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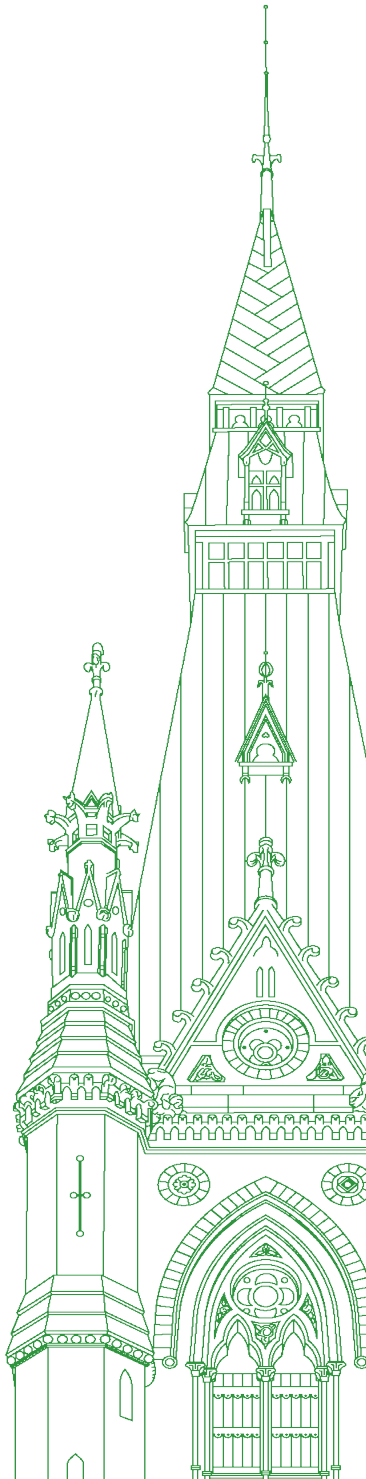

Chair: Mr. Tom Lukiwski

Standing Committee on Government Operations and Estimates

Tuesday, March 10, 2020

● (0845)

[*English*]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, it being 8:46, one minute past the scheduled start time, I believe we will start. We're a little shy on the government benches, but we do have quorum.

Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): As we start and we have quorum, and business relating to our study, I wonder if I could put through a motion that we vote on immediately that we require the Prime Minister to come and give his comments on the red tape reduction and the program.

The Chair: Do you have that as a formal motion, Mr. McCauley?

Mr. Kelly McCauley: It's the work of the committee. It's the work of this study.

The Chair: The protocol, as I'm sure you're well aware, Mr. McCauley, being an experienced parliamentarian, is not only that the committee is the master of its own agenda; it can provide invitations but cannot compel.

We can certainly invite the Prime Minister to attend, but we are not in a position to compel the Prime Minister to attend. I'm not sure if you want to pursue this any further, but—

Mr. Kelly McCauley: My colleagues have actually shown up.

The Chair: I would suggest that we—

Mr. Steven MacKinnon (Gatineau, Lib.): You might have a majority.

Mr. Kelly McCauley: I think we're fine.

The Chair: Thank you very much.

Mr. Kelly McCauley: I just perhaps request that our colleagues on the other side show up on time so we're not wasting our witnesses' time.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): It's 8:45.

The Chair: Actually, it's 8:47. That clock's off.

Mr. Francis Drouin: I mean, why quibble?

The Chair: Colleagues, we do have two witnesses with us today as we review the Red Tape Reduction Act.

We have Mr. James Van Raalte and Mr. Loyst. Gentlemen, as I understand, you both have opening statements, approximately 10 minutes each. We'll go directly into questions from there.

Mr. Van Raalte, I understand you're first up. The floor is yours.

Mr. James van Raalte: Thank you, Mr. Chair, and good morning, members. Thank you very much for inviting the Treasury Board of Canada Secretariat to contribute to your review of the Red Tape Reduction Act. As the chair indicated, my name is James Van Raalte and I'm the executive director of the regulatory policy and co-operation directorate at the regulatory affairs sector with the Treasury Board of Canada Secretariat.

My remarks and testimony this morning are intended to explain what the act sets out to do and how it works, share some initial observations on its results reported to date, and describe the efforts that have been made so far to support its upcoming statutory review.

The one-for-one rule, instituted in Treasury Board policy in 2012-13 and then legislated in the Red Tape Reduction Act in 2015, aims to control the administrative burden that regulations impose on businesses. Administrative burden refers to the costs that relate to activities like submitting reports and preparing for inspections, whereas compliance burden refers to the costs related to complying with the actual requirements that protect health, safety, the environment and the economy—for example, things like batch testing.

[*Translation*]

There are two components to the one-for-one rule. When a new or amended regulation increases the administrative burden on business, the cost of this burden must be offset via other regulatory changes. Specifically, for every dollar of new administrative costs imposed, a dollar must be removed; and for every new regulation that introduces administrative burden, an existing regulation must be removed. In both instances, when new administrative costs are introduced, departments have two years to offset the costs with other changes and remove a regulation from across a minister's portfolio.

There are three categories of regulations exempted from the requirements to offset: first, regulations related to tax or tax administration; second, regulations where there is no discretion regarding what is to be included in the regulation, for example, treaty obligations or the implementation of a court decision; and third, regulations made in response to emergency, unique or exceptional circumstances, including where compliance with the rule would compromise the Canadian economy, public health or safety.

[*English*]

Only Governor in Council and ministerial regulations that impose administrative burden on businesses are subject to this one-for-one rule. It does not apply to regulations developed under independent regulation-making authorities such as those typically granted to organizations at arm's length from government, such as the Canadian Radio-television and Telecommunications Commission.

I would like to share with the committee some of the results of the one-for-one rule observed since its introduction as policy in 2012 and up to March 31, 2019. I will clarify for the committee that the policy was in place before the act was in place and we have performance results all the way through, so I will be speaking to those performance results all the way back to 2012.

For context, Canada currently has about 3,000 federal regulatory titles in its stock. Annually, approximately 150 to 250 regulatory changes are approved. This includes the additions of new regulations, amendments to regulations and repeals.

Since the policy was put in place in 2012, there have been approximately 2,070 regulatory changes, again, new amendments or repeals. Roughly 86% of these, or 1,772, were subject to ministerial or Governor in Council approval and were therefore within the scope of the rule. The remainder, as I indicated, were made through independent agencies, arm's length from the government.

Of the regulatory changes within the scope of the rule, about 15%, or 266, had implications under the rule, meaning that the changes that were made increased or decreased administrative costs for business, added new regulations with new administrative costs for business, repealed regulations or contained some combination of these elements.

● (0850)

Under the first element of the rule, regulators removed an estimated $44.9 million in annualized administrative costs while adding $20.6 million in annualized administrative costs, producing a $24.33-million net reduction in annualized administrative costs. Put another way, for every dollar of administrative costs that has increased, approximately $2.2 were decreased.

Under the second element of the rule, departments and agencies added a total of 41 new regulations that introduced new administrative burden on business. They also repealed a total of 185 regulations from their stock. This has resulted in a total of 144 net regulations removed under the rule.

With regard to the application of exemptions, a total of 88 regulations met the criteria that were approved for exemption by the Treasury Board. The breakdown is as follows.

Fifteen of the 88, or approximately 17%, were exempted because they were related to tax or tax administration, for example the United States Surtax Remission Order, which reimbursed importers for Canadian surtaxes on imported steel that responded to U.S. tariffs on Canadian steel, or the elements of the Softwood Lumber Products Export Charge Act, 2006 regulations, which eliminated export charges on softwood lumber products exported from Canada to the United States.

Forty-nine out of 88, or approximately 56%, were exempted on the basis that there was no discretion regarding what is to be included in the regulation. This included the access to cannabis for medical purposes regulations, which responded to Federal Court and Supreme Court decisions concerning the access to cannabis for medical purposes, or the regulations implementing the United Nations resolutions on Mali, which implemented a UN Security Council resolution to freeze the assets of designated individuals and entities whose assets were derailing the peace process in Mali.

Finally, 28 of the 88 exemptions were there because they were made in response to emergency or unique circumstances, including where compliance with the rule would compromise the Canadian economy, public health or safety—for example, a 2017 amendment to the regulations amending the wild animal and plant trade regulations that temporarily prohibited the importation of salamanders to prevent the introduction of a specific fungal disease into Canadian ecosystems.

The Government of Canada, as a whole, has maintained positive balances—that is, it has complied with the act—for both elements of the rule: administrative burden and regulatory titles.

Allowing portfolios to bank reductions in administrative burden and numbers of regulations provides added incentive for regulators to remove burden as soon as possible. This results in immediate benefit to Canadian businesses.

[*Translation*]

One significant gain from the implementation of the rule is the system-wide heightened awareness of the cost impacts of administrative requirements on business. As a direct result of the rule's application, we now have the ability to measure, record, and report on changes in regulatory administrative burden on business and to inform meaningful conversations with stakeholders about its reduction.

The one-for-one rule is one part of a larger scheme of policies and measures that make up Canada's regulatory framework. Cost benefit analysis, the application of the small business lens, regulatory co-operation and regulatory stock review all aim, among other objectives, to minimize burden on business and maximize efficiencies.

Following the implementation of the Cabinet Directive on Regulation in September 2018, the government committed to a regulatory reform agenda and announced the review of this act alongside a number of modernization initiatives that aim to strengthen transparency, co-operation across jurisdictions, innovation, and competitiveness within the regulatory system.

These initiatives include targeted regulatory reviews, the development of an online consultation platform, the establishment of a Centre for Regulatory Innovation, an annual regulatory modernization bill, and an external advisory committee on regulatory competitiveness and ongoing support for international and interprovincial regulatory co-operation.

● (0855)

As you know, the Red Tape Reduction Act includes a provision for the President of the Treasury Board to cause its review five years after coming into force. In preparation for this review, the Treasury Board of Canada Secretariat launched a consultation via Canada Gazette from June 28 until September 5, 2019.

[*English*]

The Chair: Mr. Van Raalte, my apologies for interrupting. I'm very hesitant to do this, but we are considerably over time.

[*Translation*]

Mr. James van Raalte: Right.

[*English*]

The Chair: I wonder if we could go directly to Mr. Loyst. I know our committee—I know it well—and they were eager to get to questions.

Mr. James van Raalte: Right.

The Chair: They have copies of your opening remarks in front of them.

With that, Mr. Loyst, you have 10 minutes.

Mr. Greg Loyst (Director General, Policy and Regulatory Strategies Directorate, Department of Health): Thank you, Mr. Chair. I'll try to move through this relatively quickly.

[*Translation*]

I am pleased to be here today as part of your review of the Red Tape Reduction Act.

My colleague from the Treasury Board Secretariat has given us a great overview of the RTRA. What I hope to do this morning is provide a brief perspective from a regulatory department.

[*English*]

The health portfolio regulates tens of thousands of products that we all use in everyday life. These cut across a number of different industry sectors. They range from children's sleepwear and toys to the medicines that we might take. They also include pesticides, vaping and tobacco products, cannabis and controlled substances. There's quite a wide range of products.

The health portfolio is responsible for the administration of 18 acts and 137 regulations. Health Canada is among a small number of departments that represent a significant portion of the regulations administered by the Government of Canada. The key drivers for our regulatory activity are to protect the health and safety of Canadians and to facilitate access to products that are vital to well-being.

[*Translation*]

As my colleague has just outlined, the purpose of the RTRA is to reduce the administrative burden that regulations impose on businesses.

[*English*]

That is something we take seriously at Health Canada when considering the development and amendment of regulations. Since the Red Tape Reduction Act and the one-for-one rule were enacted, the health portfolio has made notable progress in meeting the purpose of the act: 13 regulatory titles have been eliminated and $4.2 million in administrative burden has been reduced.

It's important to note that this reduction has been accomplished in a period when the department has seen the emergence of two entirely new industries. The vaping or electronic cigarettes industry and the cannabis industry did not exist at the time of the RTRA's passage. Both have required legislative and regulatory frameworks to be established, adding new titles to our stock.

Health Canada has implemented regular monitoring and reporting regimes to measure compliance with the act and reports annually to Canadians through the Treasury Board Secretariat. The Red Tape Reduction Act and the one-for-one rule are an important part of our efforts to control administrative burden, but there are a number of other measures that contribute to this work as well.

[*Translation*]

The Government of Canada has a robust regulatory management and modernization agenda. My colleague from the Treasury Board Secretariat would be able to provide detail on this if you wish, as it is led by his department.

[*English*]

Health Canada is an active participant in the Government of Canada's regulatory co-operation efforts. We work with partners in the United States and the European Union to reduce unnecessary differences and eliminate duplicative requirements and barriers among jurisdictions. One example of this is the 2019 approval of two oncology drugs through joint reviews with the United States and Australia. Further, Health Canada has worked with the United States Center for Veterinary Medicine and has simultaneously approved 11 veterinary drugs.

● (0900)

[*Translation*]

Regulatory alignment with international partners not only reduces burden on industry, it also makes Canada a more attractive market for business development and expansion.

[*English*]

Health Canada participates in the sectoral regulatory reviews led by the TBS. A review of regulations in the health and biosciences sector was conducted in 2018 to identify and address regulatory barriers to economic growth and innovation. The results were published in the health and biosciences sectoral regulatory review road map. The road map sets out a variety of initiatives that aim to reduce burden and foster innovation that the department will pursue over the coming years.

One example of this, as noted in the 2018 fall economic statement, is Health Canada's proposal to reduce clinical trials record retention requirements from 25 years down to 15. This will not only reduce burden on industry, but it will align with international standards in other jurisdictions like the U.K., the U.S., the EU and Australia. Potential savings of up to $40,000 are estimated per clinical trial from this change.

Finished product testing is another good example, where the department is pursuing regulatory change intended to create an exemption to retesting requirements for some lower-level products imported from certain countries with comparable safety standards to Canada. This will reduce the burden on industry, much of which would be small and medium-sized enterprises. During our consultation on this, one of the industry associations estimated that the reduction of this duplicative testing requirement could result in approximately $32 million in savings to industry annually.

Instrument choice is another important mechanism to reduce burden. One of the trappings of regulators is that they regulate. Regulation by default is something that has to be guarded against. When it is determined that some level of intervention is required to respond to an identified need or risk, considering non-regulatory instruments is important. Solutions through policy, guidance and in some cases voluntary measures can be a way of achieving policy objectives with a view to minimizing the amount of regulatory burden imposed. Even in cases where it is determined that a regulation is required, regulatory design is important. Where possible, outcome or performance-based regulations should be considered, where regulations specify the desired result of the regulation, rather than just a prescriptive manner in which to comply with the regulation.

As you can see, with the RTRA as a backdrop, there are a number of measures being employed at Health Canada that also seek to reduce burden.

Just before I close my remarks, I would like to briefly reflect on one of the important challenges the department faces in its quest to reduce administrative burden. Health Canada is the department responsible for helping Canadians maintain and improve their health. In short, our regulations are rooted in health protection. When regulating in the interest of the health of Canadians, there's always a need to balance this policy objective with the burden imposed on the industries that we regulate. Where regulatory intervention is required, the health of Canadians will be the determining factor in the approach we take.

Mr. Chair, I think I'll leave it there in the interest of time. I'm happy to take any questions you may have.

The Chair: Thank you very much.

Before we go to questions, colleagues, I have an announcement. I'll be suspending this meeting to go into committee business at approximately 10:15.

With that, we'll go into our six-minute rounds of questions.

Mr. McCauley, you're up first.

Mr. Kelly McCauley: Thanks, gentlemen. I appreciate your being with us today.

Mr. Van Raalte, I want to spend our six minutes with you. I want to talk about how other jurisdictions are working on their red tape reduction. Has your department looked at perhaps the B.C. model or other countries? What do you see that we should be changing or not changing, or are we benchmarking ourselves against others?

Mr. James van Raalte: Thank you for the question.

Part of the work that my team is responsible for undertaking is that comparative analysis. The good news is that Canada is considered a leader in regulatory modernization. We have a long way to go. We are not perfect; I will firmly admit that. We are recognized amongst the OECD in terms of both our mechanisms to modernize and our efforts in that area.

At the same time, we do look at what is going on in other jurisdictions. Opportunities to learn from British Columbia and Ontario, as well as the United States—

● (0905)

Mr. Kelly McCauley: Can I interrupt? You mentioned B.C. Does it require legislative change, or can we move to a two-for-one or three-for-one reduction on our own as a policy? You mentioned that, before the legislation came in, the department was already working on a similar model. Can we go ahead with more aggressive red tape reduction?

Mr. James van Raalte: Could I ask for a little clarity on the question?

Mr. Kelly McCauley: Sure. B.C. has a two-for-one reduction; ours is a one-for-one. Can we move ahead with a two-for-one reduction? What's holding us back from being more aggressive with red tape reduction?

Mr. James van Raalte: Nothing is holding us back. It depends on a question of emphasis. The government has adopted a number of measures that are well under way in terms of looking at issues around red tape reduction and administrative burden.

My colleague from Health Canada pointed out the regulatory reviews, which in round one have looked at issues around health and health sciences: for example, in terms of looking across health regulations, not just one set of regulations and not just in one department, in terms of building that road map to modernizing the regulatory—

Mr. Kelly McCauley: What's stopping us from going ahead and being more aggressive? Again, B.C. has a two-for-one reduction.

I was looking at the numbers provided by our library, and since 2012 the actual dollars saved are pretty minimal.

In terms of a benchmark, I look at the States, where their Office of Information and Regulatory Affairs says it has cut $33 billion in the last three years. Now, not every one of those regulatory cuts is perfect, and it's a larger country, 10 times the size economy-wise, but that's still $33 billion cut in three years, whereas I think our analysts are showing that our regulatory cuts have added an economic burden to our businesses.

Therefore, what is stopping us from being more aggressive? Is it political will? You mentioned a lack of emphasis. Is that an emphasis required by the political body? Is it lack of emphasis within the department itself, or a lack of power given to your department?

Mr. James van Raalte: From a policy perspective, in looking at what other countries have done, a number of countries were ahead of Canada in terms of introducing a one-for-one rule. Some of them went to a two-for-one rule. In Britain, they actually went for a three-for-one rule and then have subsequently rolled those back or eliminated them.

It's a question of a balancing act of looking at the experiences in other jurisdictions as to how well those rules have performed, what really came out of those rules and how they were administered. It's a little different in every jurisdiction.

We continue to watch what is happening in British Columbia. However, again, this review by this committee and the recommendations that this committee may make are very welcome, both to the government and to those of us working within the Treasury Board Secretariat, in terms of—

Mr. Kelly McCauley: The old Department of Industry, now Innovation, Science and Economic Development Canada, did a study about two years ago and put forward 11 recommendations. Have we acted on those recommendations that they put through on their red tape reduction study?

Mr. James van Raalte: Yes. We are acting on those recommendations.

Mr. Kelly McCauley: How many of the 11 recommendations have we instituted?

Mr. James van Raalte: The government agreed with all of the recommendations by the committee. I'm happy to report that we are making progress on all of them.

Mr. Kelly McCauley: How many of the 11 recommendations have we implemented?

Mr. James van Raalte: I'd have to come back to the committee on the exact nature of that.

Mr. Kelly McCauley: Would you be able to?

Was there anything from their report that you thought was lacking, that perhaps we should look at more fulsomely?

Mr. James van Raalte: It was quite comprehensive. It provided a good sense of direction for the government and was very helpful.

Mr. Kelly McCauley: Mr. Loyst, quickly, when we bring in regulations for vaping, as you mentioned, does that count for the one-for-one, or is it just considered a brand new technology that therefore we're going to regulate? Does that require less in terms of the one-for-one, to lose one?

Mr. Greg Loyst: Yes, it would. Any new regulations that are brought in require an offset.

Mr. Kelly McCauley: Then you do, even on a brand new technology.

Okay. Thank you very much.

The Chair: Thank you very much.

We'll now go to Monsieur Drouin for six minutes, please.

● (0910)

Mr. Francis Drouin: Thank you, Mr. Chair.

Thank you to the witnesses for appearing.

My colleague briefly touched on it. When the Red Tape Reduction Act was implemented, there was the one-for-one rule. We know that other jurisdictions have implemented two-for-one.

Is there a reason we wouldn't choose to go for the two-for-one rule? What would be the advantages and disadvantages of staying with the one-for-one rule, and what have we learned from the one-for-one rule versus perhaps going for the two-for-one rule?

Mr. James van Raalte: The results of the one-for-one rule speak for themselves. We have seen a net reduction financially in cost to businesses in terms of administrative burden.

To go to a two-for-one rule, from an analytical perspective, the jury is still out in terms of the experiences from other countries. The U.K. has rolled back its efforts in terms of going from one-to-one to one-to-two to one-to-three, and in fact, it has eliminated the rule altogether.

Mexico introduced a two-for-one initiative and has scaled that back to a one-for-one initiative, and we are still seeing how that is performing. Spain has a one-for-one rule, and we are watching what they're doing. It depends on what the government is trying to accomplish in terms of administrative burden and looking across at the other tools in the tool box that we have.

We are looking at an annual administrative regulatory modernization bill. The first one was part of the budget implementation act last year in terms of removing regulatory irritants that businesses had identified. We expect to bring forward, with the minister's permission, another reg-mod bill in this session.

I've spoken a little about regulatory reviews, and so has my colleague. It's a question of a balanced package in terms of moving forward on the modernization of Canada's regulatory framework.

Mr. Greg Loyst: I'll offer a quick perspective.

We've obviously been watching what has been happening in other jurisdictions and some of the conversations that are taking place there. When you look at the early implementation of a one-for-one, or more, there's probably more inventory in the regulatory stock in terms of outdated or antiquated regulations.

You go through your first couple of rounds and remove those, and your regulatory stock gets a bit leaner. Then, when you have a lean regulatory stock and you want to bring forward a new title, and you have to get rid of three, what do you do, particularly for a regulator that regulates in the interest of health? Which risks are less important, or which dangers? Maybe we have to get rid of these precautions because we want these other precautions. It's something that has to be given consideration when looking at that.

Other arguments have been raised in other jurisdictions. What's happening is that regulations are becoming more complex. Regulators are having to save titles: one in, three out. They're taking like regulations and combining them into mega regulations. This makes compliance more difficult for industry. Where you have clear and distinct regulation that's easily understood and easily applied, that works. When you start to combine these things for the sake of saving titles, you could actually increase compliance burden, which is different from administrative burden, but they're in the same vein.

Those are some of the arguments that have been raised when looking at what's going on in some of the other jurisdictions and would be a concern if you were to go to that type of approach.

Mr. Francis Drouin: When creating regulations for the health sector, for instance, we can think about the slaughtering capacity in Canada. We have CFIA or federally mandated slaughtering capacity, and we have provincial ones. Do we do an analysis in terms of redundancy not only within the Government of Canada but also with the province or with municipalities to ensure that we don't create that extra level of burden for businesses?

Mr. Greg Loyst: Wherever we're developing regulations, the minimum requirement to achieve the policy objective is our best objective. If there are appropriate measures in place at a provincial level or standards across, whereby we don't need to enter into that space, then we wouldn't enter into that space.

There are always going to be times when we're co-regulating in different areas. On the drug side, for example, we're interested in the security of the supply chain for the drugs, but at the pharmacy level, pharmacists are regulated by provincial colleges. We both regulate at the pharmacy level: we from a security perspective in terms of the integrity of the supply chain, and then others in terms of the practice of pharmacy.

There are times when we have to be in the same space, but we do look at where we can find reductions in duplication. This is very much a lens through which we look at our cost-benefit analysis when we're developing regulatory packages, when we're looking at burden reduction. We want to ensure that we eliminate duplication wherever we can.

● (0915)

Mr. Francis Drouin: In terms of analyzing, when we have to implement regulations, do we analyze the cost to businesses but also facilitating that for businesses to make their life as easy as possible, if they have to comply with *x*, *y* or *z*? Maybe they can use technology.

How do they comply? Do we do that analysis?

Mr. Greg Loyst: Yes, we do. Part of the regulatory development is to look at ease of compliance, and we always try to seek measures. We are looking within our department at modernizing as much as we can to move from paper processes to electronic processes. We have a lost and theft reporting requirement under the Controlled Drugs and Substances Act where until very recently people were caused to fax in reports. We've moved to an electronic portal that's open 24-7 so there is ease of time: pharmacists work late in the evenings, so they can file whenever they want. It's things of that nature, where we're looking at electronic portals instead of paper, for example.

The Chair: Thank you very much.

[*Translation*]

Mrs. Vignola, you have six minutes.

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Good afternoon.

I was reading, rereading and trying to understand the bill as a whole. One question keeps coming back to me. You talk about cost reductions. Actually, there are two of them. We are talking about a reduction of $24.33 million. Is that a cost reduction for the government or is it a cost reduction for business?

[*English*]

Mr. James van Raalte: That is the reduction for businesses across Canada.

[*Translation*]

Mrs. Julie Vignola: Okay.

How many businesses are there in Canada, approximately?

[*English*]

Mr. James van Raalte: I don't have that number in front of me, but it is a very large number. Let's start with the number of companies in Canada, and then there would be the number of companies implicated by any one or series of regulations. Each regulatory package that comes forward for Treasury Board consideration would have that cost-benefit analysis built in for the companies that would be implicated by the regulations and the cost across Canada for administering, or administrative savings with that change. This is a cumulative calculation.

[*Translation*]

Mrs. Julie Vignola: Okay.

I know there are several kinds of businesses. There are small, medium, large and very large businesses. I imagine that the cost reductions vary depending on the size of the business. Still, what is the average annual cost reduction for a business?

[*English*]

Mr. James van Raalte: I'm not sure we calculated on that basis.

[*Translation*]

Mrs. Julie Vignola: Okay.

[*English*]

Mr. James van Raalte: We can go back and take a look at that, but I'm not sure our dataset would permit us to calculate that answer.

[*Translation*]

Mrs. Julie Vignola: I have five pages of questions. I'm a questions gal.

Earlier, we were talking about “two-for-one” and “three-for-one” and so on.

I was looking at the bill and wondering where the cost reduction was, if we were going “one-for-one”. I see that some regulations have been adopted, and that two or three others have been repealed. Still, I'm wondering why preventive action isn't being taken.

When new regulations are put in place, is there not a way to ensure that they meet health and safety standards and everything else, but also that they do not add to the administrative burden as a priority? At the same time, we have a new regulation that does not increase this burden, and we are removing another one that may be unnecessary, depending on the analysis.

Why don't we do that instead of just applying a one-for-one approach to increased administrative burden?

[*English*]

Mr. James van Raalte: This is a very important question, and I think my colleague from Health Canada has started to explain that. The regulators, under the cabinet directive, are required to minimize the cost to business as they are developing the regulations. It's part of the regulatory cycle. It's part of what they are required to do.

When a regulatory package is considered by the Treasury Board, the proactive work up front has already been done. The challenge function has already been executed, both within that department and then by officials at the Treasury Board of Canada Secretariat, in terms of asking those hard questions about whether you really need this. Can you reduce this? Can you do this in a different way, in a better way?

The submission that is approved by the Treasury Board is the lowest-cost option to the business. Sometimes that administrative burden is required, which is the one-for-one rule, and the offset allows for a recognition of something that was required maybe 10 years ago that is not required anymore. There's a better way of doing it, and that allows us to reduce that burden while recognizing that we may need, from an administrative perspective, a new part of burden. Within that, there are two questions about administrative burden. What is the minimum that is required in terms of administering this new regulation or this change in regulation?

● (0920)

[*Translation*]

Mrs. Julie Vignola: Okay. Thank you.

Quebec, the provinces and the territories have their own regulations, as does Canada.

Is there a process in place to avoid duplication between Quebec, the provinces, territories and Canada, and to ensure, for example, that there is good communication between the parties to exchange information, while respecting data protection and privacy laws?

[*English*]

Mr. James van Raalte: Yes, there is.

The Chair: Thank you very much. I appreciate the economy of words, sir.

Mr. Green, you're up for six minutes.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you very much, Mr. Chair.

I'd like to begin with a submission from the Canadian Centre for Policy Alternatives. It's a process question.

In their submission, they state:

> In almost every important regulatory matter there will be competing or conflicting interests at play—between employers and workers, communities and companies, large and small firms, resource extraction and Indigenous rights, maximizing profits and protecting the environment.... While common ground should be sought, [the] Treasury Board's most recent regulatory consultations have been heavily slanted towards [the] commercial “stakeholders.” There is little evidence [that] this input is being balanced out by other societal interests.

My question for you is, would you care to comment on that? Would you also care to share with us who sits on these external committees? Is this critique a valid critique, in your opinion?

Mr. James van Raalte: It's a bit of a wide-ranging question. Treasury Board ministers consider the full range of implications from a regulatory submission perspective. Again, those are requirements under the cabinet directive, so it's not a question of shutting out any voice or any representation. Certainly, great efforts are made in terms of consultation that is undertaken on behalf of the government by the public service to ensure that the broad range of views are taken into account.

I do recognize that there may be a perception of imbalance in terms of the private sector and not-for-profit organizations. Some private sector organizations have a lot of resources behind them in terms of engaging organizations. We do make extra efforts in terms of trying to put together that balancing act.

I'm going to turn to my colleague from Health Canada, who may have some specific examples of how Health Canada provides that balancing act in terms of their regulatory consultations.

Mr. Matthew Green: Prior to that, if I may, on the specific question, I know that there's been the establishment of the centre for regulatory innovation, and there's also an external advisory committee on regulatory competitiveness and ongoing support for international and provincial regulatory co-operation. Who sits on that committee, and how are they selected?

● (0925)

Mr. James van Raalte: The members of the committee were selected by the President of the Treasury Board of the day. I'll quickly go through the list of members, if I may, Mr. Chair. The work of the president's external advisory committee on regulatory competitiveness is transparently published on the Treasury Board of Canada's website, so I'm not revealing any brand new information.

The chair is Ms. Laura Jones, who is the executive vice-president and chief strategic officer of the Canadian Federation of Independent Business.

Dr. Catherine Beaudry is a professor and Canada research chair in the creation, development and the commercialization of innovation, at Polytechnique Montréal.

Stewart Elgie is a professor of law and economics and executive chair of the Smart Prosperity Institute, University of Ottawa.

Ginny Flood is vice-president of government relations at Suncor Energy.

Anne Fowlie is the CEO of AgWise Strategic Solutions, Fruit and Vegetable Dispute Resolution Corporation.

Don Mercer is the president of the Consumers Council of Canada.

Keith Mussar is the vice-president of regulatory affairs, I.E.Canada, Canadian Association of Importers and Exporters.

Finally, Nancy Olewiler is the director of the School of Public Policy at Simon Fraser University.

Consumer representation, academic representation and industry representation balance out the membership of that advisory committee.

Mr. Matthew Green: With, I think, perhaps some blind spots, as laid out by the CCPA....

According to the preamble of the Red Tape Reduction Act, “the one-for-one rule must not compromise public health, public safety or the Canadian economy”. Why are these elements included in the preamble of the act, as opposed to being included in a separate section? Does that have any legal implications?

Mr. James van Raalte: From a public policy perspective, those were decisions made by the legislature of the day. We can go back to the debates about why something was included in a piece of legislation, but that's how the legislation was passed in 2015.

Mr. Matthew Green: Okay. In your opinion as a policy-maker, is there—

Mr. James van Raalte: I'm sorry. I do not make policy. The legislature and the government make policy, Mr. Chair.

Mr. Matthew Green: Okay. In your professional opinion as a very qualified professional, does putting language in a preamble versus in the body of an act have a legal implication?

Mr. James van Raalte: Based on my professional experience, the lawyers will tell you that the preamble provides guidance to courts in terms of what was the intention of the legislature as it was debating and passing a piece of legislation, but preambles have no legal standing.

Mr. Matthew Green: Thank you.

The Chair: Thank you very much.

We'll now go to five-minute questions.

Mr. Aboultaif, you're up for five.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Good morning. First of all, thank you for coming this morning before our committee.

I have a few brief questions. The first question is, are we buried in regulations in Canada?

Mr. James van Raalte: I think that's a qualitative question. As I said in my opening comments, on the stock, on the federal books of regulations are about 3,000 sets of regulations that go all the way from protecting the health and safety of Canadians to the administration of the Employment Insurance Act and all the way to protecting wildlife and to facilitating the economy. Also, not all sets of regulations are created the same. The EI regulations are probably quite thick and quite dense. The regulations that support the Red Tape Reduction Act are quite slim.

I don't know what the assessment would be for whether we are buried in regulations. I think we have a balanced framework, and we're working to modernize it.

Mr. Ziad Aboultaif: Based on the results, what we are saving is too small. The reduction is too small. Are you aware of other jurisdictions for us to compare this with in terms of how well we are doing?

Mr. James van Raalte: I think it's certainly an opinion that can be formed by this committee about whether the reductions are too small or too large. The act is performing in the way that the act was designed. A government put forward a piece of legislation. It was debated within Parliament. It was passed.

● (0930)

Mr. Ziad Aboultaif: I got my answer. Thank you.

Basically, it's not an administrative problem. It's a structural problem in the way we do things and in the way we basically push regulations onto industry. Is that correct?

Mr. James van Raalte: I think I would answer the question in the following way.

We know, as my colleague said, that regulators regulate. That's what they do. That's what their business is. Our regulations and our regulatory framework are solid. We do recognize there are challenges in the "how". On the "what", the regulations are solid. They're reviewed; they're vetted, and there's an opportunity to comment on those regulations.

Where we see anecdotally that we run into challenges is in how departments implement those regulations through guidance, through processes and through perhaps a lack of predictability and a lack of clarity. If you have a moment to sit down with organizations and talk through the problems or the burden they're facing, it's less and less about the what. It's less and less about the regulations, and more and more about the how.

Mr. Ziad Aboultaif: Do we regulate where we shouldn't? Is there a motion right there that we regulate where we should not?

Mr. James van Raalte: I think that's a question for decision-makers. I don't think that's a question for policy guidance. The Treasury Board regulates based on the best advice, and those are decisions taken by a cabinet committee.

Mr. Ziad Aboultaif: I have a question for Mr. Loyst.

From life experience, we know that from the science and technology of medical instruments and so forth there seems to be a lot of focus on health. We know that physicians must wait years to have access to instruments that are typically available in other countries. If a product is made in Germany and we need to adapt it, we still have to put it under our regulations although we're buying it from Germany and we have really nothing to do with its design and effectiveness.

What could Health Canada do to improve the medical and pharmaceutical regulatory regimes? Could foreign approvals be enough for us in order to adapt instead of going through the process from scratch all over again? Knowing that the United States and the European Union are our allies and partners and that we do respect their regulatory regimes and their design and basic technologies, I'd like you to shed light on this area, because it seems to take a lot of attention in cost reduction as we move on this.

The Chair: Before I move on, I'm going to give members my favourite intervention, which I do frequently for many new members of this committee, and that is to inform the committee members that the five-minute allocation we've given is for both the question and the answer. Since we're completely out of time, we're going to have to move on.

We will now go to Mrs. Block for five minutes, please.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much—

The Chair: Oh, I'm sorry.

Majid, I'm sorry. My most abject apologies.

Mr. Majid Jowhari (Richmond Hill, Lib.): That's the second time, Mr. Chair. I'm getting a feeling that there is something going on.

Voices: Oh, oh!

The Chair: I know you think that I've been ignoring you all your life, but it's not true.

Mr. Majid Jowhari: Thank you, Mr. Chair, and welcome to our witnesses.

I'm going to pick up where Julie left off. Based on the 2015 Statistics Canada business register, in Canada we have about 1.2 million businesses registered. About 98% of them are small businesses of between one and 99 people. About 2% are medium and about 0.3% are large.

You've indicated that we have about 3,000 regulatory packages. Is there any data available that you could formally submit to the committee around how many of these regulatory packages are hitting the small businesses and in what industry sector those are focused? If you have that readily available, I would love to have it. If not, is it possible for us to get that data?

● (0935)

Mr. James van Raalte: I regret that I do not have that information readily available. It would be very difficult for us to break that down. I'll give you a little bit of an example.

Different ministries touch different industries in different ways with their regulations. An example I was given yesterday was that of a small business, a photographer, and how regulations might hit a photographer. They want to grow their business by taking pictures from high vantage points. They can go up to a tall building and they can take pictures down on the ground, or they can use a drone, and then you're getting into regulations about a drone. Different businesses will butt up against regulations in different ways. It all depends on whether and how they are conducting their business—

Mr. Majid Jowhari: The reason I'm asking is that when I talk to a lot of small businesses in my riding of Richmond Hill, one of their areas of concern is that the cost of some of these regulatory procedures, these regulations that they have to follow, is actually impeding them from being able to grow. I'm trying to get an understanding of where these cost burdens are coming from.

A lot of them are also saying that because they're small businesses they don't have the capacity to follow up on these—whether the capacity is the number of people or the knowledge—and it therefore falls through the cracks. Do you have any feedback on that?

Mr. James van Raalte: I think a growing preoccupation of both businesses and government is this concept of cumulative burden. We recognize, as I started to walk through, that the Government of Canada has set some regulations that may interact with each other and pose a burden on one business or one industry. Then you have to layer on the fact that there are provincial regulations and guidance. Also, across the country, even municipalities have authorities in terms of regulatory powers or bylaws that put costs....

Mr. Majid Jowhari: When we're talking about the one-to-one and trying to go to one-to-two and sometimes one-to-three, how many of these regulations...? During our review process, have we been successful in simplifying this, by eliminating three regulations and having one? If you're telling me that now we are getting into a lot more complex world, then how is the one-to-one and moving to one-to-two and one-to-three working now?

Mr. James van Raalte: I would say that administrative burden is but one piece of the puzzle in terms of addressing that burden issue for businesses in Canada. The one-for-one rule is very narrow about administrative burden and reducing that administrative burden on companies through federal regulations.

Cumulative burden goes much beyond administrative burden. It is potentially one piece of that calculation, and there is no known methodology. This is an emerging issue for governments and for businesses, and I believe it to be an important issue. It's going to take us a bit of time to work through cumulative burden.

The Chair: Thank you very much.

We will go to Mrs. Block for five minutes.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

Thank you, as well, for being here with us today.

I do recall when the right hon. David Cameron came and spoke in the House of Commons and actually raised the issue of the one-for-one rule that they had implemented in their Parliament. I think that, if it was something that we had been considering, it probably further motivated us to take a closer look at doing this. I'm sure that's why back in 2011 we launched the Red Tape Reduction Commission to start looking at this.

Mr. Van Raalte, I want to go through some of the comments you made in your opening remarks and ask some questions that came out of those. You stated that when new administrative costs are introduced, departments have two years to offset the costs with other changes and to remove a regulation from across a minister's portfolio. Could you tell us where and/or how that is tracked?

● (0940)

Mr. James van Raalte: We track that at the Treasury Board of Canada Secretariat. There is a unit within our organization. All regulatory submissions come in through the regulatory affairs sector at Treasury Board. The challenge function is exerted in terms of instrument choice, relevancy and cost-benefit analysis, and part of that challenge function is about the administration of the act and the one-for-one rule.

Under the legislation, the president is then required to report annually on the performance. We collect that data, track it, monitor it and then report on it.

Mrs. Kelly Block: Thank you.

During your remarks, you stated, “Only Governor in Council and ministerial regulations that impose administrative burden on businesses are subject to this one-for-one rule. It does not apply to regulations developed under independent regulation-making authorities such as those typically granted to organizations at arm's length”, and you gave the example of the Canadian Radio-television and Telecommunications Commission. Why were these excluded?

Mr. James van Raalte: That's a very good question. There may be aspects to the answer, but the general answer is that many of those independent organizations regulate government. I'll give you a different example.

The Canadian Human Rights Commission—also an independent agency—has regulatory powers. The Canadian Human Rights Act applies to the Government of Canada, and so they are left at arm's length. For the executive branch to tell that independent agency how to behave.... In the Westminster tradition, it is kept quite separate and at arm's length.

I can say that there is a small number of regulations out of scope—overall 14%, so fewer than 300 regulatory packages since 2012.

Mrs. Kelly Block: Thank you.

I believe you have answered the question I had with the information you provided around the number of net regulations that have been removed. I think you commented on whether or not they were outdated or irrelevant. I know that at the time we were looking at this legislation, we wanted to make sure that the one-for-one exchange would be meaningful and would be similar in terms of its implications when you were looking at a regulation. I guess what I'm trying to say is that you wouldn't take out something that wasn't similar in the scope of a regulation that you were bringing in and perhaps the burden that it might impose on a business. I'm wondering if you could advise us as to whether or not that is happening, when regulations are removed and others are added.

Mr. James van Raalte: I think this is an important clarification.

The offset, the one-for-one, occurs within a minister's portfolio. There may be burden added, in the form of a new regulatory package, to one sector or one group of businesses. The offset works within the portfolio. The reduction in the burden may occur somewhere else. So if I pick on, say, Fisheries and Oceans, there may be a new burden on the aquaculture industry. The burden reduced may be on fishers in Atlantic Canada or on the west coast. That responsibility is managed by ministers within their portfolio. The rule and the act both provide for that flexibility, so it's not “You get new burden, and we take burden away from you.” It's a general application.

● (0945)

Mrs. Kelly Block: Thank you for that clarification.

The Chair: Thank you very much.

I'll go to Mr. Kusmierczyk for five minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you very much, Chair.

Thank you very much, Mr. Van Raalte, for your expertise and your answers.

You mentioned in your submission that the Treasury Board launched consultations last year and there were 51 submissions from stakeholders. You mentioned that there were some critical views of the rule's performance, that some fundamental concerns had been raised and that, in fact, it was suggested by some stakeholders that the rule be repealed altogether. I'm wondering if you could share with us some of the feedback you've heard or that TBS has heard from stakeholders, not just from these submissions but sort of on a day-to-day basis, with respect to the RTRA, its effectiveness, and potential opportunities for its improvement.

Mr. James van Raalte: I was remiss in my opening remarks in following up on that consultation process. We will be releasing a formal "What We Heard Report", which is moving through the approval processes and is expected to be released in the coming weeks. In advance of that approval, I will give some high-level feedback, if that's okay.

We asked, in those consultations, questions around the definition of administrative burden: What has been the impact on your sector or your business? Does the way we calculate administrative burden work or make sense to you? What more could be done to reduce administrative burden on business?

The feedback, of course, was a lot broader than those questions, as you would anticipate. You go into consultations, and it's an opportunity for people to give feedback in a much broader way. Some of the themes that came out of that consultation were around a broader perspective on burden. I have spoken to cumulative burden. As I said, administrative burden is just a narrow concept. More could be done, of course, to reduce red tape for businesses, and I have spoken a little bit to that already.

There was some feedback on moving beyond applying the one-for-one rule to just businesses, and whether it could be applied to government itself, to not-for-profit organizations, and to individual Canadians, and then finally there was feedback on the scope of the application of the one-for-one rule.

Mr. Irek Kusmierczyk: Can you clarify what you mean by the scope of the application for the one-for-one rule?

Mr. James van Raalte: It's whether it could go beyond just administrative burden.

Mr. Irek Kusmierczyk: In the table you provided on page 5 of the report, it states the breakdown of the one-for-one rule, the implementation of the one-for-one rule, over the last number of years, from 2012 to 2019. It indicates, for example, that in 2017-18, we had 86 regulations that were eliminated. This represents a significant spike over the number of regulations that were eliminated in the previous years. It only amounted to a reduction in the net administrative burden of about $71,000.

Can you speak to the fact that in that one year you had the largest number of regulations that were eliminated, but you had the smallest amount of impact in terms of cost?

Mr. James van Raalte: The flow of regulatory changes will differ from year to year. It's helpful again to have the trend and watch how that happens. The rule applies to administrative burden. You could actually have a year where there were 300, 400, 500 packages for approval and review by Treasury Board. If they do not implicate administrative burden, they would not be caught by the Red Tape Reduction Act. It all depends on that calculation of administrative burden.

It is possible, and in many cases you can have a regulatory package that does not implicate regulatory burden, or the regulatory burden is quite minor. Sometimes the regulatory burden in a regulatory package across Canada is calculated in the hundreds of dollars.

● (0950)

The Chair: Thank you. We're out of time. We'll go to our last interventions of this round, for two and a half minutes each.

Madame Vignola.

[*Translation*]

Mrs. Julie Vignola: Thank you.

I imagine that an administrative process has been put in place with regulators to reduce the administrative burden.

How much does that process cost annually?

[*English*]

Mr. James van Raalte: Just for clarity, do you mean for the government to administer the rule?

[*Translation*]

Mrs. Julie Vignola: Basically, I'd like to know whether a specific process has been put in place to reduce the administrative burden and to carry out the necessary analyses. If so, how much does it cost annually?

[*English*]

Mr. James van Raalte: That cost would vary department by department, and their processes for how they undertake that analysis. The Treasury Board of Canada Secretariat provides guidance to departments on what they have to do to meet the obligations of the act. How they then follow through.... It would also depend on how big a regulator they are, and the amount of regulations coming through in any given year. That would vary both by department and by year from a resource implication.

As I said, there is a small unit within our organization that then performs that challenge function. In any given year, within the Treasury Board of Canada Secretariat, it's probably somewhere between one and two FTEs.

[*Translation*]

Mrs. Julie Vignola: The act is called the Red Tape Reduction Act, but what I'm seeing are a lot of figures about money and time.

Will there really be a reduction of red tape or just a reduction in the time it takes to complete the paperwork?

[*English*]

Mr. James van Raalte: The purpose of the act is to control administrative burden. Burden can be measured both in time and effort, and actually in what they have to do. The member is correct in terms of.... Let's take a form that may have to be filled out.

The Chair: Make it a short form.

Mr. James van Raalte: It can go from being a long form to a short form, but then it still may be a complicated form that takes a long time to fill out, so all of those considerations are taken into account when we try to measure and calculate administrative burden.

The Chair: Thank you very much.

Mr. Green, you're up for two and a half minutes.

Mr. Matthew Green: In the application of the act, are exemptions related to public health and safety given a higher priority than those exemptions related to the Canadian economy? Also, what about matters related to the environment?

Mr. James van Raalte: There are three types of exemptions. There's the tax policy exemption. There is, for lack of a better word, the sort of court-ordered requirement if the Supreme Court makes a decision, and then there are emergencies that may arise.

An exemption is an exemption. There's no calculation in terms of.... The emergency could be a public safety emergency. It could be an environmental emergency. The court order could be a public safety emergency. It could be an economic emergency.

The grounds for an exemption are pretty black and white, and there is no priority given to one or the other. Departments apply for exemptions and are granted them.

Mr. Matthew Green: Okay. Has the one-for-one rule in the act created a bias for departments and agencies to deregulate? If so, what has been the impact on Canadians?

Mr. James van Raalte: The answer to that question is categorically no. It's not about deregulation at all.

Mr. Matthew Green: As it relates to Health Canada, have there been sufficient human and financial resources to adhere to all of the requirements under the act and its regulations and policies? Can you expand on that?

Mr. Greg Loyst: We are appropriately staffed to carry out our mandate. Is that the question?

Mr. Matthew Green: Yes.

Mr. Greg Loyst: Yes. On our resource allocation to develop regulations and the red tape reduction, there's no real connection between those things in my mind. We have the resources that we need to carry out our mandate.

● (0955)

Mr. Matthew Green: Okay. As it relates to the regulations calculations for administrative burden—this is a side question tangential to everything else I've been asking—how do regulators ensure that businesses provide them with accurate estimates of labour costs and time requirements?

Mr. James van Raalte: That's a good question.

Again, from a consultation process, there is an opportunity for businesses to comment on the calculation, but those calculations are done internally with data provided mainly by Statistics Canada and by other sources to come up with those calculations.

Mr. Matthew Green: Thank you.

The Chair: Thank you very much.

Colleagues, I think we can have one more round, but I'll cut it to five-minute interventions, rather than six, and that should bring us in right on time.

We'll start with Mrs. Block for five minutes, please.

Mrs. Kelly Block: Thank you very much, Mr. Chair. I'm hoping to go quickly enough to share my time with my colleague Mr. McCauley.

Perhaps this is a good segue to something you mentioned about your upcoming "What We Heard Report". I want to reference something from the last report that was made public.

From the report on the 2018 consultations, under the environmental assessment subsection of the "Additional Sectoral Issues" section, I'll read a quote:

> Stakeholders noted that a lack of coordination between environmental regulations and sector-specific regulations leads to duplicative approval processes, delays, and increased administrative burden. They noted that an inconsistent approach to enforcing these regulations is creating an uneven playing field both nationally and internationally.

I'm wondering if you could provide this committee with copies of the stakeholder submissions—with the appropriate redactions, of course—of those who contributed to the environmental assessment subsection.

Mr. James van Raalte: I will commit, Mr. Chair, to tracking those down if I can. I'll need references to the specific materials. They may not be held by my department.

Mrs. Kelly Block: Okay.

Mr. James van Raalte: They may be held by another department. We'll go through the hoops to try to secure those for the committee.

Mrs. Kelly Block: Thank you.

The Chair: Mr. McCauley, you have the remaining time, which is approximately three and a half minutes.

Mr. Kelly McCauley: Very quickly, Mr. Van Raalte, from your "Annual Report to Parliament for the 2018 to 2019 Fiscal Year: Federal Regulatory Management Initiatives", can you walk me through how the department comes up with its benefits? For example, for the cannabis regulations, it shows a net benefit of $9.2 billion. How does the department come up with such numbers? Also, somewhere in there, it talks about how new regulations added on for trucking, for greenhouse gas emissions, are an $80-million benefit. I'm wondering how it comes up with regulations becoming a benefit.

Mr. James van Raalte: Those questions are better posed to the departments that are responsible for undertaking that analysis.

Mr. Kelly McCauley: But this is a Treasury Board report.

Mr. James van Raalte: We bring together all of the material that has been provided by different departments. We put that under one....

Mr. Kelly McCauley: So you just copy and paste it over.

Mr. James van Raalte: Yes.

Mr. Kelly McCauley: Okay.

There are also numbers reported in here about the net administrative burden. Going back to 2012, it's $24 million net to the economy. I'm just wondering, over the same period, what the cost of overseeing the one-for-one has been.

The whole purpose of one-for-one, obviously, is to free up companies and grow the economy. We've seen $24 million net. What's been the cost of administering all of this? Is there any value in what's trying to be achieved?

Mr. James van Raalte: I have answered that question. The cost across government for administering the act would be department by department, year by year in terms of the regulatory package.

Mr. Kelly McCauley: Let's just say TBS.

Mr. James van Raalte: As I said, it's between one and two FTEs a year, so maybe no more than $200,000.

Mr. Kelly McCauley: So just for TBS alone, it would probably be $2 million, plus, say, a million for benefits and costs and everything else, so about $3 million. So about 12% of the supposed savings are burnt up just overseeing it, just for one department.

Okay.

How much time do I have?

● (1000)

The Chair: You have about 45 seconds.

Mr. Kelly McCauley: Great.

Just really quickly, my original question was about how much you are able to do. How much is guided by the legislation? How much is guided by the desire to get regulations cut or reduced? Originally, you said it comes from the department, but I think in an answer to Mr. Green—and I may have heard wrong—you said that it seems to be limited by legislative scope.

Could you just clarify what's holding us back from delivering better services or delivering fewer regulations to businesses? Is it the legislative side or is it just inertia within the government services?

The Chair: Once again, while that is a good and legitimate question, I will have to advise the witnesses—

Mr. Kelly McCauley: In the time you took to say that, he could have just simply told us.

The Chair: —to perhaps respond in writing, through the clerk, because we're completely out of time at this juncture.

We'll now go to Mr. Drouin for five minutes.

Mr. Francis Drouin: Thank you, Mr. Chair. I will share my time with my colleague down the aisle.

I have a question with regard to the internal regulations as they relate to procurement. I know the Red Tape Reduction Act covers some parts of procurement, but I'm looking for information. When government is looking to buy, and there's a lot of back and forth between Treasury Board and perhaps PSPC, do we cover that cost? Do we counter those regulations in place? How do we communicate that to businesses?

For example, if we are buying wires for the Government of Canada, there can be a lot of back and forth with Treasury Board. Is that covered under the Red Tape Reduction Act?

Mr. James van Raalte: It is not. The only way it would be captured is if a regulator had a procurement issue that required oversight from a legal perspective and needed to put regulations in place. Then the administrative burden of that.... The administrative burden of purchasing or of the Government of Canada making purchases from business is not captured under this legislation.

Mr. Francis Drouin: Okay, great.

Thank you. That answers my question.

I'll pass it to my colleague.

The Chair: Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: Thank you very much, Chair.

You mentioned, Mr. Van Raalte, that there's an inventory of old regulations or outdated regulations, for example, that are often looked at and reviewed, and that's where some of the eliminations or reductions come from.

Is there a situation that you foresee, as this act moves forward and is implemented, in which we're going to be making more and more tough decisions about which regulations to remove? The low-hanging fruit or the brush has been cleared, and we're making more and more difficult decisions about regulations that maybe are legitimate and should be maintained.

Mr. James van Raalte: I think my colleague from Health Canada had started to address this. Under the legislation, our forecasting right now for the one-for-one rule is that it is sustainable in the medium to long term in terms of its stated purpose—permitting departments to go back through their stock of regulations and net those out should they need to apply administrative burden and new regulations.

The question becomes one of sustainability, if you were to move to a two-to-one rule or a three-to-one rule and place departments or portfolios in a place where they would have to make balancing acts between this safety requirement and this other safety requirement, and which safety requirement is more important than another. That would be a tough balancing act for those departments that have those mandates.

Mr. Irek Kusmierczyk: I have a question for Mr. Loyst, then. Was there a situation—trying to get more granular—an example where Health Canada had to make a tough call on a regulation on an issue? Or was there a deregulation that was debated internally?

Mr. Greg Loyst: Do you mean as a result of the act?

Mr. Irek Kusmierczyk: Yes.

Mr. Greg Loyst: Not to my knowledge, no.

The Chair: Thank you very much.

We'll go on to Madame Vignola. You have five minutes, please.

[*Translation*]

Mrs. Julie Vignola: We talked about the process earlier, and I was able to get a very short answer.

Let me give you an example using fictional form numbers that, I hope, don't exist in Quebec or in Canada.

If there was a form A-38 in Quebec, and it was completely identical to a federal form, the A-39, could the information in the A-38 form be sent to the federal government?

If this isn't possible at present, what measures should be put in place so that information contained in identical forms—I mentioned a case of duplication—can be sent from one place to another, while complying with data protection laws?

● (1005)

[*English*]

Mr. James van Raalte: That is a very important question. I think it points to the complexity of different orders of government involved in the regulatory game in Canada, if I can use that word. You used your own caveat about protecting data and privacy as the biggest hurdle.

At a theoretical level, there is nothing that prevents two orders of government from co-operating in terms of reducing regulatory burden. The rubber hits the road when we start peeling back all of the rules around data sharing, around the jurisdiction of those governments, around whether or not form 283 actually captures everything that is needed in form 378 and getting down to what is actually required.

We do have a regulatory co-operation table under the Canada free trade act with all provinces and territories. Canada is one seat at the table. Those are the types of issues we are trying to work through from an intergovernmental process perspective. It takes time.

Everybody has good intentions on regulatory co-operation and reconciliation. We are making good progress. I'm happy to provide some information on that, about where we are going with the provinces and territories, but governments are committed to reducing the duplication effort across the country.

[*Translation*]

Mrs. Julie Vignola: Thank you.

I'd like to know what process avoids duplication of information from one department to another.

[*English*]

Mr. James van Raalte: That would be a process that culminates in a discussion at Treasury Board. Again, there is the challenge function that my department would exert on other departments about choice of instrument: Have you consulted? Have you consulted with other departments? What are the interaction issues between this regulatory package and another regulatory package? That rests with the Treasury Board of Canada Secretariat, and eventually providing that advice to Treasury Board ministers.

[*Translation*]

Mrs. Julie Vignola: I hear you using the conditional. Is better communication a possibility? Is it a process that is already in place or is it just a possibility that could possibly be considered?

[*English*]

Mr. James van Raalte: I would have used the conditional, because sometimes we miss things.

[*Translation*]

Mrs. Julie Vignola: Okay.

[*English*]

Mr. James van Raalte: We're not perfect; we're human. Sometimes, even within departments, they actually don't know there's an interaction issue. I can't say it's a perfect process. It is run by human beings, but the processes are in place.

[*Translation*]

Mrs. Julie Vignola: Okay.

I read that, since 2017, Fisheries and Oceans Canada hasn't complied with the “one-for-one” rule. I didn't see any consequences in the bill for non-compliance with the rule.

If a department or agency decides not to comply with the “one-for-one” rule, will it face consequences and, if so, what are they?

[*English*]

Mr. James van Raalte: I'll try to be very quick. There are no consequences within the act. Compliance within the act is for the Government of Canada as a whole, so as a whole, the Government of Canada is in compliance within the act. We do report when individual ministries are working outside of that and not necessarily living up to the spirit of the act.

I am happy to report that DFO will be bringing forward a series of regulatory changes within the next year that will reduce the administrative burden in its portfolio and bring it almost within full compliance of the legislation. As my colleague from Health Canada indicated, this is a department that is challenged in having to make trade-offs that can affect the performance of the regulatory framework within the Department of Fisheries and Oceans, and they are running into challenges in identifying stock that can reduce burden.

● (1010)

The Chair: Thank you.

Our final five-minute intervention will go to Mr. Green.

Mr. Matthew Green: Thank you. I may not even need it. I feel that there have been some fantastic questions around the table.

Section 6 stipulates that the President of the Treasury Board "may establish policies or issue directives respecting the manner in which [the one-for-one rule] is to be applied." Pursuant to section 7, the Governor in Council may also make regulations respecting "the regulations that the Treasury Board may exempt from the application of that section and the categories for which, and the circumstances in which, such an exemption may be granted."

What exemptions have been granted to date?

Mr. James van Raalte: As I've reported, 88 exemptions have been granted to date: in the area of tax policy; in the area of mandated requirements by the government, either by a court or by an international decision; and in terms of economic or environmental emergency. The list is fully published in the annual report, so it's public information, but if a summary would be helpful for you, we could provide that.

Mr. Matthew Green: Without having that in front of you, in your recollection, are there any themes that have emerged in the exemptions, any departmental specifics?

Mr. James van Raalte: The biggest package of exemptions relate to our relationship with Ukraine at a certain point in terms of that government's regime and how we wanted to apply conditions. I'm sorry, there's a legal or technical word that escapes me.

Mr. Matthew Green: Is it "sanctions"?

Mr. James van Raalte: Sanctions, that's it. Thank you. That's the biggest package of exemptions and they named people, so it's a counting exercise. When I say 88, the regulation may be a sentence.

Mr. Matthew Green: We've touched on some of these themes, particularly as they relate to emerging technologies and uncertainties with the new economy. I'm curious to know whether, looking forward into the future, you anticipate there being sectors that this perhaps won't apply to. I know this was asked in a different way, but the answer wasn't necessarily as full as I would have liked.

Mr. James van Raalte: That's a forward-looking question, and I think it's outside of administrative burden. However, one of the themes that have come out of the regulatory reviews is this issue of emerging technologies and emerging sectors, and departments and ministers seeking authorities for, for example, regulatory sandboxes, which suspend rules for a period of time so that both government and industry can figure out how things are going to work, and work better on instrument choice and developing new regulations. Our centre for regulatory innovation will be helping to support departments in that area.

This is something new and unexplored, but I think in a year or two or three, in testimony anticipated before this committee, you'll be hearing more and more about that type of regulatory experimentation so that we can foster and grow those emerging industries within Canada.

Mr. Matthew Green: Mr. Chair, that concludes my questions.

I just want to thank these two fine professionals for being before us here today and answering our many questions.

The Chair: Mr. Green, you're taking the words out of my mouth, because I was about to thank them as well.

Before I do so, for the benefit of colleagues around this table, in direct response to a question posed by Mr. McCauley on how you calculate the benefits, whether it be through cannabis legislation or some others, the committee has the opportunity, should it choose to do so, to write directly to departments to ask those questions, as opposed to going through the Treasury Board Secretariat. That's an option that could be easily handled through this committee.

Mr. Loyst and Mr. Van Raalte, I want to concur with Mr. Green. Thank you so much for your testimony. It's been much appreciated and very informative.

My last comment will be that if there were questions some of my colleagues may have asked that you were not able to answer because of time constraints, please forward the answers to those questions directly to the clerk so that we can share them with the rest of the committee. Once again, thank you for your testimony.

Colleagues, we will suspend for about two minutes and go in camera for some committee business. We are suspended.

[*Proceedings continue in camera*]