



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS.**

625 Howe Street, Suite 1430
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April 8, 2008

Honourable Rick Thorpe
Minister of Small Business and Revenue
PO Box 9065, Stn Prov Govt
Victoria BC, V8W 9E2

Dear Minister Thorpe:

Thank you for taking the time to meet with us last month. As you had requested, I want to follow up by providing you with more information regarding CFIB's suggestion that BC be the first province in Canada (and the only jurisdiction in the world) to pass *Regulatory Transparency and Accountability* legislation.

As you know, CFIB has been championing the BC model for regulatory reform across Canada. BC's experience with regulatory reform stands in stark contrast to a history of regulatory reform in Canada that is littered with failures. In our view, there are three essential reasons that BC has been successful where others have not. First, there has been strong political leadership from Ministers like you as well as from the Premier. Second, BC was the first government to actually measure the regulatory burden. The importance of measurement cannot be overstated—it takes what is largely a hidden tax (most acutely felt by small business) and makes it more visible. This in and of itself makes regulators and the public more likely to question the need for additional rules. It also gives everyone the opportunity to discuss whether the additional benefits from new regulations are worth the additional costs. Third, the BC government set constraints on regulation by setting a reduction and then a maintenance (no net increase) target. This has effectively facilitated a culture change within government, one that has clearly shown up in CFIB survey results. I have observed it first hand with respect to the administration of sales tax rules.

Managing regulation effectively, including ensuring the burden remains reasonable is as much a foundation of economic strength as competitive taxes and balanced labour laws. Controlling red tape affects the productivity and the prosperity of all British Columbians.

As complimentary as we have been about the BC model, we do have one outstanding concern: how do we ensure that the benefits endure? How do we institutionalize the good work that has been done so it is not lost to regulatory creep at some point in the future? To put this is the language of a small business owner: some governments tend to treat controlling red-tape like a flavour of the month when it should be a permanent feature on the menu.

We are optimistic that your government will follow through on our request to legislate regular measurement and reporting of the regulatory burden before the next election as your government has demonstrated a commitment to accountability in several other areas—most notably by passing legislation requiring balanced budgets and carbon emissions reductions.

When we last met, you asked whether any other jurisdictions had legislation requiring ongoing counts. We have been unable to find any such legislation. However, many jurisdictions in Canada and throughout the world (Australia, for example) are looking closely at the BC model. Several provinces have followed the BC model (Newfoundland and Labrador, and Nova Scotia) others are seriously considering it. The Saskatchewan government has expressed serious interest in passing legislation along the lines we are suggesting in this letter. Of course, given BC's groundbreaking leadership on this file, I would like to see BC be the first province to pass this important legislation.

This is what we think is important to see in the legislation (most of this is contained in the current Regulatory Reform Policy followed by the government):

- 1) That regulatory requirements be defined to include any compulsion, obligation, demand or prohibition placed on an individual, entity or activity by or under the authority of a statute, regulation or related policy for ministries, crown corporations, and delegated authorities (currently some delegated authorities such as WorkSafe BC are included in the counts while others such as the Business Practices and Consumer Protection Authority of BC and the BC Safety Authority are not).
- 2) That regulatory requirements be reported by ministry, agency and delegated authority once a year in the Budget and Fiscal Plan documents and quarterly in some other format. Regulatory requirements should also be included in the annual updates of ministry service plans along with regulatory reform initiatives the ministry will undertake to improve the regulatory environment that they are responsible for.
- 3) That other measures of regulation may also be developed over time and included in public reports.
- 4) That the responsible minister or head of a regulatory authority (including delegated authorities) must ensure that proposed legislation and regulations are evaluated according to the regulatory criteria set out in the Regulatory Criteria Checklist.
- 5) There may be some exemptions to the regulatory criteria checklist that are consistent with the exemptions currently in the Regulatory Reform Policy under section 6.
- 6) Consistent with the guidelines laid out in the Regulatory Reform Policy, the responsible minister or head of a delegated authority would be required to include a signed copy of the Regulatory Criteria Checklist (including the small business lens) or a signed copy of the Regulatory Criteria Exemption Form with: legislation that is submitted as a draft for Executive Council review; or an Order in Council that is being recommended by the responsible minister to the Executive Council to enact a regulation.

- 7) Consistent with the guidelines laid out in the Regulatory Reform Policy, the head of a regulatory authority (including delegated authorities) must sign a Regulatory Criteria Checklist or a Regulatory Criteria Exemption Form for a regulation that is not subject to Executive Council approval.
- 8) Deputy Ministers will be required to include a signed copy of the Regulatory Criteria Checklist (including the small business lens) for any policy changes including both administrative and compliance policy.
- 9) Copies of the signed Regulatory Criteria Checklists and Regulatory Criteria Exemption Forms completed for legislation, Orders in Council and regulations must be provided the Regulatory Reform Office and be made available to the public, at no charge, on request.
- 10) For every new regulatory requirement introduced, one must be eliminated (on a government-wide basis).

BC is currently the undisputed leader with respect to regulatory accountability throughout Canada. Passing legislation that essentially codifies the current regulatory reform policy makes it far more difficult for future governments to back-track, secures BC's reputation as a world leader in regulatory accountability and ensures that the benefits last well into the future.

While reducing red-tape has always been important for small business, existing and looming labour shortages guarantee the ongoing importance of saving time for both those in the public and private sectors. A Regulatory Transparency and Accountability Act along the lines that we are suggesting would prove to be a very effective tool to help address this challenge.

We would, of course, be pleased to provide any further advice on this. In addition, you can be assured of our strong support should the government move in this direction.

Sincerely,

Laura Jones
Vice-President, Western Canada

cc: Premier Gordon Campbell