

**Statement of the
Honourable Tony Clement,
President of the Treasury Board of Canada**

Before the

**U.S. Senate Committee on Homeland Security and Government
Affairs and the Senate Committee on the Budget**

Concerning

**“Accounting for the True Cost of Regulation: Exploring the
Possibility of a Regulatory Budget”**

**June 23, 2015
SD-G50, the Dirksen Senate Office building
Washington**

Good morning.

Thank you Chairman Johnson, Chairman Enzi, Ranking Member Carper, Ranking Member Sanders, and distinguished members of the committees for inviting me here today.

It is a distinct honour to speak to you on an issue of concern to both our economies — the reduction of excessive federal regulatory burden in our countries.

I am the President of the Treasury Board, a senior Cabinet position, and have served in this position for the past four years. I also serve on the Cabinet Committee on Priorities and Planning, which is led by Prime Minister Stephen Harper. I have previously held other Cabinet positions, in my role as Minister of Industry and Minister of Health.

In my capacity as President of the Treasury Board, I spearheaded the development and implementation of a cross-government spending review—looking at transformational ways to support and deliver services to taxpayers in the most effective and efficient means possible.

This work follows through on the Government of Canada’s commitment to eliminate the deficit, balance the budget and continue to strengthen the economy.

In Canada, where I have the pleasure of leading our nation’s efforts to reduce federal red tape, we recently celebrated an important milestone in this regard.

In January 2014, I introduced bill C-21 – the Red Tape Reduction Act – in Parliament to control the administrative burden that regulations impose on business.

On April 24th of this year, our House of Commons voted overwhelmingly to make our “one-for-one” policy the law.

The bill, known as *the Red Tape Reduction Act*, enshrined into law a rule that places strict controls on the growth of regulatory red tape on business.

The one-for-one law has two key parts.

First, it requires that regulatory changes which increase administrative burden costs be offset with equal reductions in administrative burden.

And second, ministers of our federal government departments are required to remove at least one regulation each time they introduce a new one that imposes administrative burden costs on business.

This legislation will not only benefit businesses but all Canadians through its powerful positive effect on business productivity and the economy.

This has already been proven.

Our Government first introduced the one-for-one rule three years ago. Over the first two years we saw hard evidence the rule was reducing the administrative burden on business.

We know, for example, that as of May 20th of this year, the rule has saved businesses about \$32 million (Cdn.) in administrative burden.

This represents an estimated reduction of almost 750,000 man hours annually in time spent by businesses dealing with regulatory red tape.

These encouraging results, is why our Government decided to enshrine the reduction of red tape in law.

We see a clear signal of a cultural shift taking place within our federal regulatory system — systematic and sustained control of red tape is now the new reality.

And Canada has become the first country in the world to give such a rule the added muscle of legislation.

There is another aspect of Canada's efforts to reduce administrative burden on businesses.

While it committing to reducing the amount of regulations on the books, we also need to know how many regulations are in play.

In our Red Tape Reduction Action Plan – which I will speak to in a moment – the Government of Canada committed to establishing a baseline inventory of requirements in federal regulations and associated forms that impose administrative burden on business.

The Administrative Burden Baseline count will contribute to the openness of the federal regulatory system.

We further committed to publicly report this information every year as part of efforts to maintain transparency in monitoring and reporting on regulatory red tape.

By the end of 2014, the Government had calculated a total of 129,860 federal requirements in regulations and related forms that can impact Canadian businesses across different sectors and industries.

The Administration Burden Baseline count complements the One-for-One legislation as we fully comprehend the regulatory burdens and their effect on business.

Now, some of you may be wondering how the rule works in practice.

An example can be found at Health Canada.

They have reduced red tape burden by amending regulations to allow regulated pharmacy technicians to oversee the transfer of prescriptions from one pharmacy to another — a task that was previously restricted to pharmacists.

This enables pharmacists to spend more time providing advice to and serving customers, while running their businesses.

This alone reduces burden by \$15 million a year.

These example underscores the importance of reducing red tape for the small businesses that are the backbone of the Canadian economy¹ — our job creators.

Prime Minister Stephen Harper has said, “Small businesses are key drivers of our economy, accounting for 98 per cent of all businesses in Canada, employing nearly 70 per cent of our private sector labour force, and contributing to approximately 40 per cent of our GDP”.

¹ On the Prime Minister of Canada’s website at <http://pm.gc.ca/eng/news/2013/10/20/statement-prime-minister-canada-small-business-week>., it notes: “Small businesses are key drivers of our economy, accounting for 98 per cent of all businesses in Canada, employing nearly 70 per cent of our private sector labour force and contributing approximately 40 per cent of our gross domestic product.”

We recognize the important contributions made to the economy by small businesses across the country, as well as the challenges they face.

We understand that to succeed, they need an environment of low taxes and minimal red tape. And we are committed to creating that environment.

We want our businesses to be able to innovate, expand and create more jobs, particularly in this time of economic uncertainty.

That's why Prime Minister Harper, launched Canada's Red Tape Reduction Commission back in January 2011.

The Commission carried out extensive consultations with businesses and business groups across Canada.

Members of the Commission met stakeholders at a number of face-to-face roundtables in 13 cities across Canada, attended by representatives from a wide range of businesses and associations.

Roughly 2,300 submissions were given to the Commission to examine.

Here is what the Commission heard.

It heard that regulations were put in place without sufficient recognition of the needs of businesses or the impacts on them.

Business owners also told the Commission that regulators did not understand what entrepreneurs had to do to succeed and were actually making it harder for them to do so.

Stakeholders said that the regulatory system lacked sufficient predictability, often making it difficult for them to undertake business planning with reasonable certainty.

In September 2011, the Commission released Report.

Then, our Government took action.

In October 2012, I launched the Red Tape Reduction Action Plan to eliminate unnecessary regulatory red tape, while maintaining high standards for safety and protection for our citizens.

Our action plan is in keeping with our strong commitment to maintaining high health, safety, and national security standards for Canadians.

Canadians count on their government and on their regulatory system to uphold the public trust.

And I can assure you that while we are freeing businesses from unnecessary, costly and time-consuming red tape, we are continuing to protect the health and safety of our citizens.

That is very important, and went a long way toward garnering broad-based support for the legislation.

Laura Jones, Executive Vice President of the Canadian Federation of Independent Business said, “The effort to control red tape got a big boost today when C-21 became law. The stick-to-itiveness from the Prime Minister, Minister Clement and colleagues with respect to implementing the Red Tape Action Plan on behalf of small business deserves applause from all Canadians as it is critical to our economic well-being going forward.”

As you can see, we are working to help businesses succeed, and to cement Canada’s reputation as one of the best places in the world in which to do business and invest.

We believe in Canadians, and the ingenuity and determination of hard-working people that creates economic growth, jobs and long-term prosperity.

In the spirit of our two countries’ shared values, and the efforts of the Regulatory Cooperation Council to make regulatory cooperation a routine and ingrained practice between us, I wanted to share Canada’s approach with you.

I would sum up by saying that, in Canada; we have made reducing red tape central to our economic plan for jobs and growth.

And the message we’re sending to our largest trade partner and other countries is that Canada is on the side of the job creators — and Canada is open for business.

Thank you.

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