



March 31, 2014

The Honorable Tony Clement, P.C., M.P.  
President of the Treasury Board  
140 O'Connor Street  
Ottawa, ON K1A 0R5

Via email: [Tony.Clement@tbs-sct.gc.ca](mailto:Tony.Clement@tbs-sct.gc.ca)

**Re: Strengthening Canada's Regulatory System**

Dear Minister:

On behalf of the Canadian Manufacturing Coalition, our 100,000 member companies and their roughly two million direct employees across the country, we are writing regarding mechanisms to strengthen Canada's regulatory system to drive investment and grow manufacturing output and exports. Collectively, our associations represent the most economic critical, and highly regulated, sectors of the economy.

We would like to congratulate you and the Treasury Board on the release of the first Scorecard Report on Implementing the Red Tape Reduction Action Plan. We strongly support this initiative, along with other government initiatives such as the Regulatory Cooperation Council, as key tools to help to reduce unnecessary burdens on industry. Regulatory burden has long been a competitiveness issue for Canadian industry and the fact that the government is acting aggressively through efforts aimed at reducing the administrative burden of regulation or seeking greater regulatory alignment with the key trading partners, especially the United States, is of great importance to our member companies.

While the 2012-2013 Scorecard Report indicates that progress has been made, significant opportunities to further reduce unnecessary regulatory burdens exist across the government. Our members continue to express major concerns and frustration with the cost and lengthy delays caused by having to comply with regulatory programs and activities, along with the requirements of other mandatory programs, which are often duplicative, overly complex or not aligned across government departments.

In most cases, regulations (and the regulators) too often are focused exclusively on the process of regulating, and not the expected and desired outcomes of the regulations. While this may seem a minor difference in approach, it often leads to regulatory barriers that impede competitiveness and investment in Canadian manufacturing. As an example of this difference, under certain regulations products are being banned from entering Canada as a production part but are permitted to enter Canada as a finished good for sale to consumers.

This regulatory approach limits production opportunities for Canadian manufacturers and it unnecessarily drives up operating costs. The Canadian Federation of Independent Business' 2013 Canada's Red Tape Report states that the smallest businesses in Canada (fewer than five employees) pay 45 per cent more per employee (\$5,942) to comply with government regulation than their U.S. counterparts (\$4,084). In the Canadian Manufacturing Coalition's 2012/2013 Management Issues Survey, nearly a quarter of respondents ranked the

growing regulatory burden as a top priority and 60 per cent of companies stated that they spend more than one per cent of gross annual revenues on regulatory compliance. Additionally, 27 per cent of companies reported that the regulatory burden is worsening, while only eight per cent said it was improving for them – and this is despite the government's substantial efforts at improvements.

Canada's ability to attract and retain industry investment requires a globally competitive regulatory framework. Taking into account the efforts of the federal government to date, we believe more must be done to ensure Canada's ongoing economic competitiveness through regulatory modernization. Our associations believe the federal government should spearhead a new initiative aimed at reducing regulatory burdens that restrict economic growth and focused on creating a modern, world class, and innovative regulatory environment. This is of critical importance if Canadian manufacturers are to reap the benefits of the various free-trade agreements that were negotiated by the government.

To meet this objective, Coalition members believe that regulations should follow these core principles:

- Harmonize and coordinate within Canada and with trading partners;
- Regulations should focus on achieving outcomes (health, safety, security, environmental protection, etc) and not the process for achieving those outcomes;
- Eliminate compliance requirements that do not contribute to desired outcomes;
- Recognize existing regulations/standards for compliance purposes – only regulate where additional risks warrant;
- Adopt risk management processes based on scientific and practical merits;
- Ensure impacts on business competitiveness, along with the true cost of regulations (implementation and administrative burden) are fully understood and taken into account as part of mandatory Regulatory Impact Assessments. RIA's should be reviewed with industry following regulatory implementation to ensure appropriate cost and benefit balance;
- Implement competitive service standards (consultation, processing and response times); and
- Lean 101 and Business 101 training should be considered for regulators.

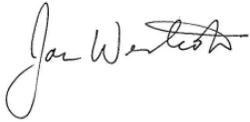
These principles line up in many ways with the Government's commitment to Canadians contained within the Cabinet Directive on Regulatory Management. However, a gap exists between broad directives and regulatory reality which is causing decreased competitiveness and decreased investment in Canada. As such, we believe adopting the principles would help close this gap and strengthen Canada's business environment.

We appreciate your time on this matter and are seeking a meeting with you to discuss regulatory modernization as a mechanism to improve Canada's economic and regulatory landscape. A representative from the Coalition will contact your office shortly to arrange this meeting. In the interim, please do not hesitate to contact any of the undersigned associations if you have any questions.

Sincerely,



Jayson Myers  
President & CEO  
Canadian Manufacturers & Exporters  
Chair, Canadian Manufacturing Coalition



Jan Westcott  
President & CEO  
Association of Canadian Distillers (Spirits Canada)



Marc Brazeau  
President  
Automotive Industries Association of Canada



Andrew Casey  
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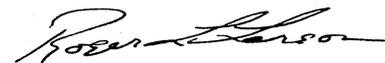
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Canadian Cosmetic, Toiletry and Fragrance Association



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Peter Boag  
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