are engaged in is to conduct an assessment of the skills, competencies, and expertise required by the regulatory community, then to prioritize with departments the development and implementation of the tools required. Examples would be training modules in such areas as instrument choice, risk management, and performance management.

[Translation]

We created a series of thematic tables. There will be five of them in total. The tables will serve as exchange forums between various regulation branches of the Government, promoting feedback from provinces, territories, citizens, businesses and non-governmental organizations. This is a key recommendation from the consultation committee report. The five themes are: a healthy Canada;

environment viability; safety and security; innovation, productivity and business context; and, finally, prosperity for Native peoples and for the North.

[English]

Theme tables will bring coherence and coordination to the regulation-making and will be a forum for stakeholder input. Work plans and progress of the theme tables will be reported every six months in the report on actions and plans.

We need to improve ongoing coordination among all levels of government and we need to work effectively with our international partners. A federal-provincial-territorial working group on regulatory reform has been established, chaired by British Columbia and PCO, to share best practices and develop common approaches to regulatory reform. Related to this is the work on the agreement on internal trade, which will develop recommendations and options for harmonization between the levels of government. In a globalized economy, we need to find better ways for regulators to work more closely with other nations using more consistent approaches while ensuring high standards for Canadians. To that end, a working group, co-chaired by International Trade and the Privy Council Office, is developing a framework that will set out principles and priorities for regulatory cooperation.

The March 23, 2005, leaders' statement on security and prosperity partnership of North America set out a commitment to strengthen regulatory cooperation. Trilateral working groups are identifying sectoral issues where greater regulatory cooperation may be possible. In December 2004, a Canada-EU framework for regulatory cooperation was signed to promote dialogue between policy-makers and regulators. A first meeting of that joint committee is planned for early summer.

Mr. Chairman, in the interest of time, I will not speak to slide 10. It simply sets out some key steps and timeframes as to our work.

Thank you very much.

**The Chair:** Thank you, Mr. Redling.

We'll start with Werner Schmidt, please.

**Mr. Werner Schmidt:** Thank you very much, and thank you very much, ladies and gentlemen, for appearing, and thanks for that quick summary. I think, Mr. Chairman, we also want to compliment them for the brevity with which they came forward.... It's an extremely ambitious undertaking to do this job. I have a number of questions that relate to the content of, first, the advisory committee's recommendations, and then the initial plan to implement the recommendations.

I wanted to ask you, if I could, how you define risk management in terms of regulatory reform.

• (1545)

**Mr. George Redling:** There are a number of components to the risk management, and one of the frameworks that we are developing is a risk management framework for how departments assess risk and how they include it in their regulation-making.

Perhaps I could ask Mr. Moore, who is leading that work, to comment.

**Mr. Ken Moore (ISSR Senior Policy Analyst, Implementation Strategy for Smart Regulation, Privy Council Office):** We're certainly not starting from scratch in developing a new framework for risk management. There are a number of government frameworks already in place. As you know, the Treasury Board Secretariat published the integrated risk management framework.

A specific element of risk management that is applied, especially in scientific decision-making, is the use of precaution. To that end, in 2003 the Privy Council completed interdepartmental work to develop the framework for the application of precaution in science-based decision-making.

In addition to those that are government-wide, a number of departments certainly have their own decision-making frameworks, where they provide guidance in the cycle of decision-making, from risk assessments and option identification to risk management strategies, follow-up, and monitoring. What we don't have right now is a coordinated approach to provide consistency so that we have a comparable level of regulatory response to a given level of risk.

The intended work is to bring together the various components and identify where the gaps and the commonalities are, to come up with a document that will provide some consistency on how we approach regulatory risk.

**Mr. Werner Schmidt:** Thank you very much.

That's certainly one part, but we can get very specific. There are other risks right now.

In fact, there's a major risk right now with regard to the Mackenzie Valley pipeline and the Alaska pipeline. That particular project was identified by the external advisory committee and dealt specifically with regulatory difficulty.

When you deal with risk management, do you at all consider the risks to the economy of Canada, the risks to other particular enterprises, such as the development of the tar sands, or the other business of the steel industry and various other developments like that, which clearly pose a risk to the Canadian economy? Does that figure into your regulatory considerations?

**Mr. Ken Moore:** The answer is yes, for the risk management component, there has to be consideration of other policy implications. An initial risk assessment is normally based on science, the identification of hazards, and the likelihood of those hazards, to estimate the risk that then feeds into decision-making on management.

Risk management has to include other social and economic considerations, including such things as societal values and risk tolerance. The short answer is yes, when it comes to the point of doing a cost-benefit analysis on options, for example, certainly those things have to be considered.

**Mr. Werner Schmidt:** To narrow it down, I believe you're an adjunct to the Privy Council. Is that correct?

• (1550)

**Mr. George Redling:** That's correct.

**Mr. Werner Schmidt:** As such you are probably in the single most significant position that you could possibly be in, as far as the Government of Canada is concerned. You have the ability, or certainly the potential, to influence rather significantly not only the economic development of Canada, and not only the scientific development of Canada or the innovation, the technical application, and the commercialization of research, but you are actually capable of bringing together departments and areas that have been in conflict. They are directly in conflict, in opposition to one another, from time to time, and sometimes they are perhaps unwilling to share the kind of cooperation that I think you were talking about.

How do you work around the cabinet table to make sure that indeed happens? For instance, we now have a chief science advisor.

Some of the things I've talked about have political ramifications, economic applications, and energy applications. They have to deal with the shortfall in the energy supply. All of these things come into that area. They all have an element of risk and an element of science attached, so there is a commonality that comes through.

I'm going to stop there right now, because there is another question to follow this one.

**Mr. George Redling:** I could perhaps respond to that, Mr. Chairman.

You're quite right, sir, that we bring together different departments when there are such issues. They are brought together to resolve any issues and also to ensure coordination.

One of the results of departmental activity was the naming of a federal coordinator for the Mackenzie Valley pipeline, which has been put in place to try to provide a congruence for all of the federal assessments that have to be done.

The issue is a very complex one, and I don't think I have to explain that to the committee. Not only are there regulatory issues that have to be coordinated, but there are also land access claims that have to be dealt with. Those are being dealt with, of course, even today as we speak to it, according to the news reports.

But you're quite right that a lot of federal coordination goes into these kinds of projects.

**Mr. Werner Schmidt:** Could I go another step further?

**The Chair:** Yes.

**Mr. Werner Schmidt:** Regarding the five thematic tables you have put together, or theme tables, has there been any input from the stakeholders in the composition of those theme tables?

**Mr. George Redling:** We are consulting with stakeholders right now. There are many groups. The external advisory committee consulted with more than 150. We are reaching out to them as well as to others about where they would want to participate in these theme tables and at what point they may want to participate. We are in the process of building up the theme tables.

The theme tables are already in place at the government level. In other words, the departmental coordination is already taking place. We are reaching out to stakeholders regarding their participation. We are also reaching out to stakeholders about the government directive—the government regulatory policy that we are formulating—so they can be involved as an advisory group on that as well.

**Mr. Werner Schmidt:** As these theme tables are beginning to work, are you already able to identify—I know you haven't been at it for very long—some of the common elements that exist from one table to the next? As a supplementary question to that, can you identify those challenges or problems that are unique to each of the particular theme tables?

**Mr. George Redling:** I'll ask Mr. Moore to speak to that.

One thing I believe is going to be consistent, probably, across the board is the need for greater cooperation both within federal departments and between levels of government. That has been a consistent message the external advisory committee has heard, and we hear that from stakeholders. So I think that will be a consistent message across all five.

**Mr. Ken Moore:** Certainly as we're out talking to stakeholders—because we're quite frequently asked to provide updates such as this to industries, associations, and NGOs to a certain extent—we frequently hear from regulated parties that there are multiple regulators, multiple departments that regulate, that have an effect on those regulated parties but may not be aware of the cumulative effect of the various aspects of regulation.

It's been identified that we need to find a way, early on, to allow departments and agencies to identify regulatory initiatives that are coming down the pipe so they can flag early on—or departments can self-identify—the potential for involvement and avoid those unintended consequences. So that's one forum for those initial discussions.

We realize that there needs to be coordination between the theme tables, because, of course, issues aren't isolated within those sectors. We run the risk of creating new silos. So we have a number of mechanisms to make sure we communicate between theme tables. One is regular meetings of the chairs and another is regular plenary sessions with all members of all tables.

• (1555)

**The Chair:** You need to wrap up, Werner.

**Mr. Werner Schmidt:** Yes. We're going to have another round, I hope.

**The Chair:** I'm sure we'll get you on.

**Mr. Werner Schmidt:** Okay.

I have one very short question, and I suppose the answer is very simple as well. When will the report on the internal trade agreements be finished?

**Ms. Jody Aylard (Director of Operations, Regulatory Affairs Division, Privy Council Office):** Finished? I'm not sure, but there's a meeting of ministers in June. Is this internal trade you're asking about?

**Mr. Werner Schmidt:** Yes.

**Ms. Jody Aylard:** There are reports on the working groups that started with the Council of the Federation, which is also being.... The same work plan has been adopted by the ministers of internal trade, and the next meeting is in June.

**The Chair:** Werner, you can follow that up, but we'll get back to you because of your interest in this subject.

**Mr. Werner Schmidt:** Yes, I am, very much.

**The Chair:** Please, Paul.

[*Translation*]

**Mr. Paul Crête:** Thank you, Mr. Chair.

Sometimes, there are funny things. I hope that nobody else has a smart regulation report copy that looks like mine. The first five pages are poorly folded and cannot be turned. Each of these pages was supposed to be a model of government efficiency, but this does not work. A program must be created for this.

More seriously, I looked at the list of projects in the "Innovation, Productivity, Business Context" chapter of the Report. In management, it is important not only to do things well, but also to do the right things. How were these themes chosen?

We are told, for example, that there is an initiative regarding the act governing non-profit organizations. We have this bill right in front of us and, in my opinion, it will certainly not simplify regulation. I am giving this as an example.

How do we chose the subjects that will be studied as a priority within this smart regulation?

**Mr. George Redling:** I will ask my colleague, Ms. Labelle, to answer this question. Personally, I can respond to the question regarding how we will select initiatives.

**Mr. Paul Crête:** How are you doing this for the time being?

**Mr. George Redling:** We asked all departments to prepare a list of their ongoing smart regulation projects. The departments, as well as their clients, identified projects that they were able to implement. This is the process that we will follow during the next stage. This means that department clients will participate in the project selection.

**Ms. Diane Labelle (RAD Senior Privy Council Officer, Regulatory Affairs Division, Privy Council Office):** Mr. Crête, initiatives depend also on government priorities. When a department proposes a given initiative or strategy, it is because it fits within the framework of government's priorities. We are working in close cooperation with the Department of Industry, which co-chairs this thematic table. Members of thematic teams meet every four or six weeks.

**Mr. Paul Crête:** In the "Innovation, Productivity, Business Context" section, which interests us the most, we have no projects involving research and development for project commercialization. None of them is related to the penetration of emerging markets such as China, India, and so on.

Isn't this process always going to be lagging behind reality? The examples given there appear to be far removed from what we see in reality. In six months, the world economy changes fundamentally. How can you be sure that you will be addressing the most urgent problems? Reviewing the social economy organizations is, in my opinion, not the most important problem we are facing. I could give you other examples supporting this.

How can we ensure that in ten years, we will be targeting the most important and urgent problems?

• (1600)

**Ms. Diane Labelle:** Mr. Crête, to respond to what you said regarding the emerging Asian or Pacific Rim markets, I must clarify that these initiatives are mainly in the domain of international cooperation. This is a subject on which we are presently working in cooperation with the Department of Industry and the Department of Foreign Affairs and International Trade.

**Mr. Paul Crête:** I mentioned this as an example. I am not insisting that something be done about this. I could not analyze all sectors, but for those I know the best, I must say that I am finding your themes rather marginal in comparison with the main problems that exist.

I am not questioning the value of what you have done, but, as a government client, just like any other citizen, I would have thought about subjects such as information on how gas prices are managed, how the system functions, or all repercussions of these factors on the economy. What I see here appears to be oriented more towards the internal functioning of the government rather than towards the client.

**Ms. Diane Labelle:** The choice of thematic tables and sectors has mostly been done according to government priorities, but also according to recommendations of the external smart regulation consultation committee. This is also how the priorities have been established.

**Mr. Paul Crête:** Thank you.

I do not have any other questions.

[English]

**The Chair:** Merci, Paul.

Andy, and then Brian.

**Mr. Andy Savoy (Tobique—Mactaquac, Lib.):** Thank you very much, Mr. Chair.

Thank you for coming.

I'd like to talk a little bit about the international situation. I had a round table on the weekend with a number of industries in my riding who are facing concerns with the new U.S. security agenda, specifically, forestry, agriculture, transportation, and greenhouses. They're finding that in some situations, the requirements on Canadian companies to meet the security agenda are more stringent or stricter than the requirements in the U.S., and there is concern surrounding that.

In looking at the division of an integrated economy in North America, I believe that to keep it competitive and on an even playing field, you eventually have to look at a quasi- or semi-integrated regulatory enforcement system down the road.

Now with this new imperative, or this fairly new agenda for security, what problems do you foresee? What progress has been made? How are you engaged specifically with the U.S.? I see from your presentation that you talk about the security and prosperity partnership, but I think that agenda has been sped up to some extent after the meetings in Waco between Mr. Fox, Mr. Bush, and Mr. Martin. So in terms of that agenda moving forward, what problems do you foresee, what progress has there been to date, and how are you involved in it?

**Mr. George Redling:** With respect to the leaders' statement and the security and prosperity partnership, there are already three trilateral working groups that have been struck. They will be reporting by the end of June through their respective ministers as to the three or four sectoral areas they have been mandated to look at. I believe those are energy, food, transportation, and I believe telecommunications may also be a part of that. So they will be reporting or identifying specific items for greater coordination, in terms of reducing barriers to trade and reducing areas where there may be double certification required, for example, for products. So that work is in train, with reporting timeframe of the end of June.

**Mr. Andy Savoy:** Okay.

I have another question on the international issues, specifically on the issues surrounding certification approvals. We see a lot of redundant work being done between the two countries in agriculture—and I think that's very important in my riding—with the PMRA in terms of agricultural pesticide approvals and across Canada on the drugs side in terms of drug approvals. Do you see ways in which we can combine our efforts, or at least look at their efforts, when we are doing very similar work, whether it be clinical trials or, on the pesticide side, the health and environment studies? I think this is consistent with smart regulations.

How much progress is being made in that respect?

• (1605)

**Mr. George Redling:** I'll ask Mr. Moore to contribute as well, but perhaps I can start by indicating that the Pest Management Review Agency, for example, already does 50% of pesticide applications jointly with the United States, which already indicates progress. It doesn't necessarily mean that all of the regulations or regulatory steps are simply accepted by another jurisdiction, but that applications are done jointly, which speeds up the process tremendously by reducing the amount of time taken by each regulatory body to review the applications.

Ken, you may want to give more examples.

**Mr. Ken Moore:** Similarly, in the report on smart regulation, the therapeutic access strategy of Health Canada is one of the initiatives being reported in the section on healthy Canada. That strategy is designed to augment safety and access to therapeutic products, and a significant component of that is international cooperation. International benchmarks are used to compare Canada's performance versus our other significant trading partners. Importantly, Health Canada is also doing a lot of work, especially with the United States and Australia, with whom it has signed memoranda of understanding, to look at how they can actually make use of the knowledge in each other's jurisdictions. So they are working towards the point where they can perhaps work in partnership, but at this point it's a case of comparing expertise and learning how they can tap into each other's expertise, with a view to eventually realizing some efficiencies out of that.

**Mr. Andy Savoy:** More specifically, I think, in terms of timelines, on page 3 of the "Smart Regulation: Report on Actions and Plans", it talks about formalized arrangements with the U.S. and Australia aimed at greater collaboration and shared expertise.

I'm unfamiliar with the Australia initiatives, but if there is a timeline to look at that by region, let's say, what are the specific plans in terms of the free trade of the Americas? For example, for South America, the EU—I see we're already ongoing with the EU—but certainly the Far East, the Chinese market, and the Indian market, were there timelines set out? Is there a specific plan in place for us to address more formal arrangements with those countries?

**Mr. Ken Moore:** Certainly the concentration at this point has been to work with those regulars that I had mentioned, the United States and Australia, and also there has been some discussion with the EU that does some common review. For details beyond that, I would have to refer to Health Canada and ask them to provide a more detailed update.

**Mr. George Redling:** Perhaps I could add to that, Mr. Savoy. In addition to the leaders' statement that we discussed, there's also an international interdepartmental working group that is developing a frame for international regulatory cooperation. That one is also looking at areas and identifying specific sectors where we may want to move on more quickly, identifying where there may be barriers to trade and setting priorities for which ones would need to be addressed. That interdepartmental working group is also aiming for June or July to start presenting its studies as well.

**Mr. Andy Savoy:** When we reviewed the Competition Act, we were looking at service standards quite closely. We looked at service standards and mergers based on weeks it should take.

Our service standards didn't play a big role in the smart regulations. Have you received any conflicting evidence on the type of burdens they might place on smart regulations?

**Mr. George Redling:** I think service standards will form a part of it. Generally, I think regulations are defined by the public quite broadly. It's not simply the regulations as written as subordinate legislation, but it is also the quality of service, the ease of access to service that people have. So in that sense, I think service standards will become a part of the exercise. I think you will find initiatives in here that try to address access and those kinds of service standards.

There's an example in here of BusPAL. BusPAL is a pilot project between the federal government, two provinces, and three municipalities that sets out all of the licensing and permit requirements across all three jurisdictions that business would have to comply with in order to get their permits and licences. The intention of that pilot project is to build that into a national scheme so that businesses could have access to all of the licence requirements across all levels of government.

One of the benefits of that kind of a coordinated approach is that you can identify perhaps where there is duplication and overlap, and through that consolidation, start removing that.

• (1610)

**Mr. Andy Savoy:** I have one more question, very briefly.

You've identified the five theme tables. We're looking at health, environmental sustainability, and so on. Obviously each of them present different challenges in terms of smart regulations. You may have gone through this—I'm sorry, I arrived a little late—but do you foresee the possibility of implementing some faster than others?

Some will require more time. There will be more challenges within each theme table. So is there a chance that we could see smart regulations come online faster for some than others?

**Mr. Ken Moore:** The work has commenced in all of those theme tables, so all have been formed with the departmental representatives and all have started to meet. Certainly the challenges they face will be different from theme table to theme table. Some may indeed have some low-hanging fruit and be able to deliver earlier on, and others may have initiatives that take some longer time to realize on, but the work has started in all of them.

**Mr. Andy Savoy:** Okay. Thank you.

**The Chair:** Thank you, Andy.

Brian, and then Michael.

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Mr. Chair.

Thank you for your presentation here today.

I want to follow up with a discussion related to North American—in particular, the U.S.—challenges we have. Mr. Savoy mentioned security. I know on page 23 you do have some discussion points in your booklet, “Smart Regulations: Report on Actions and Plans”, about the border and the effects of trade barriers and that. Can you tell me specifically what you're working on with regard to ports, trucks, rail, and passenger travel between our two nations?

It doesn't matter how well we can have integration over certain products or some type of reduction of anomalies that separate whether they're valid in Canada or the United States, but if we can't get them back and forth along the border on a timely basis there's a significant consequence to business.

**Mr. Ken Moore:** On the specific question you raised, the safety and security theme table has not gone all that far in those areas. I think probably the discussion through the security and prosperity partnership is addressing those to a greater extent than we've been able to so far.

**Mr. Brian Masse:** Wouldn't it make sense that you'd get more involved in that? For example, the trucking industry right now would be crippled if we had certain.... There's the western hemisphere act that's just been recently announced in terms of passports and identification, there are issues over the patriot act, and there's a whole series of legislation that's going to affect the mobility of getting goods and services across the border. Wouldn't it seem that you'd be raising those as a priority?

What good will the other regulations do if, for example, a manufactured product is sitting in a truck that's delayed at the border because the person driving it isn't able to get processed through the system?

**Mr. George Redling:** The trilateral working groups that we identified under the leaders' statement will be looking at that, and it will be part of the smart borders initiative. They will be looking at transportation issues, and they will be reporting by the end of June as to the priorities they will be setting.

**Mr. Brian Masse:** Where will that receive a ranking in your priorities, then? Where would that sit?

**Mr. George Redling:** It would I think rank pretty high, because that report is coming out fairly quickly. That's something we could follow quickly as well.

**Mr. Brian Masse:** Forgive my ignorance in terms of this, but what types of resources would we expect then if they're going to identify significant problems? I could list off for days a series of things that the Ontario Trucking Association has brought to me, for example, but there are others. What types of resources will be available to work on those?

**Mr. George Redling:** There will be interdepartmental resources. Obviously, the Department of Transport, the Canada Revenue Agency, the borders agency, and so on would be involved in those kinds of issues.

**Mr. Brian Masse:** Would that also be where they'd look...for example, if I can give a specific, in Windsor, Ontario, where I'm

from, right now you have a VACIS system that's going to go into the rails. The VACIS X-rays different cargo from rail systems before it enters the United States. Does that mean we would do a reciprocal on their side?

There are significant economic consequences from our doing this, let alone the fact that there are issues about whether it's going to provide the security we need anyway, but would that be something they would do in terms of having the exact same procedures for security reasons on our side that they have on their side?

• (1615)

**Mr. George Redling:** I would think that normally reciprocity is one of the conditions in this type of exercise, but on that specific point I would have to check with the involved departments to be able to get back to you to confirm that.

**Mr. Brian Masse:** I have just one last quick question, Mr. Chair, because I just had a meeting with some representatives in the United States over the passport issue. Would the movement of people as well be included in terms of the work you do for smart regulations?

What I mean there is that they're wrestling with...they have several IDs that are required. Right now they might consider—which hopefully is going to be delayed, and it's being delayed for 30 days—every U.S. citizen having to have a passport to get back into their country. It's going over like a lead balloon. But at the same time, their driver's licence, for example, isn't secure enough, so maybe they might include a biometric with it, or whatnot.

Through your eyes, are any of those things going to come out? Once again, it affects a lot of the economic issues we deal with—in passenger travel, not just trade.

**Mr. George Redling:** Yes. The smart borders initiative, which is tied up in this, has a 30-point action plan, and one of those four pillars is the secure flow of people, as well as the secure flow of goods. So the people issue will be addressed in that context.

**Mr. Brian Masse:** Okay. It's all going to come through that venue to you, and then after that we'll see the ranking.

**Ms. Diane Labelle:** Smart borders are sitting at the theme table that we've put together, so they're part of the security and prosperity table we have.

**Mr. Brian Masse:** Okay. I appreciate that. I'm just concerned. I still don't think it's getting the attention it deserves at the moment. But thank you. Now I know the due process.

**Ms. Diane Labelle:** It is profiled in our work.

**Mr. Brian Masse:** Okay, great. Thank you.

Thank you, Mr. Chair.

**The Chair:** Thank you, Brian.

Michael, then Jerry.

**Mr. Michael Chong (Wellington—Halton Hills, CPC):** Thank you, Mr. Chair.

I have a number of broad, general questions about smart regulations and the harmonization thereof. You have smart regulations...you're proposing to harmonize regulation within the federal government between different departments. You're talking about harmonizing or addressing inconsistencies with regulation between the federal government and the provinces. You're talking about some province-to-province harmonization. We also have on the table here harmonization between our federal government and other sovereign states.

My first question is, how do we harmonize with the U.S. regulations without always adopting or acquiescing to the U.S. standard? The U.S. is ten times bigger than we are, both in population and in terms of the size of its economy.

I guess my question, put another way, is if we are, as you are suggesting in your presentation, to harmonize U.S. and Canadian regulations, how can we do so without simply adopting U.S. regulations?

**Mr. George Redling:** The need to find cooperative frameworks for these regulations cuts across a number of areas. For example, there is the possibility for setting common standards for electrical or other appliances, where there is very low risk. On questions of drug and pesticide approval, where the risks may be higher, there may be other considerations. These will be assessed based on what the best standards should be. All jurisdictions will be looking for the best common standards they can incorporate.

This is about reducing duplication and overlap. It's about finding more efficient ways of gaining entry and approval; it's not about reducing protection. This is not a deregulation exercise. We are not going to the lowest common denominator.

One of the first principles is maintaining health, safety, and protection. So in looking for cooperation in these areas, we will be looking for the best practices, the best standards. Some will be theirs, some will be ours, and some will be international. In other words, it may not be a North American standard; it may be an international standard.

• (1620)

**Mr. Michael Chong:** You mentioned that one of the mechanisms for dealing with this issue between Canada and the U.S. is the working group. Three have been set up. How regularly do these groups meet? Who sits on them? Are they industry people, people from Foreign Affairs, or people from the industry department? Which minister is responsible for this process?

**Mr. George Redling:** There is a joint chairmanship with International Trade Canada and the Canada-U.S. Secretariat at PCO. There are a large number of departments involved because this touches on many departments' jurisdictions.

There is a timeframe, which I believe is the end of June. The key sectors are energy, food safety, transport, and telecommunications. These have been chosen as the first sectors that will be addressed by this interdepartmental working group.

**Mr. Michael Chong:** Are these working groups made up strictly of people from the Government of Canada?

**Mr. George Redling:** They also have input from their own stakeholders. This is being done horizontally across departments.

**Mr. Michael Chong:** Okay, but people on the working group are federal government employees or representatives of the Government of Canada?

**Mr. George Redling:** The ones whom I have seen, yes.

**Mr. Michael Chong:** Are we doing this with any other countries or entities abroad, such as the European Union?

**Mr. George Redling:** We have a framework for regulatory cooperation with the European Union that was signed in December 2004. It sets out principles for finding ways to reduce barriers to trade. There is also an international regulatory framework cooperation team; it is interdepartmental in nature.

**Mr. Michael Chong:** These principles that were agreed to last year between Canada and the EU, are we going to be implementing them through working groups, or is this going to be done within the secretariat you mentioned?

**Mr. George Redling:** There are further meetings planned under that framework. They will work out their priorities and the areas they want to concentrate on.

**Mr. Michael Chong:** My last question concerns provincial harmonization of regulation and harmonization of regulation between the federal government and the provinces. Under section 91 of the Constitution Act, the federal government has authority for trade and commerce. Is it your understanding that the responsibility for the harmonization of these regulations—whether province to province or federal government to provinces—is exclusively within the purview of the federal government? Is there any uncertainty on this point?

I ask this question because in your submission you mention that you're going to work to harmonize these regulations. Is there any confusion about who's got jurisdiction, about who should lead the charge?

**Mr. George Redling:** I'll ask my colleague, Madam Aylard, to respond, but the approach that's being taken is a comparative one. This is also the one that was suggested by the external advisory committee.

There are a number of areas of overlap in jurisdiction between the federal and provincial governments, and these working groups are intended to identify where we can cooperate and come up with common approaches to regulating and reduce that overlap and duplication.

•(1625)

**Ms. Jody Aylard:** Harmonization is at one end of the spectrum of cooperation, and I don't think in every instance harmonization is necessarily the objective. It is important to recognize where you can cooperate, where you can have regulations that are compatible with each other that can work together to reduce barriers. And this applies intergovernmentally, whether within Canada or internationally. Harmonization isn't the goal in every instance, and maybe it isn't necessarily the desired objective in every instance. We have lots of examples of where cooperation between regulatory authorities in different jurisdictions is leading to better knowledge, better assessment, so that each jurisdiction can then regulate more effectively.

The same thing is true with the federal-provincial or provincial-to-provincial work that's going on.

**Mr. Michael Chong:** To wrap up, I'd just say that this may be fine in an era of cooperative federalism, but I'm not sure we're in that era. I fear that the obstructions that certain provinces or certain jurisdictions may present to the federal government may be an obstacle to you in implementing these regulations.

I'll just finish by saying that one of the other concerns I have with smart regulation—and if you wish to comment, it would be welcome—is that there is no single minister responsible for the implementation of these regulations. That creates a higher risk of failure because there isn't a single point of political accountability for an initiative like this. It's cross-departmental. In PCO you have designated people, but politically, if there's no single point of accountability, you add additional risk to completing this initiative.

**Ms. Jody Aylard:** It's true to some extent. Almost every minister has regulatory responsibility to some extent. Each has some responsibility to work toward these common objectives. That's why we're taking a coordinating approach to the initiative.

That said, the President of the Treasury Board does have accountability in cabinet for the overall coordination of this initiative, so there's political accountability there.

**The Chair:** Thank you very much.

I have on the list Jerry, Paddy, Brad, and then Werner.

**Hon. Jerry Pickard (Chatham-Kent—Essex, Lib.):** Thank you, Mr. Chair.

Thank you, ladies and gentlemen.

I'm really pleased that you are working on smart regulations, but the problem seems so huge. There are so many different players, each with different agendas. We're talking nationally, internationally. We're talking interdepartmental in the federal government. We're talking provincial to federal government, and international. Also, when we look at smart regulations we're also talking about how business works in Canada and how we can improve government's action working with and in support of Canadian business. That's our goal.

How do you measure—we could take any issue. You have PMRA. I've heard for 15 years that our farm community doesn't have the same applications and fairness in dealing with a lot of the sprays and pesticides that their United States counterpart has. Large corpora-

tions fail to register in Canada because in Canada it's almost a minimal use, whereas in the United States it's a major one. They're going to go to the country and do the efficacy tests and all the other things that are there.

They won't register in Canada at the same time. If they get passed in the United States, Canada does not accept much of the testing that's done in other countries, and therefore, to maintain sovereignty, we don't allow that to happen, but we go through almost the same groups of testing and so on.

All of this leads to this question. How do you determine progress, the critical things you have to do first, how you report back to Parliament or how you report back to groups that must know what is happening, what progress is being made, and what arrangements have been reached to improve business? I'm rather puzzled. I know we have a tremendous melee of government people working on these problems, along with business and so on, but how do we get down to the people in business and say here is the business we're making: one, two, three, four, five, and what are the priorities of that?

•(1630)

**Mr. George Redling:** Thank you.

That is a large question. There are a number of components to it. I'll try to deal with it. I'll ask my colleagues to contribute as well.

You're quite right. It is a very large, horizontal project. I think it's fair to say that when the external advisory committee first looked at it they found it pretty daunting. You have to approach it with a certain process in mind, I think. Process is an important part because you need to involve stakeholders to identify what needs to be addressed first.

We feel the processes we have put in place will help do that. Having the theme tables in place is an opportunity for departments to coordinate legislative activity. It's an opportunity for stakeholders to feed into the process and to be consulted on it.

There is also the proposal to establish a regulatory advisory board that will help monitor progress and also be a source of identification of initiatives. That will be an advisory board to this entire project, a little akin to what the External Advisory Committee on Smart Regulation was doing. They had in fact made a recommendation that within two years such an advisory board would be set up. We are going to try to set up such a board for the fall or winter as well.

How to measure this? I'll ask my colleagues to speak to the measurement, but right now our regulatory policy doesn't deal with measurement. Our regulatory policy deals with the development of regulation, in other words, the kinds of consultations that need to take place. So we need to build a performance measurement framework into that. When regulations are brought into force over a period of time, we need to ensure that they are assessed, that they are meeting the objectives they were designed for, in other words, that the policy objectives are being met. So one of the elements of our new regulatory policy is to have that kind of performance measurement framework in place.

We are also going to have in place a measurement on how the smart regulation process is advancing. How to determine progress? The report on actions and plans that was put out on March 24, as I mentioned, is going to come out every six months. In that there will be a report on what progress has been made on the last six months' worth of initiatives. It will also identify the next series of initiatives that we will be reporting on six months hence. Therefore, it will be a continuous, rolling agenda of new initiatives and reporting on past initiatives.

That will be a public report. It will be available to parliamentarians. It will be available to stakeholders so that everyone can see what kind of progress is being made, or indeed where progress is not being made, and then to hold accountable those who have responsibility for those initiatives.

I don't know if you want to contribute to that.

**Ms. Jody Aylard:** I think you've pretty much covered it.

**Hon. Jerry Pickard:** Is there a danger that the agenda can be hijacked? Oftentimes, the glamorous thing in the press and the pressure that's brought about over certain narrowly limited issues become the agenda of Parliament. It is often the case that that happens. Is there a possibility that this could be derailed in the general direction you're going in by caveats in various public opinion issues that happen from time to time?

It's so broad. Almost everything fits into this agenda. Certainly government can easily be swayed to move in a certain direction. It's not necessarily the best direction to go in, but it is the one of the day.

**Mr. George Redling:** One of the reasons I think that a whole-of-government approach was taken on this was that each department representing their own constituents and stakeholders can contribute to this smart regulation exercise. We will probably face issues where there is a great deal of pressure to deal with certain key areas. Because this is a whole-of-government approach and because this is a public process with accountability for what's been identified, I think that gives it a better chance of moving these initiatives forward, or of at least being able to explain to people why something may not have moved as quickly as expected.

It certainly keeps it on the table. It's in the public eye. It's in the public domain as to what initiatives have been committed to and that those will move forward.

**Hon. Jerry Pickard:** Mr. Chairman, my last question relates to a committee sitting around this table, and to every other committee of the House of Commons or the Senate, or to other groups within government.

We see problems happening over and over again. If I went back to the agriculture committee, where I sat for several years, or I went back to the finance committee, I could find certain issues that were problems then, that are problems today, and that will be problems in the future. How can House of Commons committees have input on or get action back from smart regulation movement? How does that work among your organized groups and the actual House work?

•(1635)

**Mr. George Redling:** There is an interdepartmental group on smart regulation that includes 19—

**Hon. Jerry Pickard:** Let's stay away from the department side and try to go to the elected side—the House of Commons—and the Senate.

**Mr. George Redling:** I will try to build up to that.

I want to establish that there is interdepartmental work amongst a broad variety of departments, and I fully expect that issues from specific departments will be going to their respective standing committees for assessment and reporting. It will be reported back at the officials' level as to how to advance those projects that are of interest to parliamentarians.

For example, we were glad to be invited to appear at this committee so we could get the benefit of your views on what sectors should be looked at and what specific issues need to be addressed. We need that kind of identification to put into the smart regulation agenda for the next go-around. There will be ongoing public reports, so we need an inventory of issues to address, and setting priorities is very helpful to us.

**Hon. Jerry Pickard:** Thank you very much.

**The Chair:** Thank you, Jerry.

Paddy is next, then Brad.

**Hon. Paddy Torsney (Burlington, Lib.):** I was looking at the various participants across all of the initiatives, and clearly government departments are the lead. In many cases you have stakeholders, and those are identifiable groups and organizations, but do we have some small businesses in these sectors to help us test whether things are getting smarter?

I know when some of the small businesses I've worked with tried to export Canadian products into Europe, they found it was a complete mess of regulations. So I am pleased to see that the OECD is commending us for our initiative.

They found it was a total Catch-22. You couldn't get the information unless you were already importing, and you couldn't import unless you met the regulations. So are we going out and seeking some test cases for them to crack our system, and could we?

**Mr. George Redling:** Ken, is there anything in the theme tables?

**Mr. Ken Moore:** I can think of two ways we may be able to get some insight into that. We have committed to make available to stakeholders the opportunity to provide input to the theme tables. So a business that's working in certain sectors could provide input to the innovation theme table to let them know about issues.

The other thing that I think might be useful to us is the regulatory advisory board and the role they will play in monitoring how well we're doing in delivering on the principles and objectives of smart regulation. They will also receive input from stakeholders, and that could include the business community.

So I think both of those have the potential to help with that.

**Hon. Paddy Torsney:** I hope there can be some function, because we're all particularly interested in protecting consumers. I think of that area as being very important. If the smaller players in the industry can't deal within the framework, then you just open it up to abuse, which isn't helpful for anybody.

We've certainly seen lots about regulations on specific health products—mammogram machinery, and what have you. Where's the second part of this, which is how to make sure the regulations we have are being enforced? How do we make sure the regulations we have are simple to enforce, and where is the test of that? I think we could actually get smarter regulations if people had confidence that they were being enforced. If we got that play of making them easy to enforce, or citizens easy to engage, we'd actually get smarter regulations. We're obviously particularly concerned about the mammograms.

**Ms. Diane Labelle:** Just to complete the first part of your question, which was how do you engage small business, I want to underscore Industry Canada's initiative on the reduction of administrative burden. They're definitely engaging small business in that exercise. So that's another way of getting that input.

In terms of ensuring that our laws are respected and norms are complied with, we do have an initiative that's ongoing at the moment. It really has three prongs to it. It's modernizing the Government of Canada's policy statement on compliance. At the moment we very much have a deterrent-centred model, and deterrents will continue to play a key role, but I think we need to understand that threatening prison or a fine only works so far. If you don't know about the rule, if you don't know where you can't apply the rule because your systems aren't compatible, then the threat of a fine doesn't really help you. So this policy statement would be aimed at having a more holistic and integrated approach to achieving compliance.

A second part to this would be to look around federal practices at the moment and to identify in specific areas where there are obstacles and what the potential solutions are.

Then the third component to this strategy is a working group that exists now on regulating and inspecting. They're there to advise government on how to improve its practices across the board.

The idea about getting better compliance with laws goes from how well the policy is developed, how readable laws are, to how well they're implemented. So we're looking at the entire range from policy development to readability to actual enforcement practices.

• (1640)

**Hon. Paddy Torsney:** I look at the initiative on page 31 on trans fats. Clearly Canada, in fact, in publishing information on ingredients is actually going to have better information labelling than they do in the United States and that will actually help consumers make smarter choices.

We have a food manufacturer in Burlington, Voortman Cookies, that is the leader on the adaptation to trans-fat-free cookies. But how do we make sure that the next cookie manufacturers, especially smaller cookie manufacturers than Voortman, which is huge, can easily get up and running or get ahead of the regulations as they design new products and things? How do they feed into that process?

**Ms. Jody Aylard:** Part of that will be through the new cabinet directive. We're building on the existing regulatory policy, which requires that the views of small businesses are heard and taken into account when regulations are developed. Certainly, we're building on all the strengths of that policy when we develop the new cabinet directive, so that practice would continue and be emphasized.

**Hon. Paddy Torsney:** Okay.

Finally, when Art Eggleton was the Minister of Treasury Board, he had done.... I think this all started way back when. I remember we sat around and there were an outrageous number of regulations; just physically there were so many. Do we have the number of how much that heap has been reduced or improved?

**Ms. Jody Aylard:** My recall is 3,500.

**Hon. Paddy Torsney:** Yes, it was something like that.

**Ms. Jody Aylard:** About 3,500 regulations on the books.

**Hon. Paddy Torsney:** Some of which competed with each other.

**Mr. George Redling:** That was part of the statement of stakeholders to the external advisory committee. That was the reason why the theme tables were set up, to avoid that potential conflict, by getting the right departments around the table, so they could see what the trade-offs are and what the impact of one regulation is on another department's stakeholders.

**Ms. Diane Labelle:** We do know that regulatory inflation is down. In terms of your question, we do have an initiative under way on regulatory stock review. We'll be beginning in specific sectors so that we can get a handle on one sector at a time as opposed to dispersing the resources we have across the board, so to speak.

**Hon. Paddy Torsney:** I imagine this is a bit like dusting. There's always more.

**Ms. Diane Labelle:** If I may just add—

**Hon. Paddy Torsney:** I dusted this weekend, and I'll tell you, there's always more.

**Ms. Diane Labelle:** What we're really hoping for, what will distinguish this initiative as opposed to perhaps other regulatory reform initiatives, is we're not looking at it as a one-time, one-shot approach and saying okay, the work's done and now we can move on to whatever.

What we're doing this time is really putting in place the policies, the processes, the tools, and looking at the regulatory community's capacity for an ongoing life-cycle approach. That is, you don't just review the regulations once to see if you have too many or not enough; you do this on an ongoing basis. This is where I think the key is in making this initiative have a better chance of succeeding than past initiatives.

• (1645)

**Mr. George Redling:** I could maybe add that perhaps there is a little bit less dust accumulating in the sense that the OECD remarked that Canada's inflation rate is relatively low compared to other jurisdictions, and in fact the volume of growth of regulations in Canada—and this, to a large extent, also applies to legislation but more so to regulation—has been going down over the past five or six years.

**Hon. Paddy Torsney:** Congratulations, because I certainly think that new members, especially, sometimes don't realize just how often...it's so easy to pile on another piece of legislation or to ask for things to be done in regulations and to just keep piling on, and it doesn't necessarily serve us well.

Having been vice-chair of the justice committee, I can tell you that getting things to be simpler sometimes makes for better laws—it often usually makes for better laws.

**The Chair:** Thank you, Paddy.

Brad, and then Werner.

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** I guess I have, in many ways, one really basic question, and we'll see if it grows from there. As an MP, my job is basically to make recommendations on policy and offer advice, so that's roughly what I'm looking for here.

I think there's widespread consensus on this. Everyone I've talked to supports it. So what do we do to speed it up? Is it that more bureaucratic resources need to be put toward it?

There are specific initiatives in there, whether or not you agree with the legislation, on things like the not-for-profit act or whatever. So I'd like to hear from as many of you as want to respond. If you could play God for a day, and you wanted to speed this up and get smart regulations done faster so that we could have the maximum positive economic impact, where would you start to target? What could members of Parliament do? You guys are doing a great job—of course you are—so should we just leave you alone in that respect? Are there specific areas of legislation we need to target? Are there resources we need to allocate? What do we need to do to get this moving to have the maximum positive impact on our economy? Blue sky this a bit if you want to.

**Mr. George Redling:** At the risk of saying no to empire building, I feel that we should perhaps let this process start for the next six months or so, until the next report is out, to be able to better address how to speed it up.

We have put a number of processes in place to support this initiative across government and push it forward, and I would hesitate...I mean, you can always put more resources into a process and speed things up. I would just let this process work itself out a little bit because we are engaged in a large culture change, and we have to get people to start thinking differently as to how they look at regulation.

The types of things we need to start addressing—we mentioned a risk management framework, a performance management framework—is to get people to understand how these will work and how to report against them.

That's going to take us a little bit of time to prepare the training programs, to do the education. We need to get people also to think of how smart regulation means looking at avoiding duplication, looking at what other jurisdictions are doing, at how to make the process simpler, how to avoid more consecutive decision-making and replace it with concurrent decision-making.

The kind of culture change this requires I think has to take root. I hesitate to say that more resources at this point will necessarily bring faster results. I think we have to do a good job on education and getting people to start thinking in these terms.

**Mr. Bradley Trost:** I will say that coming from this side of the table, it's never a bad thing when the bureaucracy says don't spend more money on us. I will mark this day down, because I don't think I will hear it again. So if I can hear you say, very clearly—

**The Chair:** Say that again.

**Mr. Bradley Trost:** —don't spend more money.... I understand that clearly.

**Mr. George Redling:** I just said not yet.

**Mr. Bradley Trost:** With “yet” being the key word there.

So basically, hands off, let us do our work, you're doing everything you can, and have a little patience; that's what you're telling us.

**Mr. George Redling:** I think that's a good summary, because we need to get this to take root and start happening across the board.

**Mr. Bradley Trost:** Now, the one other thing I was looking at is that the various initiatives in there have already been started.

Am I to understand that the way you see most of the progress happening is, shall we say, on a project-by-project basis, with an overall initiative coming from behind and sweeping everything up? You've listed some in here, and they look fairly good. It's fairly summary, but are there different things that should move forward to make some progress in certain areas? This is like trying to eat an elephant; you cannot take it all in one bite. You have to start with a little bit here and a little bit there.

Is that how you view the progress to be made for an overall goal in what is essentially a continuing progress, little bits here and there with an overall initiative coming from behind to push and sweep forward?

• (1650)

**Mr. George Redling:** I wouldn't necessarily characterize it as little bits here and there. I think the purpose of the theme tables is to attract a thematic forward movement in the areas we've identified. Some of the initiatives will be quite large; it's not always just a little step forward. Some are smaller than others, but some of them are quite large, so I think we will see a progression of both large and smaller steps advancing these thematic areas.

**Mr. Bradley Trost:** Good enough.

**Ms. Jody Aylard:** Maybe I could just add to that by saying we are in the process of designing a reporting framework on this that will take a look at those themes and try to roll up these individual initiatives into a bigger-picture progress report across departments—it's called a reports management and accountability framework. We will be consulting the stakeholders on meaningful indicators to measure that progress so that we can look at it across government as well as initiative by initiative.

**Mr. Bradley Trost:** I'll just say one thing, and then I really have no more questions. If you do find in that six months or whatever that there are roadblocks starting to build and so forth—I'm sure I can speak for pretty much all members of the committee—we'd appreciate your feedback to get things moving.

**The Chair:** Thank you, Brad.

I have only Werner on the list, so I'm going to let Werner go on a little. It's a very important subject to Werner in particular, and to all of us, of course. If anybody else wants to ask a question, just let me know and I'll be sure to interrupt Werner.

Go ahead, Werner.

**Mr. Werner Schmidt:** I'm sure you will.

Thank you, Mr. Chairman.

Seriously, I think this is not just my concern. I think this is a concern all across government. I really want to commend the philosophy that seems to be developing from the bureaucrats who have been charged with the responsibility of doing this. I'm rather encouraged by some of the comments I've heard.

What I'd like to do is pose three kinds of questions: one very specific kind of question, and then all the way to a rather encompassing question.

The first question I have—and I want to go back to the question I ended up with in the first round—has to do with the internal trade

barriers that exist. Now this is not a new question. This has been around for a long time, and there was an agreement structured several years ago. I know you responded that maybe we can't do it on a sector-by-sector basis, but when you get into these interprovincial trade barriers, if you think that we're going to solve that in one fell swoop, it isn't going to happen. I think maybe we do have to pick out one or two areas and ask whether we can cooperate on them.

I'll give you a specific example: the recognition of professional trading and licensing from one province by another province. The absolutely tremendous impediment of the barrier that prevents people who have been trained in one province from practising in another province I think is a very serious concern. At the moment that has both legislative and regulatory implications. I'd like to first of all ask you that question, and then I want to follow it up with another one.

**Ms. Jody Aylard:** I'm sorry, the question is whether we should start sector by sector?

**Mr. Werner Schmidt:** Or even instance by instance in some cases. I mentioned a particular instance, which is the licensing of professionals. The work goes beyond that.

**Ms. Jody Aylard:** As I understand it, part of the work that's being led by Nova Scotia for the Council of the Federation is going to be to identify areas that should be addressed first on a priority basis. The internal trade ministers who met last December under the chairmanship of Minister Emerson also reiterated the need for regulatory harmonization. These two agendas are now pretty much one and the same. This working group that Nova Scotia is leading will be reporting to both the Council of the Federation and internal trade ministers in June. I think it will report to the Council of the Federation in July, but I'd have to check the date. Part of what they're looking at is where we should be moving first and next—the priority basis.

**Mr. Werner Schmidt:** I want to push this a little. I don't want to commit you to anything in particular, but I want to ask you on a logical basis, how many meetings do we still have to have to recognize that we should be able to recognize the licensing of a doctor who has been trained in Quebec to practise in British Columbia?

• (1655)

**Ms. Jody Aylard:** It's not an area I know in great detail. I think it's HRSDC that's leading the work on labour mobility. I apologize for that kind of bureaucratic answer. We can certainly look into it and try to get some information back to you on what stage that work is at.

**Mr. Werner Schmidt:** I appreciate that I'm pushing. Now the chairman is telling me it's actually HRSDC. I agree, but you folks are sitting around the Privy Council table. There is the Minister of HRSDC sitting at the table and he knows jolly good and well that this is a problem. You don't have to be told over and over again that this is a problem. So we have Nova Scotia that is leading something—

**The Chair:** On a point of order—

**Hon. Paddy Torsney:** Just a second. On a point of order, we're all concerned about the problem Mr. Schmidt has raised, but it's clearly the medical associations that control their own bodies that are part of the problem.

**Mr. Werner Schmidt:** That's not a point of order.

**The Chair:** That's a point of debate.

**Hon. Paddy Torsney:** I hear you berating the witnesses for something for which they're not responsible.

**Mr. Werner Schmidt:** No, that's a debate.

**The Chair:** Paddy, that is more debate. I'm wondering, too, about Werner's question, but let him ask his question and our witnesses will let us know if they are qualified to answer.

**Mr. Werner Schmidt:** If they can't answer, they can just tell us they can't, but somewhere this has to be dealt with.

**Ms. Jody Aylard:** My understanding is that it's the AITE process that is looking at that.

**The Chair:** What is the AITE?

**Ms. Jody Aylard:** Sorry, it is the agreement on internal trade exercise.

**Mr. Werner Schmidt:** That's good. It leads into the next question, and that has to do with the relationship between legislation and regulation. I'll give you a specific example. About two weeks ago, I think it was, Mr. Chairman, Bill C-37, I believe, the do not call legislation, was being studied by the committee and will come up here again. There it became quite clear that the legislation should be extremely general and that pretty well everything of any significance is going to be done by regulation. So the question becomes, what is the relationship between regulation and legislation?

**Mr. George Redling:** That is a long-standing issue, and I agree that the relationship is a close one, because when one has framework legislation and a lot of the substance is left to the regulation, parliamentarians will raise the issue of what they are approving. One of the recommendations I think the external advisory committee made was that departments should be providing at least a summary of what is intended to be provided in regulation.

I'm not sure it's feasible in all cases to have regulations ready at the same time as the legislation is prepared or tabled. Part of the reason might be that drafters are not sure whether the legislation itself may change when it goes through the parliamentary process. And sometimes the regulations are drafted afterwards because they still need to consult with stakeholders further on the details of what's to be implemented.

There may be many reasons why it may not be available at the same time as the legislation, but I understand the concern about knowing what, in essence, is going to be approved and at least

having a summary available of what the recommendations are intended to deal with.

**Mr. Werner Schmidt:** I gave you the example of the piece of legislation that's now before the committee, but there are also existing pieces of legislation that have regulatory consequences, and sometimes the regulations have revealed that the legislation in fact is deficient. So the deficiency in the legislation is being shored up, if you will, by regulation. And sometimes that creates complications that are very far-reaching and probably are a greater impediment to economic development, innovation, and commercialization, particularly those areas, than anything else. That's really the other part of this question about the relationship between legislation and regulation.

Will you or any of your theme tables actually come up with recommendations on how legislation could be improved by withdrawing certain regulations and by amending the legislation so that indeed it would be smoother?

**Ms. Diane Labelle:** What I would like to say is the following.

The intention is not to aim smart regulation and the analytical processes we've been describing here just at regulation-making. The intention is to also aim them at legislation-making so that you have greater compatibility in the analytical frameworks between the legislation and the regulation, so there is better compatibility and better policy coherence between the statute and the regulation itself. That is one part of the answer.

Another part of the answer, as I explained earlier on, is that we're undertaking a review of existing regulation. Along with that we will be looking at the enabling legislation to see where the obstacles are. That's one of the elements we're looking at.

• (1700)

**Mr. Werner Schmidt:** Well, I'm very encouraged by that, and I think that sounds like a very constructive approach.

The other question I have has to do with this regulatory advisory board. I'm intrigued by that because we have an external advisory board, first of all, to come up with recommendations on smart regulation; now we have an advisory board. I know it's probably premature, but you haven't structured it yet, have you?

**Mr. George Redling:** No.

**Mr. Werner Schmidt:** So it's a little bit premature.

I'd like very much to have this committee be apprised as to who will be on that committee, what the mandate of that committee would be, exactly how it would function, and what relationship there would be with that advisory board and certain stakeholders who were actually involved in the earlier external advisory board. I think there's a really significant role this board could play in the future progress of the work you're doing.

**Mr. George Redling:** The External Advisory Committee on Smart Regulation recommended that the regulatory advisory board, which I think I mentioned earlier, come into effect about two years after their report. They had envisaged that the committee or board would look at how the implementation of their recommendations was progressing. What we are proposing is adding to that type of mandate—and the mandate has not been set down yet—so in addition to that, it would help advise on priorities and areas to focus on so they become another source of stakeholder input into the process, perhaps a more concentrated and higher-level source.

We were thinking of using the reference groups that are being struck to advise us on how to develop this new regulatory policy and this new life-cycle approach to regulation-making. It's a very important management tool across government for members of that reference group to also give us insights into both membership and mandate, into how to structure the mandate of this kind of regulatory advisory board. We are planning to do that for the fall or the winter, and we'd be glad to share the information with you on it as it develops.

Did you want to add anything?

**Ms. Diane Labelle:** If I may, I would like to take advantage of this to speak to the advisory board issue to complete the answer to Monsieur Crête's earlier question.

[*Translation*]

I would like to complete the answer that has just been given to you on how we can influence initiatives that will be addressed. The smart regulation consultation board, which will be created and will be composed of citizens and various participants, will have the possibility of influencing or indicating priorities to the government's work program. This is the approach chosen. Also, participants will be invited to appear or participate in thematic tables. This will be another way of having influence on establishing priorities for the government's work program.

[*English*]

**The Chair:** We'll let Michael jump in for a bit, Werner, and then if you have something else, we'll go back to you, assuming there's no one else.

**Mr. Michael Chong:** I just wanted to clarify an earlier question I had asked, Mr. Chair, about the power of the federal government over trade and commerce. I know you mentioned you're taking a cooperative approach, and I appreciate that, so mine is more of a hypothetical question.

Could the federal government, using its power over trade and commerce, force a national standard in a whole host of different areas, whether that be licensing of medical doctors, licensing of engineers, or the creation of a sort of national standard for lawyers? Where there are differing provincial regulations for particular industries, could the federal government use its authority over trade and commerce to force these national standards?

I can appreciate that you may not have the answer to that, and maybe you could submit it to the committee at another time.

• (1705)

**Ms. Diane Labelle:** Your question certainly requires constitutional analysis that I think is beyond the government officials

appearing before you. You're certainly entering into a provincial area of jurisdiction in hypothetically asking whether the federal government could use its powers in that, whether spending powers or some other form of power. To do so I think is quite hypothetical and would require a legal analysis from that perspective.

**Mr. Michael Chong:** Is it beyond your purview to potentially submit an answer to this, in other words?

**Mr. George Redling:** I would say it probably is beyond our ability to provide that.

**Mr. Michael Chong:** Okay. Thank you.

**The Chair:** Werner, if you don't mind, before we go to you, a couple of colleagues have mentioned getting down to some specific examples. I think Jerry raised it as well as one of the opposition members. In one of our first sessions on this some months ago, we were wondering about actually walking through a couple of examples. Our witness, Monsieur Lussier, had a particular interest in the health field.

For the most part, we're very practical folks here. The people who are ultimately served by regulation are the citizens, either small business or what have you.

Is it possible to have four or five examples, maybe in different sectors? Here is a problem, not a big complicated one, that came out of the Mackenzie Valley pipeline, and here's one in the health sector—just to say here's something that has come up over and over again. Maybe it has to do with food colouring, for example. Here's where we were 5 or 10 years ago with all these different jurisdictions and this is actually where we are today, or at least this is where it's pointing—just to give us some idea that actually on the ground there's....

You're doing wonderful work, but it's so theoretical and hypothetical that I don't think I could explain any of this to any one of my constituents. They're not stupid; I'm not stupid. But what do you explain?

I'm just wondering if half a dozen examples, more or less, from different areas would be helpful just to wrap our heads around the idea that, yes, there must be progress because here are a few examples of where there is. And if you have one piece of progress, then you have progress.

I put that out as a request on behalf of our group so that either PCO or somebody could give us some examples. Is that okay?

With that, I'll go back to Werner.

**Mr. Werner Schmidt:** Thank you very much, Mr. Chair.

I'm sorry Paddy left, because I think that was a good illustration of how conflict can arise very quickly out of something that is really not necessary to have a conflict over.

We have a common challenge here and it exists across Canada. Is there a willingness on the part of various department? Vested interests do begin to play a role, not just a little bit, but a major role. There's competition between provinces. There's competition between industries, within sectors. There is competition between sectors. Sometimes regulation helps this competition; other times it exacerbates the competition or the conflicts that exist. So that's really what I'm after. When it comes to these internal trade barriers in particular, it probably raises its head more often there than anywhere else in Canada. What can be done to change the attitude?

Mr. Redling, you mentioned that we're into a cultural change here, and I think you're right—a major cultural change. What can be done to bring about this willingness to actually become smarter in the way we regulate our activities and our interests?

**Mr. George Redling:** What we have found, Mr. Schmidt, is a lot of goodwill from departments. I mentioned that we have 19 departments and agencies working with us on this initiative. They have been very cooperative in bringing forward initiatives, in speaking to their stakeholders, and in fact working on the next set of initiatives to bring forward. I would have to say there is goodwill and departments are stepping up to the plate.

Having said that, I take your point that there are some very difficult issues that reach across more than just interdepartmental lines, that perhaps require more effort and more time to resolve. But I have to say, in terms of this initiative.... I would hope that the 40 initiatives you have seen in this report on actions and plans are

already an indication of the kind of willingness that departments have shown in stepping up to the plate.

• (1710)

**Mr. Werner Schmidt:** I wish you well.

**Mr. George Redling:** Thank you.

**The Chair:** Are you finished, Werner?

**Mr. Werner Schmidt:** Yes.

**The Chair:** Thank you very much.

By way of concluding, it occurred to me that an easy way to find five or six examples is to invite the regulatory community, which is public servants and stakeholders at all levels, to submit a few examples, because somebody is going to want to brag about how they helped to resolve the problem they had.

We thank you very much for this. It was important that we have you in today, and you've been most helpful.

**Mr. George Redling:** Thank you very much, Mr. Chairman.

**The Chair:** Thank you.

I just want to remind colleagues that we have Ministers Emerson and Comuzzi on Wednesday, as was agreed. Two hours are for Mr. Emerson, and then we have a half hour for Mr. Comuzzi, who is the FedNor minister for northern Ontario. I think that was Brian's request.

With that, we are adjourned.

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