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CANADA

# **Standing Committee on Government Operations and Estimates**

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**EVIDENCE**

**Wednesday, November 26, 2014**

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**Chair**

**Mr. Pierre-Luc Dusseault**



## Standing Committee on Government Operations and Estimates

Wednesday, November 26, 2014

• (1535)

[*Translation*]

**The Chair (Mr. Pierre-Luc Dusseault):** I would like to welcome you to the 36th meeting of the Standing Committee on Government Operations and Estimates.

We will be planning future business until 4:30 p.m. That includes planning the study that we will be starting this afternoon. An important witness will be appearing: the President of the Treasury Board; he is the sponsor of Bill C-21. We will also discuss the scheduling of the study as well as the list of witnesses who will be invited to appear.

I now give the floor to Mr. Trottier.

**Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC):** Thank you, Mr. Chair.

[*English*]

Because we're talking about various witnesses, I think we should move in camera, please.

[*Translation*]

**The Chair:** There is a motion to proceed in camera.

**Mrs. Anne-Marie Day (Charlesbourg—Haute-Saint-Charles, NDP):** Mr. Chair, I would like to ask for a recorded vote please.

(Motion agreed to: yeas, 4; nays, 3. [See Minutes of Proceedings])

[*Proceedings continue in camera*]

• (1535)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1630)

[*Public proceedings resume*]

**The Chair:** I call this meeting to order. It is 4:30 by my watch.

We will continue our 36th meeting with the second item on the agenda.

It is our pleasure to receive the President of the Treasury Board who is here to answer questions on Bill C-21. He is the sponsor of the bill. He is thus the first witness to appear before our committee. He will speak for about 10 minutes. Then committee members can ask him questions.

He is accompanied by Mr. Vandergrift, Assistant Secretary, Regulatory Affairs.

Without further ado, I give the floor to Mr. Clement, President of the Treasury Board.

**Hon. Tony Clement (President of the Treasury Board):** Thank you, Mr. Chair.

It is a great pleasure to be here with you this afternoon to talk about how we can reduce red tape for SMEs.

[*English*]

As you already mentioned, Mr. Michael Vandergrift, who's the assistant secretary of regulatory affairs at the Treasury Board Secretariat, is with me. We're pleased to comment on Bill C-21, which enshrines the one-for-one rule into law and as a result will help to permanently control the growth of federal regulatory red tape.

The one-for-one rule, I should mention to committee, has already been in place as a rule for more than two years.

[*Translation*]

The one-for-one rule has been in place for more than two years.

It is a cornerstone of the government's Red Tape Reduction Action Plan, which we launched in October 2012 to eliminate unnecessary regulations, while maintaining high standards for safety and protection.

[*English*]

The purpose of the rule is to make regulation as pain free and efficient as possible for Canadian businesses, particularly small and medium-sized businesses, and to free them up for what they do best, that is to say, to grow, innovate, and create jobs.

Specifically the one-for-one rule requires regulators to monetize—and I will get into that a bit later—and offset any increases in administrative burden that result from regulatory changes with equal reductions from existing regulations. One rule comes on and one or more rules must come off. In addition, when a brand new regulatory title is introduced that adds administrative burden, an existing regulation must also be repealed.

[*Translation*]

This approach has already proven to be effective.

[English]

During the first year of implementation, it provided successful system-wide control on regulatory red tape that impacted businesses. As of June of this year, the rule had resulted in a net annual reduction of more than \$22 million insofar as it is calculated for administrative burden on businesses, an estimated annual savings for businesses of 290,000 hours—that's 33 years dealing with regulatory red tape—and a net of 19 federal regulations taken off the books.

[Translation]

As I mentioned earlier, the government is committed to help permanently control federal regulatory red tape.

[English]

That's why we decided to propose to Parliament that we enshrine the one-for-one rule into law, and that's why we introduced the red tape reduction act. By giving the one-for-one rule the added muscle of legislation, Canada will have one of the most aggressive red tape regulations in the world.

The one-for-one rule and other red tape reduction action plan reforms are, I can report to you, bringing a new level of discipline to how government regulates and creates a more predictable environment for businesses. And believe me, that is their request and demand of government.

• (1635)

[Translation]

And we are doing it while maintaining high standards for the safety and protection of Canadians.

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

[English]

I can assure you that the government will continue to protect the health and safety of our citizens, but we will do that while freeing businesses from unnecessary costly and time-consuming red tape. Our approach is designed to increase Canadian competitiveness and to free businesses to innovate, invest, grow, and create jobs without being impeded by unnecessary government regulations. With this bill and by following through on our other red tape commitments, we are helping to cement Canada's reputation as one of the best places in the world in which to do business and invest.

I just want to describe very briefly some of our other commitments. They include introducing the small business lens, posting forward regulatory plans on the web, increasing service standards for high-volume regulatory authorizations, and keeping track of our progress in reducing red tape through the annual scorecard report.

It's precisely because we have taken such actions that Bloomberg recently ranked Canada as the second-best country in the world in which to do business. We believe that it is the private sector and the ingenuity and creativity of hard-working Canadians that should and does create economic growth, jobs, and long-term prosperity.

[Translation]

Indeed, our role as the government is to put in place the right balance of policies to support them.

[English]

We are doing that not just through our red tape reduction reforms but also through other measures that secure Canada's long-term economic prosperity, including a competitive tax regime, the lowest debt-to-GDP ratio in the G-7, and a stable banking environment.

With that, I can say thank you.

[Translation]

**The Chair:** Thank you, Minister, for your statement.

Without further ado, let us move to questions and answers. We will start with Mr. Martin, who will doubtless share his time with his colleague.

[English]

**Mr. Pat Martin (Winnipeg Centre, NDP):** Thank you, Mr. Chair.

Thank you, Minister Clement, for being here. I'd like to begin with a question, Mr. Clement. What do the following ministers have in common: the Minister of Aboriginal Affairs, the Minister of Canadian Heritage, the Minister of Health, the Minister of Human Resources, Natural Resources, the Minister of Industry, and the Minister of National Defence?

**Hon. Tony Clement:** I believe they're all Conservatives.

**Mr. Pat Martin:** They're all Conservatives. That is true, but it's not the answer I was looking for.

The answer I was looking for, Minister, is that all of those ministers are willingly appearing before their appropriate standing committees to defend their supplementary estimates (B). Many of them with amounts of money in the supplementary estimates (B) lower than the Treasury Board are coming to Parliament to ask permission to spend \$151 million in vote 15b.

My question, Minister, is as pleased as we are to have you here with us today, why can those ministers find time to show respect for the parliamentary committees that are responsible for the oversight of their departments and you never seem to be able to? It's like pulling teeth getting you to our committee to speak to one of the most important constitutionally protected rights that parliamentarians have, which is the estimates.

[Translation]

**The Chair:** I have to interrupt you, because Mr. Albas is raising a point of order. Is that correct?

Mr. Albas, you have the floor.

[English]

**Mr. Dan Albas (Okanagan—Coquihalla, CPC):** You know, Mr. Chair, I hate to cut into Mr. Martin's time by any way or means, however, the point I'm making is relevancy. We're here to discuss Bill C-21, and I have failed to hear any question coming from the member in reference to our study of this particular bill.

I believe that being relevant, particularly at committee, considering that this committee is charged with looking at this bill in depth, really should provoke a response of focusing on the bill.

• (1640)

[*Translation*]

**The Chair:** Thank you for your point of order about Mr. Martin's remarks.

I was waiting for the end of his question to see if it had anything to do with Bill C-21. I am presuming that Mr. Martin will ask it quickly. Indeed, we need to stick to today's topic.

I will let him finish, in the hope that he will bring things around to the bill that we are currently studying. That is why Mr. Clement is here today.

[*English*]

**Mr. Pat Martin:** I'd be more interested in the minister's answer. Frankly, I don't think anybody can deny the relevance of having the President of the Treasury Board speak before the parliamentary committee charged with the oversight and scrutiny of the activities of the Treasury Board in something as important as estimates.

The minister oversaw a report, an in-depth study that we did on the very subject of estimates.

[*Translation*]

**The Chair:** I must interrupt you because Ms. Smith is raising a point of order.

You have the floor, Ms. Smith.

[*English*]

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** I have a point of order.

Without challenging the chair at this point, I would like to point out to my colleague across the way, with all due respect, it is a well-known fact—I know when I was chairing the health committee—there are often times when a minister can't appear because of scheduling issues. Today we're talking about Bill C-21 and to be relevant we need to stick to that particular topic and not go off on all these rabbit trails.

[*Translation*]

**The Chair:** Thank you for your point of order, but I hope that in the next 30 seconds, maximum, Mr. Martin will bring things back around to bill C-21, otherwise the question will not be—

[*English*]

**Mr. Pat Martin:** Speaking of time, I hope these points of order aren't taking away from the limited amount of time allocated to the official opposition to question the minister.

I can point out that this is Wednesday afternoon at 4:30. We made special provisions to accommodate the schedule of the minister. Our meeting times are 8:30 to 11:30, Tuesdays and Thursdays, but we're willing to meet any time, anywhere to discuss the estimates with our minister. We accommodated him this time. What's the reasoning for not accommodating us with one hour sometime throughout the 40-hour work week we have here—the 80-hour work week that we have here?

[*Translation*]

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

Does this have anything at all to do with the bill or with a point of order?

[*English*]

**Hon. Gordon O'Connor (Carleton—Mississippi Mills, CPC):** It was the same point of order. Enough's enough. Mr. Martin has already been warned twice. He doesn't need to be warned three times.

**Mr. Pat Martin:** I have the floor, don't I?

**Hon. Gordon O'Connor:** You don't have it with a point of order and you're not on topic. You've got to get on the topic or get off.

**Mr. Pat Martin:** What could be more relevant than the estimates?

[*Translation*]

**The Chair:** I just stopped him because he seemed to be getting off track, but I noticed a slight link with bill C-21. If the minister wishes to answer, I will give him the opportunity to do so.

[*English*]

**Hon. Tony Clement:** I always appear if any committee wants me to appear. They vote that way, and I appear.

[*Translation*]

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

Ms. Day, the floor is yours.

**Mrs. Anne-Marie Day:** Thank you, Mr. Chair.

Thank you for being here, Mr. Clement.

We have several questions to ask you about bill C-21. I think you are quite proud of your bill. However, there are several surprising things about it.

Firstly, we find that the premise is a bit flawed, as this bill is supposed to reduce red tape. In fact, it sets out the one-for-one rule, which means that when a new regulation is added, another regulation is removed. That does not reduce paperwork, it just prevents it from increasing.

Next, why did you choose such a populist title for the bill? Is it because businesses want to see red tape reduced? We know that for decades, they have been calling for a real reduction of paperwork. They have a lot of difficulty with the various levels of government and the various departments when it comes to reducing paperwork. This bill does not reduce paperwork.

Why did you choose a populist title given that the bill does not actually reduce red tape?

**Hon. Tony Clement:** Thank you for your question.

In the first place, the one-for-one rule represents part of a major action plan to fight red tape. There are many strategies for eliminating red tape for SMEs, of course.

The one-for-one rule is one strategy. However, there are other strategies. I have already said the following:

•(1645)

[English]

Other strategies include looking at new regulations through a small business lens, which requires the bureaucracy and Treasury Board by extension to review a new regulation to see what impact it will have on small business. I think that's a very critical culture change.

I would also suggest to you that having a scorecard where independent assessors assess how we are reducing red tape for small businesses is also something that changes the culture.

The results are in, as I mentioned already. We looked at 290,000 hours of estimated annual savings for small businesses and more than \$22 million in reductions in administrative burden.

[Translation]

**The Chair:** Mr. Trottier, you now have the floor for five minutes.

[English]

**Mr. Bernard Trottier:** Thank you, Minister, for being here this afternoon.

You mentioned in your comments that this bill gives the one-for-one rule the “added muscle of legislation”. I think that was your wording.

How is legislating the one-for-one rule different from the current implementation?

**Hon. Tony Clement:** I think it is important. We have had this rule in place, Mr. Trottier, and I believe it has had an impact. But having the added force of legislation indicates that this culture change in the bureaucracy has the weight of Parliament behind it.

It also means that we are leaders in the world. There are several jurisdictions, not many, but there are several, which have similar one-for-one rules. In the case of the U.K., I believe it's even a two-for-one rule. But none of them have the force of law. They are merely directives, which can always be undone by another directive. I think it is important that the weight of Parliament be behind the aspiration that goes along with the one-for-one rule. By doing so, it adds credibility and it requires government, the executive branch of government as opposed to the parliamentary branch, to take it seriously.

**Mr. Bernard Trottier:** Thank you.

I know that the one-for-one rule was introduced in 2012. You mentioned in your remarks some progress. Before we actually created the rule as a government, I know that you held some consultations around the country. In fact you came to Etobicoke—Lakeshore, and we held some consultations with one of the chambers of commerce there.

Can you share some of the experience you gained? I know that you and also the Minister of State for Small Business, Maxime Bernier, held extensive consultations. What were the kinds of things small business people were saying about dealing with the federal government and the redundant and onerous regulations?

**Hon. Tony Clement:** Right. I think this is an important point. It really had not changed very much from the time I was a start-up entrepreneur as well.

Maybe I can put them in two categories. Number one is the duplication that goes along with red tape. This is usually expressed in the way that the sole proprietor or small business entrepreneur gets a whole host of forms from some level of government, spends an afternoon or an evening filling out the forms, and then the very next day another branch of the same government or another level of government asks for basically the same information. This is very frustrating to small business entrepreneurs.

The other thing that was expressed time and again was getting blindsided, to put it in that vernacular. When government comes to them with new regulations, hasn't thought through the small business aspect of those regulations, and there is a quick turnaround where they have to comply with the administrative burden, then that, to them, is not only costly economically but it obviously takes their attention away from the thing they want to do, which is to concentrate on their business and to meet the demands of government.

It makes business less predictable if government comes in and does these things without a lot of notice. That is why one of the things we've done is a forward-looking agenda on future regulatory approaches. It's so important, because it gives business the time to react and also to comment.

•(1650)

**Mr. Bernard Trottier:** You mentioned from the small business perspective some of the advantages they've seen. Could you share with us the change that...? You mentioned the culture change among the regulators—the ministries, the agencies, and the departments. Could you give some examples of the different mindset? Typically we don't think of government as changing all that rapidly.

This rule has been in place for a couple of years now. How has their approach changed, and some of their procedures, when they come to introducing any new regulations?

**Hon. Tony Clement:** I have a couple of examples I can share. Employment and Social Development Canada, for instance, did amend the Canada disability savings regulations, removing the 180-day requirement for the registered disability savings plan grant and bond applications. Having that 180-day requirement in place meant that certainly some beneficiaries of those grants were delayed. Also, it removed the requirement to resubmit applications.

The annual savings for businesses just based on those two changes in that particular department were over \$377,000.

Health Canada reduced the red tape burden by amending regulations to allow regulated people, pharmacy technicians, to oversee the transfer of prescriptions from one pharmacy to another. Before, it had to be done by the pharmacist himself or herself. The pharmacist is a small business person, and she or he should be attending to clients and patients, not dealing with this regulatory burden.

With that change to the regulations, not only are they spending time with patients and customers and running their businesses, but the burden on pharmacists is reduced by \$15 million a year.

Those are two good, tangible examples of how it has a positive impact on things.

[*Translation*]

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

We now move on to Mr. Ravnat, who also has five minutes.

[*English*]

**Mr. Mathieu Ravnat (Pontiac, NDP):** Minister, thank you for being here. It's too bad that you couldn't be here for the estimates. In fact, the person who replaced you and who was here had to leave almost a half hour early, unbeknownst to us and to the committee. We were all surprised when this person, Mr. Matthews, announced that he was going to leave early. He said that he had to leave early because cabinet summoned him. Were you the person who asked him to—

**An hon. member:** A point of order.

[*Translation*]

**The Chair:** Mr. Ravnat, your question has nothing to do with bill C-21. You make a valid point, but you must return to the topic currently under study.

**Mr. Mathieu Ravnat:** I think it is essential to find out why the person who is appearing in committee to defend supplementary estimates B needs to leave to go to a cabinet meeting. That reduces the time available for us to put questions to him. That is completely unacceptable from a procedural point of view.

**The Chair:** I understand your point of view, but we need to bring things back to bill C-21.

**Mr. Mathieu Ravnat:** Maybe the minister wants to answer.

**The Chair:** No.

**Mr. Mathieu Ravnat:** Very well. I will come back with pleasure to bill C-21. Since—

**The Chair:** I have to interrupt you again. Several committee members are raising points of order.

Mr. Albas, the floor is yours.

[*English*]

**Mr. Dan Albas:** Mr. Chair, I am going to make the same point of order again on relevancy. I would just suggest that the other members bring themselves about to show respect for the chair. If a member does not agree with a ruling by the chair, which you have done multiple times today, Mr. Chair, then they can challenge the chair, and it will go to a vote.

I would just suggest that all members should respect the position that you're in, Mr. Chair.

[*Translation*]

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

Mr. Ravnat, back to you.

**Mr. Mathieu Ravnat:** Very well, Mr. Chair. Let me come back to bill C-21.

**The Chair:** I see that the question has already been settled. If all of the points of order are on the same topic, we do not need to raise them.

Mr. Ravnat, the floor is yours to speak about bill C-21.

[*English*]

**Mr. Mathieu Ravnat:** Basically, the one-for-one rule has been in effect since 2012, so that's two years. Has there been a macro-level evaluation done in departments on its effectiveness?

**Hon. Tony Clement:** Yes, and perhaps Mr. Vandergrift can speak in more detail, but we do have a scorecard that goes to the Treasury Board every week on the regulations that are going in and the regulations that are coming out, so we keep track of this department by department.

**Mr. Mathieu Ravnat:** Have challenges during that process been brought up and addressed, and what are some of those challenges?

**Hon. Tony Clement:** Yes, this is a fair question. I think part of what we have been able to do better over time is to monetize the burden. I think we have the most sophisticated monetization of administrative burden in the world, and it has become something of interest to the OECD, for instance. They want to study what we are doing in Canada for broader international applications, so I think we've made great progress on that.

Mr. Vandergrift, are there other things that we've made progress on?

• (1655)

**Mr. Michael Vandergrift (Assistant Secretary, Regulatory Affairs, Treasury Board Secretariat):** I'd say, as introduced in your reforms, there's time for culture change in departments to learn how to implement it. We've done a lot of work with departments providing them with tools and training to help them.

**Mr. Mathieu Ravnat:** Has that come with additional resources, such as human resources?

**Hon. Tony Clement:** Not really. Mr. Vandergrift here serves at the Treasury Board Secretariat. He's a busy guy, I would have to say, and his predecessor, another Michael, was busy too, but I think they've been doing a good job.

**Mr. Mathieu Ravnat:** The next question won't surprise you.

In the preamble, health and safety is referred to, environment as well, but it's not in the bill per se. Canadians are concerned about the power you'll be giving yourself as minister to gut regulations, and potentially gut regulations that are going to affect the safety of Canadians, affect the environment we live in. Can you reassure us as to what criteria you are going to put in place, how you are going to go about making sure that when it comes to one-on-one rule, which basically obligates you to get rid of certain red tape or regulations...? In that context, how are you going to do it?

**Hon. Tony Clement:** Let me quickly respond with two things.

First of all, the requirement to not compromise public health or public safety or the economy is actually in the preamble to the bill. I want to make that clear. I would draw the distinction between administrative burden and compliance burden. Usually, regulations that deal with health or safety concerns are forcing an entity to comply. That is not what this is about. This is about the administrative burden of all of the paperwork associated with demands from governments. So in no way could we affect the compliance burden, which of course is necessary in our society for health and safety requirements. That is not the subject of this bill.

**Mr. Mathieu Ravignat:** Okay, that's helpful.

One thing that has concerned a lot of small business, at least small business trying to get into government procurement, is the issue of how we define small and medium-sized businesses. There is red tape in dealing with government procurement.

**Hon. Tony Clement:** You don't say.

**Mr. Mathieu Ravignat:** Just a little bit, right? That's not part of this bill, but it brings up that issue. When we define a small and medium-sized business, it's 500 employees or less. You're not creating a fair level playing field—

**Hon. Tony Clement:** We use the income tax definition.

**Mr. Mathieu Ravignat:** There are problems with the income tax definition as well. In any case, is there something planned with regard to reducing red tape for public procurement contracts?

**Hon. Tony Clement:** I guess the one thing I can speak to from past experience and knowledge is that there is a pilot project that assists smaller businesses to get into the procurement stream, a preferential stream, that started, I think, about three or four years ago now. Certainly, that is common among most advanced countries with procurement to help their small businesses procure and get the experience in procurement.

I think that's a very positive step that we have taken.

[Translation]

**The Chair:** Thank you. That is the end of your time.

I now give the floor to Mr. Albas for five minutes.

[English]

**Mr. Dan Albas:** I want thank the President of the Treasury Board and, obviously, Mr. Vandergrift for coming in today to talk about the merits of Bill C-21.

Before I get into Bill C-21, pertaining to Ms. Day's comments that this particular bill doesn't address anything to do with red tape, if I heard you correctly you said that as of June 2014 the rules resulted in a net annual reduction of more than \$22 million of administrative burden on businesses and an estimated annual savings of 290,000 hours dealing with regulatory red tape. To me, that sounds like the one-for-one rule has already had an impact on businesses right across this country.

**Hon. Tony Clement:** I would agree. As I say, I believe we have the most sophisticated measurement in the world in advanced countries when it comes to red tape and its impact on small businesses. We're very proud of that. We assess how much time a person has to sit down and work through the paperwork and how much that takes away from their business activity. We monetize the

value of that. It's not just that this is a 40-page regulation and this is 40 pages of red tape, or this is a one-page regulation and this is one page of red tape. The monetization makes it, I think, a lot more evidence-based, and I think that's a valid number.

• (1700)

**Mr. Dan Albas:** You made reference in response to a previous question that there is a big difference between the compliance burden, which is in effect the actual regulations for health and safety of Canadians, and the administrative burden. Can you please define what the administrative burden is, and how that affects many of our small and medium-sized businesses right across the country?

**Hon. Tony Clement:** I started to do that in answer to the previous question.

If I can use a definition here, it is the effort required for Canadians or businesses to demonstrate compliance with a federal regulation. That could be planning. It could be collecting. It could be processing. It could be reporting information. As I said, it could be completing the forms, retaining the data required by the federal government—that's a cost—filling out licence applications—that's another burden. It could be finding and compiling data for audits, and also the learning curve to learn about the requirements. I think we've been very comprehensive in our terminology for administrative burden, and that's where the monetization comes in with all those categories.

**Mr. Dan Albas:** Before I pass my time over to MP Smith, Mr. Chair, I have just one further question. How is the cost of that administrative burden calculated under the rule?

**Hon. Tony Clement:** I'm going to pass the baton over to Michael here. He's an expert in that. Michael, could you talk about the monetization?

**Mr. Michael Vandergrift:** Yes.

It uses a standard cost model, which is an internationally accepted and recognized model for calculating administrative burden. Essentially it looks at the time required to complete the forms, who's doing it, the salary cost of the individual doing it, and the number of times they have to do it. Then they get basically a firm picture at a firm level. Then you multiply it by the number of firms in the economy that have to comply by it and, by that basis, you come up with a total amount of administrative burden.

We provide tools for departments to assist them in making those calculations. Departments, as part of our guide, are also to work with and consult with the regulated parties to make sure that those numbers make sense. The summaries of these calculations are also made public as part of the regulatory impact assessment statement that accompanies every regulation.

[Translation]

**The Chair:** Thank you.

Ms. Smith, the floor is yours.

[English]

**Mrs. Joy Smith:** Thank you, Mr. Chair.



I have to say, Minister, it's just amazing. This is a problem that has presented itself in many businesses, and we know that \$22 million in administration has been reduced and an estimated 290,000 hours. That's phenomenal. We've talked about the one-for-one concept, but our government has put in many other mechanisms that cut down on red tape. Could you perhaps talk about some of those as well?

**Hon. Tony Clement:** Sure. Let me talk a little bit about the forward regulatory plans because I think that's really important for small business as well.

I talked about getting blindsided by government, and this is a common complaint that we had heard. By requiring regulatory departments and agencies to post available publicly their plans for the future on regulation does two things, in my estimation. Number one, it provides the small business the time required to get ready for that regulation, but it also creates a dialogue between the regulator and the regulated on the proposed regulation. If you know that something is coming up in two years, you can actually start the dialogue and say, "Look, I'm sure you didn't plan this, but this is going to have this kind of impact on a small business. Let's work to make sure that you can achieve the public policy goal without creating a hit for small business." I think that's a really important concept that we have added.

The small business lens is again about requiring the regulators to assess the impact on small business, not just on Canadian society or how this means that something will be better, but on the small business as well. I think it is critically important in terms of a change of attitude.

[Translation]

**The Chair:** Thank you.

Mr. Byrne, the floor is yours for five minutes.

[English]

**Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Thank you, Minister. I appreciate your coming.

You've trumpeted the advance system that Treasury Board has and the Government of Canada has for monetization of the costs of administrative burden. Let's put that to the test. Could you inform the committee what is the global or cross-government interdepartmental estimate of the monetization cost for the administrative burden imposed on business by the federal government on an annual basis?

•(1705)

**Hon. Tony Clement:** I certainly will try to find that answer for you. I don't have it off the top of my head.

**Hon. Gerry Byrne:** I think if I were appearing before a parliamentary committee trumpeting the advanced system of estimating the monetization of administrative burden, that's an answer I would have had.

**Hon. Tony Clement:** Well, I could answer rhetorically and say a dollar of red tape burden that isn't necessary is a dollar too much.

**Hon. Gerry Byrne:** Okay, let's see what that system comes to. Maybe you'd be able to report that a little bit later.

This policy has been place for several years now. Has it been effective?

**Hon. Tony Clement:** I believe so, yes.

**Hon. Gerry Byrne:** How so?

**Hon. Tony Clement:** Number one, it helps to change the culture in this place so that the needs and concerns of small business are more a part of the decision-making process, and two, by virtue of the one-for-one. As I said, the hundreds of thousands of hours that have been reduced in terms of burden and the monetary reduction in the cost of burden I believe are good indicative measures.

**Hon. Gerry Byrne:** If the policy has been successful for several years, why legislate it?

**Hon. Tony Clement:** I think it's important to have the force of Parliament behind this particular piece of legislation. I think that sends the right message. It also encompasses, I believe, the view that this is not just a rule that at whim can be removed.

**Hon. Gerry Byrne:** That's interesting, because you mentioned earlier that in other jurisdictions, other advanced economies, the problem with their legislation or policies is that they include directives that can be undone by another directive. Clause 8(1) of this piece of legislation states:

No action or other proceeding may be brought against Her Majesty in right of Canada for anything done or omitted to be done, or for anything purported to be done or omitted to be done, under this Act.

Clause 8(2) states:

No regulation is invalid by reason only of a failure to comply with this Act.

It sounds to me like Bill C-21 has a poison pill. It has a directive that's built into it that can be used to undo all of the other elements of the bill. This is an unenforceable bill because you've built in a clause that says, "Yes, we have a policy, we have a general thrust, we have an intention", but clause 8 as it is spelled out in this bill gives you an off-ramp. It gives the Government of Canada an off-ramp. You don't have to do anything under this bill and not be in compliance with this bill because of clause 8.

Minister, how would you respond to that?

**Hon. Tony Clement:** I think that is a general immunity clause, quite frankly, which means that Her Majesty in right of Canada is protected. That's fairly standard. What I would say is when you look at the rule itself, which is found in clause 5, that is the actionable clause in this particular bill.

**Hon. Gerry Byrne:** Understood, but clause 8 says that you don't have to act on it. Nothing can be done. There are no consequences for not acting on clause 5. The government cannot be held accountable.

**Hon. Tony Clement:** I wouldn't go that far.

**Hon. Gerry Byrne:** Minister, I'll just read it again so that we're clear:

No action or other proceeding may be brought against Her Majesty in right of Canada for anything done or omitted to be done, or for anything purported to be done or omitted to be done, under this Act.

That sounds to me like a big off-ramp.

**Hon. Tony Clement:** That is a cause of action in the courts. That doesn't mean that the bill has no force and effect, because it has the force and effect of Parliament and Parliament can require the bill to be enforced.

**Hon. Gerry Byrne:** How would Parliament enforce this?

**Hon. Tony Clement:** It's an act of Parliament. The minister can be dragged before this committee and you can ask questions in the House of Commons. There can be shaking of fists and beating of fists—

**Hon. Gerry Byrne:** Minister, if I am a business owner and I am trying to use this bill to lighten my burden, and I want to invoke this bill, what action can I bring forward to ensure that it happens if you're saying that...? There's an off-ramp. There's a total immunity clause.

**Hon. Tony Clement:** There's not a total immunity clause.

**Hon. Gerry Byrne:** This is a pamphlet. This is not legislation. This is a communications exercise

**Hon. Tony Clement:** No, no. It's quite the opposite actually.

[Translation]

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

That is all the time we have, but I will just let Mr. Clement answer you if he wishes to do so.

[English]

**Hon. Tony Clement:** *Oui*. This is not a total immunity. This is immunity in a legal cause of action, which is a standard procedure in governmental files. At the same time, this will have the force of Parliament and I believe that any government that completely ignores this particular bill would be in contempt of Parliament.

• (1710)

[Translation]

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

Mr. O'Connor, you have the floor.

[English]

**Hon. Gordon O'Connor:** Mr. Clement, you keep talking about reducing red tape and when you look at history, the Romans probably had red tape. We all have different ideas of what red tape is. What is red tape?

**Hon. Tony Clement:** We use the term “administrative burden” to describe red tape for the purposes of legality. It's the effort required for Canadians or businesses to demonstrate compliance with federal regulation. I think that's a workable definition. It's a definition that we consulted on with the Canadian Federation of Independent Business, the Canadian Chamber of Commerce, and other business advocacy groups, particularly those associated with smaller businesses. We said that we want to make sure this covers things that they are interested in fixing in government.

Red tape can mean all things to all people, I suppose, but we do have the definition in clause 2, the definitions section, which I have just read from. It talks about “completing of forms” and it talks about “collecting, processing, reporting and retaining of information”, so I think that's fairly comprehensive.

**Hon. Gordon O'Connor:** We also talk in this bill about one-for-one, that if you want to add something, you have to take something out.

Do you envisage any situation where a department or an agency can get to the point where they can't do that, where they are tight, and they want to add a regulation, but they can't take one out?

How does it work against this bill?

**Hon. Tony Clement:** The bad news is that we have so many regulations, we're nowhere near that point in any department or agency as far as we're aware. Certainly, I think if we have a situation where regulation is so compressed that the administrative burden has been reduced so well that we face that kind of difficulty, that's the kind of difficulty we want to have. We measure each department on a weekly basis when Treasury Board meets to see where they are in the queue. Are they at a point that they have a debit with Treasury Board in terms of needing to find regulations that are of no real value to government, but that create a burden on the small businesses?

Those are the kinds of regulations we're interested in weeding out as we go along.

**Hon. Gordon O'Connor:** In this theoretical position, would you then give that department authority to break the rule and add a position without taking one away?

**Hon. Tony Clement:** You're asking me to speculate on a situation that hasn't occurred, so it's difficult for me to answer that.

**Hon. Gordon O'Connor:** I'll ask you another question then.

You've touted the fact that we've saved, I forget what it was, two hundred and something—

**Hon. Tony Clement:** It's 290,000 hours.

**Hon. Gordon O'Connor:** The question is related to one I just heard. I don't know how big that is against all the regulations. I don't know if that means something, whether it's 1%, 10%, 20%, or whether it's great success or little success, because I have no relationship against which to compare it.

**Hon. Tony Clement:** I'll give you one comparative. We have about 2,500 regulations that are the subject of this act. That gives you a sense of where we are. Nineteen have been repealed so far as a result of this act, so we do have a way to go. Of course, this is not the whole kit and caboodle, as I mentioned. There are other things that we're doing to reduce regulatory burden on businesses, aside from this. What this does is it provides the necessary discipline so that we're not adding to the burden, and at the same time it requires regulatory agencies and government to find ways to reduce the burden.

So, 2,500 regulations. We're a federal society, so there are many more regulations at the provincial level and many more at the municipal level which this act does not apply to. But we're hoping this will be a standard that will spread the good word on reduction of red tape to other levels of government in Canada as well.

• (1715)

[Translation]

**The Chair:** Thank you, Mr. O'Connor.

I give the floor to Ms. Day, who has five minutes.

**Mrs. Anne-Marie Day:** Thank you, Mr. Chair.

I will first say: QED—what needed to be demonstrated. My question is for Mr. Albas.

Mr. Albas, you have demonstrated that with the “one-for-one” rule, regulations were not decreased, but processing times and costs were reduced. This allowed us to generate savings which, we hope, will be invested in social housing, old age security or poverty reduction in the country.

You spoke about 19 regulations. We would like a copy of the list of these 19 regulations. I will not ask for them now, but you could perhaps submit them to the committee.

In the preamble, the importance of transparency is mentioned. Other than the annual report, what other measures might be taken? Will the five-year evaluation be made public? What transparency measures will be taken to allow us to better understand the process for eliminating regulations on a day-to-day basis? How will data be gathered for the evaluation?

**Hon. Tony Clement:** The transparency of this bill is important. Of course it is. It is also important for consultations with small and medium-sized businesses to be undertaken to determine, for example, whether this bill is useful. I believe that the annual evaluation forms will allow us to draft a report for MPs and Canadians on the usefulness of this important regulation, and all others.

[English]

This is part of our strategy, I can assure you. We've had one scorecard report.

I should remind committee members that the people who are assessing are outside of government. It's not Treasury Board Secretariat patting itself on the back. We just provide the information. They are the ones who assess what needs to be done in the future to make continued progress. I think that's a very positive way of going about this.

[Translation]

**Mrs. Anne-Marie Day:** I will use a concrete example, Mr. Chair. It is the DOT-111 tanker cars. If this new regulation is applied, what other regulation will have to be withdrawn?

**Hon. Tony Clement:** Unfortunately, I cannot answer your question, as it would be mere speculation.

**Mrs. Anne-Marie Day:** There surely must be an answer, since the DOT-111 tanker cars are no longer used for rail transportation. These tanker cars are the ones that were involved in the Lac-Mégantic incident.

In cases where regulations are repealed, what communications strategy should be implemented to inform businesses of the change in the legislation?

**Hon. Tony Clement:** As I have already said, it is important to have annual results, as well as the report to Parliament.

In general, we have daily discussions with representatives from small and medium-sized businesses. The government and the representatives from the small and medium-sized businesses really work together in order to improve this situation. The Red Tape Reduction Action Plan flows from a partnership with the Canadian

Federation of Independent Business. I think it is important to maintain a dialogue with these organizations.

**Mrs. Anne-Marie Day:** How much time do I have left, Mr. Chair?

**The Chair:** You have 40 seconds.

**Mrs. Anne-Marie Day:** Very well.

You said the following in your presentation: “As the preamble to Bill C-21 states, the One-for-One rule will not compromise public health, public safety or the Canadian economy.”

There are at least three components, but why not the environment or the happiness of Canadians? Why have you chosen these three elements?

**Hon. Tony Clement:** As far as the environment is concerned, if there is a real issue involved, it is the repercussions that it has on Canadians' health. In other words, it is included in the protection of health.

• (1720)

**The Chair:** I thank you, Mr. Clement.

I thank you as well, Ms. Day. Your time has expired.

I will now give the floor to Mr. Maguire, for five minutes.

[English]

**Mr. Larry Maguire (Brandon—Souris, CPC):** I appreciate your coming forward on this bill, Mr. Clement.

Certainly, I appreciate the NDP's support in this process here in Ottawa. I'll give you a little background in my years in opposition as a Progressive Conservative in Manitoba. Twice this type of a bill was brought forward in the legislature by my colleagues. The critics in these areas were mainly industry and small business. Twice it was defeated by the government in Manitoba at that time, so I'm really pleased to see the cooperation to move this forward.

You've indicated that we've dealt with 19 out of 2,500 regulations and saved \$22 million. I don't want to extrapolate that for my colleague who was asking about how much can be saved, but that would be quite an amount of money if it was extrapolated.

This is just one of the areas for which we've brought forward changes regarding the reduction of red tape, the one-for-one rule. Could you outline a few of the other mechanisms we're using to reduce red tape as well?

**Hon. Tony Clement:** I already mentioned the forward regulatory plans and the small business lens.

Are there others?

**Mr. Michael Vandergrift:** There are the service standards for high-volume regulatory authorizations. Where there are regulatory authorizations of a sufficient number, departments are required to put in place service standards for providing those authorizations and then reporting on progress against those service authorizations as well.

**Hon. Tony Clement:** These were all as a result of the extensive consultations that were done prior to the announcement of the red tape reduction action plan. The consultations meant that members of our government sat down at round tables with small business groups across the country and said, “Tell us, warts and all, what your experience is with federal regulation, because that’s our jurisdiction, and how we can ameliorate some of those concerns.” Really, this is, as I mentioned already, a real partnership with the small business community to make some tangible difference.

**Mr. Larry Maguire:** Thank you.

As well in this process, I think one of the more important things, from the hourly savings that my colleagues talked about, to the dollar savings that can be had from this particular rule, for one rule in particular.... As well, as you know, there’s a saving of time and there’s a saving of dollars, but can you indicate to me what you think the mindset change is in our bureaucracy in regard to being in government and in regard to this type of regulation being in place for over a year already, and if you see a change in attitude in regard to before we even look at most of the bills, before you’re bringing in any new regulations?

**Hon. Tony Clement:** Sure.

Obviously, culture change is at least initially a work in progress. These things don’t happen overnight, but I believe that the fact.... Everybody has to come to Treasury Board at some time or another. Having us as the filter, where we have the weekly reports that Michael drafts on where we stand with one-for-one, and where we have the Treasury Board submissions having a small business lens component when they are dealing with regulatory change, means that it is set in the mind of the drafter of the regulation as well as the considerer of the regulation, that is to say, members of the Treasury Board, such that this is top of mind.

In all honesty, these things don’t happen overnight, Mr. Maguire, but I think we’ve made a good step. Certainly it is becoming part of the standard routine in government that these are issues that the Treasury Board and, by extension, initially our caucus—and should this bill be passed, then all parliamentarians—have an interest in, in seeing the success of this kind of operation.

**Mr. Larry Maguire:** Thank you.

I guess as well that all types of regulations.... It’s an excellent mechanism, but there are a lot of other types of regulations. They’re not all of equal heft, I guess you could say, so from an expense point of view, how do you find groups adhering to it? I wonder if you could explain if you’ve taken any measures through this legislation to take into consideration the costs of the implementation of some of these as well.

• (1725)

**Hon. Tony Clement:** Yes, not much cost in implementation, but Michael may want to...if I’ve missed something.

**Mr. Michael Vandergrift:** There are certain steps the departments are required to undertake to propose and develop a regulation. That’s laid out in a cabinet directive on regulatory management, which is a public document.

Departments are required to do a cost-benefit analysis and consultations and to calculate administrative burden and the small

business lens. These are steps that departments are required to take as part of developing and moving forward with regulations and providing the evidence base to ensure the regulation will achieve what it’s intended to achieve.

**Hon. Tony Clement:** Only the incremental cost has to be absorbed in-house by each regulating department or agency.

[*Translation*]

**The Chair:** Thank you.

Thank you, Mr. Maguire.

Mr. Ravnat, you have the floor for five minutes.

[*English*]

**Mr. Mathieu Ravnat:** When I talk to small businesses in my riding and I mention this, they’re not fully understanding what it means for them. I’m wondering if there has been or if there will be outreach done that explains this to the mom-and-pop shop that’s doing great work with 25 employees or fewer. How are we going to tell them how it affects them?

**Hon. Tony Clement:** Sure. I think that’s a critical component of this. I’d be, with tongue in cheek, a little bit happy to provide wording for your next householder—

**Voices:** Oh, oh!

**Hon. Tony Clement:** —so that you can help us get the word out, but aside from that, we continue to partner with the CFIB—

**Mr. Mathieu Ravnat:** It may not be printed exactly as you wish.

**Voices:** Oh, oh!

**Hon. Tony Clement:** I’ll have to use my proofreading abilities on that.

We continue to work with small business organizations like the CFIB. They have constant newsletters where this kind of thing is a topic of conversation.

Yes, I know that it’s not necessarily headlining the nightly televised news, but I believe that we are working with the right people to get the message out about how important this is.

**Mr. Mathieu Ravnat:** Well, anyway, I definitely encourage you to try to get deep into the roots of the business community, to really have them wrap their heads around how it affects them.

**Hon. Tony Clement:** Sure.

**Mr. Mathieu Ravnat:** I’ll come back to some of the discretionary or arbitrary powers that are going to be given to the President of the Treasury Board, to you yourself.

Clause 6, for example, says “may establish policies or issue directives respecting the manner in which section 5 is to be applied.”

Pursuant to clause 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.”

Have there been exceptions, and if there have been exceptions, of what type?

**Hon. Tony Clement:** We do have to make it a determination whether something is subject to the one-for-one rule or not, and so those are made in a matter of course, and obviously, as I keep mentioning, health and safety ones are not ones that we're interested in.

Are there any others, Mike?

**Mr. Michael Vandergrift:** There have been exceptions for non-discretionary types of measures, for example, economic sanction measures where it's part of our international obligations. So those have been—

**Mr. Mathieu Ravignat:** So there's been enough for you to think that it belongs in the legislation?

**Hon. Tony Clement:** Well, I think it's hard to envisage every single circumstance in which that is done. That's why there does have to be some regulatory authority provided in the bill to deal with exceptions we haven't thought of.

**Mr. Mathieu Ravignat:** Fair enough.

There's another thing that my business community tells me in my riding when we talk about red tape. They talk about taxes. But according to the cabinet directive on regulatory management, exceptions to the one-for-one rule include regulations related to tax and tax administration. Why not tackle that in this bill?

**Hon. Tony Clement:** The taxation authority is obviously a separate authority that the executive council shares with Parliament, and we did not feel that it was appropriate to infringe on that.

**Mr. Mathieu Ravignat:** There's nothing that you would have identified or you would like to have tackled?

**Hon. Tony Clement:** I'll tell you another thing that came out of the round tables and the consultations. I know this may be surprising to members, but sometimes Canada Revenue Agency came up, and some of the requirements and the way in which things are done at

CRA with small business came up. Obviously we are working with CRA and with Minister Findlay to reduce some of that. One of the things that we required as part of our—

• (1730)

**Mr. Mathieu Ravignat:** Is she getting a report card?

**Hon. Tony Clement:** Just let me give you my thoughts.

One of the things we've required out of CRA is that when you're dealing with a CRA official on the phone, they're required—I know this sounds like common sense—to tell the taxpayer who they're dealing with, so you can't just drop the call and then it goes into the great ether. I think it's those kinds of common sense things. We're continuing to look for things that will be helpful in CRA land that will help small businesses too.

[*Translation*]

**The Chair:** If you ask a very quick question, you have a few seconds left.

[*English*]

**Mr. Mathieu Ravignat:** That's okay.

[*Translation*]

**The Chair:** Very well.

Mr. Clement and Mr. Vandergrift, it being 5:30 p.m., we will thank you once again for the time you have given us today.

As for the members of the committee, we will see each other tomorrow morning at 8:45.

This therefore brings the meeting to a conclusion. We will now go to vote in the House.

**Hon. Tony Clement:** I also thank you.

**Mr. Michael Vandergrift:** Thank you.

**The Chair:** I look forward to seeing you again soon.

The meeting is adjourned.





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