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Chair: Mr. Kelly McCauley



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Wednesday, April 10, 2024

• (1635)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** I call this meeting to order.

Good afternoon, everyone. Welcome to meeting number 116 of the House of Commons Standing Committee on Government Operations and Estimates, also known as the mighty OGGO.

Pursuant to Standing Order 108.3(c) and the motion adopted by the committee on Wednesday, February 14, 2024, the committee is meeting to consider matters related to federal regulatory modernization initiatives.

I'll give a reminder to not adjust your earpieces near the microphone, as it causes feedback for our very valued interpreters.

We have four opening statements, and we'll start with Mr. Greer. We'll go from my left to your right.

Before we do, I want to make a short comment.

It's my 25th wedding anniversary today, so I want to give a shout-out to my wife for putting up with me for 25 years. I will note that I granted her gift request, which was to be away from her in Ottawa today. Happy anniversary to my lovely wife Sasha, and maybe we won't get to 26.

We'll start with Mr. Greer with a five-minute opening statement. Please keep it to no longer than five minutes, because I don't want to have to cut you off. Thanks very much.

Please go ahead, Mr. Greer.

**Mr. Ryan Greer (Vice President, Public Affairs and National Policy, Canadian Manufacturers and Exporters):** Thank you for having me here today on behalf of Canadian Manufacturers and Exporters.

Manufacturing generates 10% of Canada's GDP and produces nearly two-thirds of Canada's value-added exports, employing 1.8 million people in high-paying jobs across the country.

It doesn't take more than a cursory look at Canada's key economic indicators to see that we are in a growth crisis. Just two weeks ago, the senior deputy governor of the Bank of Canada called Canada's lagging productivity “an emergency”.

CME is pleased to participate in your study and share our thoughts on part of what is contributing to our economic malaise—Canada's regulatory competitiveness. Canada is an increasingly challenging jurisdiction in which to start a manufacturing business,

invest in it and grow it. Canadian manufacturers are caught up in an increasingly complex web of rules and requirements that prevent businesses and their employees from reaching their full potential.

When we survey our members, a large majority of whom are small and medium-sized manufacturers, the regulatory burden consistently polls as one of the biggest barriers to growing their business.

Over the last two decades, the federal government has undertaken a range of regulatory red tape reduction initiatives and reforms. They have all been useful to varying degrees, but fall well short of what is required to reduce the ongoing accumulation of red tape that is removing the dynamism from our economy.

This assessment applies to the Treasury Board's current federal regulatory modernization agenda. While there are some worthwhile tools in it, it is too modest in its scope and its ambition.

With that in mind, I'd like to share some of CME's recommendations on how the government should make Canada more competitive.

First, we recommend that the government legislate economic growth and competitiveness mandates for all regulators, alongside their current mandates. Presently many regulators do not sufficiently consider the economic consequences of their actions, because they are not required to. We can achieve both protection and prosperity, but only if the government sets an expectation that economic growth is an outcome that all regulators should be working towards.

In the 2018 fall economic statement, the government announced that it was considering implementing a change to add “regulatory efficiency and economic growth” to regulator mandates. However, after two rounds of consultations in 2019, this idea was quietly abandoned.

This change could be modelled after the U.K. growth duty, implemented there in 2017, which provides detailed guidance for U.K. regulators on how they can better support sustainable economic growth through the decisions they make and the ways in which they regulate.

We believe this is the most important policy change that this committee could recommend and that the government could undertake.

There are other steps the government should take to reduce the cumulative burden facing manufacturers and all businesses. We believe the government should expand the scope and ambition of the one-for-one rule. As committee members here will know, this rule requires that for every new regulation that increases the administrative burden on business, the cost of this burden must be offset through other regulatory changes.

Despite this rule being in place for over a decade, the number of overall administrative requirements on business have continued to increase, from 129,000 when the federal government first started tracking this figure in 2014 to 149,000 as of mid-2022. That's a net increase of nearly 20,000 new administrative requirements over eight years.

We also think there is an important leadership role for the federal government in working with the provinces to undertake a serious effort to reduce interprovincial trade barriers and promote regulatory harmonization among provinces through mutual recognition. Most of Canada's interprovincial trade barriers are the costs of complying with rules, regulations, standards and certifications that vary from one province to another. Mutual recognition would provide that any one province should allow any product, service, credential or other certification to be considered automatically compliant if it is already so in another jurisdiction.

The 2017 Canadian Free Trade Agreement did create a body, the regulatory reconciliation and co-operation table, to resolve interprovincial regulatory differences; however, it has proven to be not fit for purpose. While it has done some valuable work, it simply does far too little far too slowly.

Last, and while perhaps not as transformative, we do believe that there are small but meaningful steps the government can take to strengthen some of the regulatory modernization tools already at their disposal.

For instance, the External Advisory Committee on Regulatory Competitiveness, first established in 2018, provides advice to the President of the Treasury Board on how to improve Canada's regulatory competitiveness. It has made a series of excellent recommendations to the government, including in its most recent letter, stating that "What we heard from all that there is an urgent need to address the challenges that face the regulatory system."

We recommend that Treasury Board adopt a "comply or explain" principle toward the committee's advice, which means that the government is obliged to either pursue the proposed initiatives from the committee or explain why they will not be pursued. This "comply or explain" principle would add a level of accountability to the work and to other government consultation panels.

• (1640)

To wrap up, the ability to navigate complex regulatory processes should not be a primary driver of business success in Canada. However, it has become so. In the face of the current growth crisis, it is essential that governments invest more of their time and energy to help make Canada a lower-friction economy. Doing so will help create a more efficient and competitive industrial economy while increasing the wealth and well-being of Canadians.

Thank you.

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

Ms. Pohlmann, welcome back. Please go ahead for five minutes.

**Ms. Corinne Pohlmann (Executive Vice-President, Advocacy, Canadian Federation of Independent Business):** Thank you. Good afternoon, and thank you for the opportunity to be here.

As you may know, the CFIB is a not-for-profit organization representing the interests of over 97,000 small and medium-sized businesses across Canada. Our members come from all sectors of the economy and all regions of Canada.

It is important to distinguish between regulations that are justified and excessive regulations, which we know of as red tape. Many regulations are integral and needed in our system, such as those that protect the health and safety of Canadians. On the other hand, red tape is excessive government regulations that are unfair, overly costly, poorly designed or contradictory. Red tape can also include unnecessary delays and poor government customer service. Red tape undermines productivity, lowers wages and harms the entrepreneurial spirit.

CFIB first estimated the cost of regulation to Canadian businesses in 2005. Our most recent measure, from 2020, found that the total cost of regulation on businesses from all levels of government was \$38.8 billion. Of this, businesses identified 28%, or \$10.8 billion, as excessive regulatory burden.

More importantly, the regulatory burden hits small businesses the hardest. The cost of government regulation for businesses with fewer than five employees was five times higher than the cost for businesses with 100 or more employees. This is because larger businesses can spread the regulatory burden across a greater number of employees and often have in-house resources devoted to compliance.

Beyond the burden of time and money, excessive regulation creates frustration. It might take two hours to understand confusing language on a form and get an answer from a government helpline and then another two hours for your blood pressure to come down. It's no surprise that 87% of small business owners say that excessive regulation adds significant stress to their lives and that 63% would not advise their children to start a business, given the current burden of regulation in Canada.

Further, 81% agree that excessive government regulation reduces their business's productivity and ability to grow. If regulatory costs on their business were reduced, small businesses would use that extra time and money to increase wages, invest in new equipment and dedicate more time to employee training—all of which are key to growing productivity.

We have identified a number of specific examples of excessive regulations at the federal level that need attention, including things like the disability tax credit forms, T4 dental care and UHT reporting, CBSA classifications, airline fitness for travel forms, inter-provincial trade barriers like the movement of food across borders and many more. I'm happy to elaborate on any of those if needed.

We can try to fix every specific regulatory issue that arises, but this will never fix the overall regulatory burden, so a broader approach is also needed. Over the years, we have learned that there are three essential ingredients to effective regulatory modernization.

The first is political leadership. Effective and sustained regulatory reform must be driven from the top, with a political commitment from the leadership that is echoed through all departments and agencies.

The second is regulatory accountability. Regulation deserves the same level of transparency and debate as taxing and spending. Real regulatory accountability requires ongoing measurement and external oversight. To do this, governments need to look at the regulatory burden found not only in regulations but also in legislation, policies and forms. Additionally, governments should measure that burden from all government departments, agencies and delegated authorities to obtain a comprehensive measure and then publicly report on that measure on a regular basis.

The third is constraints on regulators. Perhaps the most effective element in achieving regulatory modernization is imposing constraints on the regulators themselves. Implementing a cap on regulatory costs can ensure that the burden of regulations is kept in check. It also forces regulators to consider alternatives and trade-offs, and to prioritize those regulations that are most important. A regulatory cap could take the form of a reduction target or a target for no net increase in regulatory activity.

The current federal one-for-one rule—whereby one regulation of equal burden must be eliminated for every new one introduced—is a good example of this. However, the federal approach is too narrow and too complicated.

We would also suggest that government continue to work on a few other regulatory modernization best practices.

First of all, make plain language a priority. It is reasonable to expect government to provide consistent, timely advice in plain language.

Another is to introduce a virtual suggestion box, which would allow citizens to flag red tape examples for government.

Next, keep compliance flexible and provide basic guidelines for what constitutes compliance. Regulations really work best when they are outcome-based rather than prescriptive. This allows businesses to find the most cost-effective way to comply with the rules. However, smaller businesses do not typically have the resources to explore different options for the least costly way to comply. For those businesses, having basic guidelines regarding what constitutes compliance is extremely important.

The fourth is to improve online options. Being able to do things online can save a lot of time, but it's also important that online options provide clear pathways to a live person when needed.

The last one is to improve the accountability of regulators by instituting measures like reverse onus guidelines. Often there is little or no flexibility for business owners when it comes to meeting their compliance obligations. However, regulators usually have no specific timelines imposed on them for when decisions will be made or paperwork will be approved. These imbalances should be remedied so that regulators also have deadlines and suffer consequences when deadlines are not met or if advice proves inaccurate or inconsistent.

● (1645)

Thanks for the opportunity to share our thoughts, and I look forward to your questions.

**The Chair:** Thank you.

Mr. Swance, you have the floor.

**Mr. Chad Swance (Director, Canadian Association of Importers and Exporters):** Thank you.

IE Canada serves businesses that depend on the movement of goods across Canada's international borders. We have over 85 years of experience bringing industry and government together for collaborative decision-making.

I'm joined by Keith Mussar, the vice-president of regulatory affairs at IE Canada and a member of Treasury Board's external advisory council on regulatory competitiveness.

A decade ago, I was starting a new role. The VP came out of his office and said something along the lines of "Per my note, let's go decide on our annual goals." The whole team went into the boardroom. He dismissed the first person, and after the second person spoke, the visibly uncomfortable VP stood up, announced the annual targets and abruptly ended the meeting. The conclusion was decided before the beginning.

Here's the deal. His team had loftier goals and a plan to accomplish them. He could have looked like a hero, but he simply refused to listen.

Many consultations executed by the Government of Canada have the same outcome. The structure of the consultation is perfectly manipulated to ensure that the feedback it receives is exactly what it wants to hear. In social media, we call this an echo chamber. We only follow accounts that reconfirm our biases each and every day.

We will never get to a modernized regulatory environment without engaging the regulated party.

On the American television drama *The West Wing*, C.J. Cregg, the press secretary, often laments about "take out the trash" Friday, when unfavourable stories are dumped. She fears that the administration has become too skilled. We notice that there's a substantial spike in formal consultations around December, July and August. Perhaps it's a similar phenomenon.

How does an ineffective regulation enter into force? It is dumped in the summer, presented to like-minded special interest groups for their echo of approval and then presented to industry as their newest piece of red tape to wrap themselves up in.

IE Canada believes it's time to take a new approach.

In 2019 I had the privilege of working with IE Canada on a proposal that would not only eliminate ineffective regulations but propose a structure to ensure that no new unnecessary regulations would be implemented. The proposal is included in our written submission today.

Our proposal is modelled after the U.S.A.'s Border Interagency Executive Council, which was initiated under President Obama and continued under President Trump. Our proposed Canadian interagency border council would be responsible for vetting all existing and proposed regulations that could impact Canada's border. The best part of this proposal is that the regulators would be forced to sit down and have meaningful conversations with the regulated stakeholders.

Industry representatives must have a substantive role and voice at a border council table, with a structure that ensures that the regulators can regulate. Impacted government departments would be forced to justify in writing why they choose to diverge from industry's recommendations. The border council would radically improve Canada's competitiveness while reducing the regulatory cycle and budgetary outlays.

Just like the employees of the uncomfortable VP, industry stakeholders would not only have aligned goals with the government at the border; they would also have the tools and the data to make the goals a reality. Through a collaborative border council, Canada could improve our global competitiveness in an ever-shifting geopolitical world.

Thank you for your time today.

• (1650)

**The Chair:** Thank you very much.

Mr. Greco, please go ahead, sir.

**Mr. Alex Greco (Senior Director, Manufacturing and Value Chains, Canadian Chamber of Commerce):** Thank you, Mr. Chair.

Mr. Chair and honourable members, it is a pleasure to appear before you on behalf of 400 chambers of commerce and boards of trade and more than 200,000 businesses of all sizes from all sectors of the economy and from every part of the country.

It will come as no surprise that the regulatory burden continues to be a growing concern for Canadian business. The World Bank's "Ease of Doing Business" report ranked Canada as 23rd in 2020, but we were fourth in the world as recently as 2006. A big part of this decline is we are now ranked 53rd for the burden of government regulation on business. Regulation is literally stifling our economy.

It goes without saying that the right policy environment can help businesses succeed and generate long-term economic growth for the country. Making Canada an attractive destination for business investment that supports economic growth requires getting the fundamentals right.

At a time when inflation is persistent, government and the private sector must look at new ways to make Canada more competitive. Governments in the past have attempted to regulate our industries into a more competitive frame, but this has had the opposite effect, as the costs of starting and growing a business have become a disincentive to investment.

The regulatory burden is troublesome in several ways, but two stand out.

First, we can't continue to move at a snail's pace; we need the government to be more ambitious. We need the government to accelerate modernization and ensure that approvals and permitting can meet our public policy ambition.

Second, the ongoing struggle for companies to comply with complex regulations is increasing operating costs. These are consistently one of the biggest barriers to economic growth. According to the "SME Regulatory Compliance Cost Report", the total regulatory compliance cost to small businesses was nearly \$5 billion in 2011, which at the time was approximately \$3,500 per business. That number has no doubt increased over the past decade, along with the regulatory burden overall.

We cannot afford for more private sector investment decisions to be sidelined because of the complex regulatory environment in Canada. Too often, we hear from our members about the investments they have on hold while they wait for direction from the government. Lack of clarity and speed on the new investment tax credits is a good example. While other jurisdictions, such as the United States, move quickly to create the conditions for investment, Canada is falling behind.

Complying with a complex network of overlapping regulations with all levels of government is expensive and time-consuming. When combined with inefficient and unpredictable regulatory processes, this sets all businesses up for failure. While I commend the government for pushing a regulatory modernization agenda, we must move more boldly and urgently.

In the time remaining, I would like to focus on three recommendations.

First, the government must move to implement an economic and competitiveness mandate to federal regulators. Too often, regulators do not fully consider economic impacts on business when making decisions.

Second is regulatory alignment across domestic and international jurisdictions. When regulations are more consistent across jurisdictions, businesses are better able to trade within Canada and beyond. Quite simply, we should not require a free trade agreement within our own country. Unless the government actively works to improve collaboration and alignment to ensure businesses are not at a disadvantage, we will see less innovation, fewer choices and higher prices. An example of this is when each province establishes its own framework for regulating pesticides or rules for the trucking of goods across jurisdictions.

Finally, the government should pledge to provide regulatory certainty for businesses. Evidence-based regulations can both protect the public interest and promote market success. For companies

looking to invest billions of dollars in developing new pipelines, new mines or other large-scale infrastructure projects, this is a must-have.

In closing, I will say that Canada needs smarter regulatory systems, better processes and well-designed regulations to help minimize the cost of business and unlock economic growth while improving public health and safety outcomes.

Sustained collaboration with all levels of government and our international partners will make it easier for businesses to do what they do best—produce.

Thank you.

• (1655)

**The Chair:** Thank you very much.

We'll start our six minute rounds with Ms. Kusie. Please go ahead.

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you very much, Mr. Chair.

Thank you very much to all of our witnesses for being here.

I see a lot of friends on the witness stand today, and it's a pleasure to have all of you with me.

I'm looking at a March 22, 2023, article that indicates that small businesses had paid, at that time, a total of \$22 billion in federal carbon tax. I'm also looking at a February 20, 2024, article that indicates the federal government scaled back its carbon tax rebates for small businesses and in fact owed small businesses \$2.5 billion in promised carbon tax revenues, which, as of the date of this article, had not been returned to small businesses.

Ms. Pohlmann, I recognize that your organization estimates that small businesses contribute as much as 40% of the government's overall carbon price revenue, even though data from your organization indicates that 52% of small firms oppose carbon pricing, and that as a result of this carbon pricing, they're being forced to raise prices for consumers.

Further, more than four in 10 businesses, or 45%, said carbon pricing will increase pressure on them to freeze or cut salaries and wages, something that parties in this room would supposedly like to see maintained or improved, and 40% say they will have to reduce investment in their businesses.

We know that this government likes to perpetuate the lie that the carbon tax is even revenue neutral, never mind that families are losing funds as a result of this carbon tax, as was evidenced by testimony of the Parliamentary Budget Officer to that effect.

Ms. Pohlmann, would you agree that this is also not true for small businesses in Canada? Would you agree that they are in fact losing money due to the carbon tax, and that they are in fact owed money by this federal government? Would you agree that these cuts to the carbon tax should not be implemented, because of the \$22 billion that has already been collected, and the \$2.5 billion promised back to them that they have yet to receive? Can you comment on that, please, Ms. Pohlmann?

**Ms. Corinne Pohlmann:** Yes. We've certainly been very vocal about the fact that the \$2.5 billion that has been sitting with the government since 2019 is owed back to small businesses, and it is only a fraction, based on about 8% or 9% of the total revenues coming in.

As you stated, our calculations are that closer to 40% of the revenues that come from small businesses make up carbon revenues in the provinces in which the carbon tax exists. We believe they have just lowered the amount they're going to provide to small businesses from 9% to 5% and will give it to other groups for a variety of reasons.

It has become a real drag for many small business owners, who are right now feeling the pinch and are not feeling that they're necessarily being considered when it comes to the carbon tax, even though they pay a lot of it.

We're hoping to see some movement on that shortly.

**Mrs. Stephanie Kusie:** I think "a real drag" is an understatement.

I'm very proud to come from a small business family. I know about the stress around the dinner table after the store has a bad day. I can't imagine the stress the carbon tax is placing on all of these millions of Canadians.

We know this government has not been a friend to small businesses. One example is the 2017 tax changes they attempted to implement; this is just another example of that.

Mr. Greco, you said in your opening statement that according to the "SME Regulatory Compliance Cost Report", the total regulatory compliance cost to small businesses was nearly \$5 billion in 2011, which at the time was approximately \$3,500 per business. Do you have any idea how much of that would have been carbon tax-related?

• (1700)

**Mr. Alex Greco:** I don't have any idea, Ms. Kusie, but I can say that those compliance costs are the result of different requirements and processes in different jurisdictions. The fact that it takes a lot of

our SME members over a year or two just to be able to get a permit creates a hindrance to their ability to do business.

From our perspective, that ties into that fact that we're not getting things built or done in Canada, and if we're not getting things built or done in Canada, then we're not spurring economic growth.

From our standpoint, that requires something that ties into my earlier remarks. We need ambition in order to drive economic growth. Ambition without action, from our perspective, leads to empty economic promises, and we won't reverse our investment trends.

We're second-worst in the OECD in terms of business investment. We're near the bottom in terms of research and development. That all adds to the fact that if we don't have a proper level playing field for businesses to succeed, we won't be able to reduce the costs of doing business and we won't support innovation.

**Mrs. Stephanie Kusie:** Mr. Greer, do you have any comments to add on behalf of Canadian Manufacturers and Exporters about the effect of the carbon tax on the people you represent?

**Mr. Ryan Greer:** I would just add that manufacturers are generally facing a very high-cost, high-pressure environment at the moment. It's cumulative, so it is certainly taxes, as we're discussing here today, and the regulatory burden and all the costs identified and maybe not captured in federal processes.

There is certainly the issue of incentives for manufacturing investment and the pressures coming from the U.S. due to the Inflation Reduction Act, not to mention the fact that inflation also impacts all of the inputs that manufacturers require to produce products. It's a very challenging environment for manufacturers, and it's really all of those factors that are driving anxiety in the industrial sector.

**Mrs. Stephanie Kusie:** Mr. Swance, do you have anything to add as my time comes to a close in 15 seconds?

**Mr. Chad Swance:** I think the piece on the carbon tax is to ensure that Canadian companies have a competitive footing in the world in a global economy. Not all jurisdictions have such a tax. How are Canadians being equally treated in a global economy? That's really one of the big pieces around regulations that impact trade: How do we justify an internal regulation that makes us uncompetitive on the global stage?



**Mrs. Stephanie Kusie:** Indeed, we have telling testimony from families and small businesses, Mr. Chair.

Thank you all.

**The Chair:** Thank you very much.

Mr. Kusmierczyk, please go ahead, sir.

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

I thank you all for being here today.

You just heard from one of the apostles of the do-nothing Conservatives on climate change, but I want to provide you with a different perspective.

I want to especially thank you, Mr. Greer, for being here today, representing the Canadian Manufacturers and Exporters.

In my home town of Windsor, there's a saying: "If you want it built right, build it in Windsor." We have a lot of manufacturers in our community. It's a huge part of our prosperity in our community and of our economy, so I want to say thank you for your tremendous advocacy.

You mentioned the investment tax credit. I read the "Manufacturing Canada's Future" report, and it highlighted the importance of the investment tax credits for helping manufacturers transition to a zero-emissions clean economy.

How important are the investment tax credits that are contained in our federal government's Bill C-59?

**Mr. Ryan Greer:** After the Inflation Reduction Act was unveiled in the U.S., we very quickly began advocating strongly for Canada to take appropriate actions on investments in building the clean, net-zero economy so that it doesn't all happen south of the border. The evidence of the impacts of the IRA are starting to show themselves. I think that factory construction starts are up 70-some per cent year over year in the United States, so they are attracting a lot of investment.

We were pleased to see the investment tax credit decisions that were announced through budget 2023, and we really now are focusing our efforts—and hoping the government focuses its effort—on accelerating the implementation of them. We have some timelines attached to them, but there's still a lot of guidance and implementation information that manufacturers don't have, which slows, or in some cases delays, investment decisions.

We were pleased to see the ITCs that have been proposed so far, and we're now waiting for final guidance on implementation so that investment decisions can start being made.

**Mr. Irek Kusmierczyk:** Mr. Greer, I hear you loud and clear. The ITCs are vital to manufacturing, to jobs and to manufacturers. The Conservatives are holding up Bill C-59 at committee. They are delaying, obstructing, holding up, this vital piece of legislation that contains the ITCs.

Can you tell us what that delay and Conservative obstruction is costing and risking to Canadian manufacturers?

• (1705)

**Mr. Ryan Greer:** We've been long urging, and will continue to urge, swift implementation of all ITC-related measures, both legislative and on the guidance side. The government just finished some consultations on a lot of the guidance for some of the ITCs, and that rests with ISED and other relevant departments and the finance department.

Yes, we 100% encourage swift adoption of all legislative measures to implement the ITCs. However, equally, we're also very concerned that the guidance and implementation information that is needed has not been made public yet, so no investments can start being made.

**Mr. Irek Kusmierczyk:** Thank you so much for that, Mr. Greer.

Ms. Pohlmann, I want to reassure you that our government remains absolutely committed to the carbon rebate program for small businesses, which will return billions of dollars to small businesses. I want to reassure you and the members that we are absolutely committed to supporting small businesses and returning that funding to small businesses.

The Library of Parliament provided a table, a report, that listed the one-for-one rule implementation over the last 11 years, both under the Conservative government and under the Liberal government. The top four years for reducing regulations—the top four years—in the last 11 years happened under this Liberal government.

We know that there's more work to be done. I want to ask you this: If there's one set of regulations or one sector that you would focus on, what would it be?

This is a question not just for you, Ms. Pohlmann, but also for all the folks around the table as well. Is there a particular regulation or a particular sector that you would focus on?

**Ms. Corinne Pohlmann:** That's a tough question to answer, because, frankly, if you start to pick who gets targeted.... I know some of that work has already been done, and it's been interesting work. For example, transportation, or whatever, has been targeted to go through some regulatory modernization initiatives. The problem is that it hits every business. It's a good idea to focus on very specific areas, but you also have to focus on the big picture. Sometimes the big picture is depending on this one act from 2015 that hasn't really moved or changed much. It's a bit narrow and it needs to be broadened out.

For example, the one-for-one rule that currently exists is still implemented and is still being used. It really just focuses on the regulations; yet, increasingly, rules that affect businesses and citizens come in legislation, policies and guidelines. Those are not included.

We don't know, frankly, how many rules are actually out there. Anything that requires a business or an individual to do something needs to be incorporated and thought about as part of the overall picture of how we get a handle on what those rules are in Canada.

**Mr. Irek Kusmierczyk:** I appreciate that.

Mr. Greer and Mr. Swance, would you like to jump in? Is there a particular regulation that you hear from your members that just comes up all the time? Is there an example that you can share with us? That would help us better understand some of the regulations and their impacts. I want to go from the 30,000-foot altitude level to the grassroots. I'm just curious.

**The Chair:** We will have time for just one of you to respond, please.

**Mr. Ryan Greer:** Very quickly, I want to echo Corinne.

While it is important to focus on the specific, it's akin to managing the symptoms of an underlying problem without treating the underlying problem.

If you're looking for the most recent and current example, there is Bill S-211, the child and forced labour private member's legislation. While all of the organizations represented on this panel strongly support the objectives of that bill, there was zero consultation on the guidance that was issued from the public safety department just before Christmas.

It imposes a significant burden in compliance requirements on medium and large manufacturers, and some small ones, and many other members in other sectors. That has created a lot of cost, anxiety and expense at this moment right now in the lead-up to the first reports that are due to be filed on this at the end of May.

**The Chair:** Thank you very much.

Mrs. Vignola, thank you for the red-tape-free doughnuts you brought for the committee.

You have six minutes, please.

[*Translation*]

**Mrs. Julie Vignola (Beauport—Limoilou, BQ):** Thank you, Mr. Chair.

Thank you to the witnesses for joining us today.

Regulation is something we hear a lot about. We are told that it's onerous, particularly for small businesses. Conversely, we are told that large companies are doing fine and pay people to navigate the regulations.

Mr. Greer, do you agree that large companies adapt to the regulations, but that it would be good if there were fewer of them?

• (1710)

[*English*]

**Mr. Ryan Greer:** I think the premise of your question is correct, in that small and medium-sized businesses, and certainly small and

medium-sized manufacturers, are the ones that are hit hardest by regulations, especially regulations that are poorly designed, or not created with an SME in mind.

However, it's not just the individual regulations; it's that nobody seems to be thinking about the cumulative burden facing that particular business.

When a cost-benefit analysis says that the cost will only be this many thousand dollars and this many extra hours a month of time to comply, that's not taking into account the thousands of other dollars of costs and dozens of other hours that are often spent by one or two employees to focus on that.

Without a doubt, we agree that the impact is largest on small and medium-sized businesses. It's a big proportion of what's driving some of the productivity challenges in helping those businesses grow from small to medium or from medium to large.

[*Translation*]

**Mrs. Julie Vignola:** Thank you for that.

Earlier you said you wanted regulations to be more consistent from one province to another so that it would be easier for companies to do business in different jurisdictions. I don't entirely disagree with that, but I don't entirely agree with it either. We are talking about an area of jurisdiction specific to each province, and some provinces adopt stricter regulations than others. You can't cherry-pick. Even in a free trade agreement, each country has its own regulations that the others must comply with. It wouldn't occur to anyone to say that they are right and the others are wrong.

How can we strike a balance between a province's regulatory jurisdiction and the desire of businesses to facilitate trade between the provinces?

[*English*]

**Mr. Ryan Greer:** Thank you for the question.

On the topic of mutual recognition, we absolutely believe that there is an opportunity. There is no reason, in many or most cases, to have different rules, compliance regulations and certifications for every province and territory.

A lot of these are small, minor issues. Some of the more famous examples are different first aid kit regulations and what should be in a first aid kit in a workplace. There's fall protection and what type of protection should workers who are at elevations be required to wear. There's nothing different from falling down a ladder in Alberta compared to Quebec or on the east coast. There are lots of areas where there are very minor technical differences that cause a lot of irritation for businesses.

If there was political will.... It would take leadership from all the premiers, as this is provincial jurisdiction, save for some federal regulations. It would really require an approach whereby there would be buy-in so premiers and senior ministers would want to pursue this.

Also, there would of course have to be carve-outs for provincially specific circumstances. In doing certain things in Alberta in the mountains, there are certainly differences that don't exist in other provinces that mean you may have to adjust safety or regulatory requirement standards.

Certainly there would be language requirements and other issues for a province like Quebec, but for the most part, most of these aren't needed and cause significant costs. There would be a significant benefit if we had mutual recognition.

[*Translation*]

**Mrs. Julie Vignola:** If I get your point, the leadership does not necessarily have to come from the federal government, since provincial regulation is under the jurisdiction of each province. Instead, it should come from the premiers of all the provinces during their pan-Canadian meetings, for example.

The federal government does not intervene in areas that do not fall under its jurisdiction.

Is that correct?

[*English*]

**Mr. Ryan Greer:** Yes, absolutely. There are separate federal regulations. That's a lot of what we're talking about today. So much of the burden that our members face is at the provincial and municipal levels. It does require a significant amount of provincial leadership.

The benefits of doing so would be enormous. The economist Trevor Tombe has done some really excellent work on what the benefits of mutual recognition would be. He found that it could increase our economy by 4.4% to 7.9% over the long term. That's \$100 billion to \$200 billion a year. Per capita, we're talking about \$3,000 to \$5,000 per person.

It would be a significant economic boost if we were able to eliminate these interprovincial regulatory differences.

• (1715)

**The Chair:** Mr. Bachrach, go ahead, please.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you, Mr. Chair.

Thank you to our witnesses.

This is an interesting discussion, and I think everyone around the table can think of examples of government regulations that seem

overly onerous. At the same time, we know that one goal of regulations is to protect things like health and safety, the environment and all these things that we value as a society.

There are plenty of examples of businesses advocating for deregulation that have led to really terrible outcomes. We have situations.... I've been the transport critic for five years. In looking at what's happened in the rail sector, after derailments at Lac-Mégantic and in Saskatchewan, we saw more regulation because, frankly, the trend that we had seen in that sector, with huge lobbying from the big rail corporations, was about deregulation and self-regulation. The Auditor General clearly found that those systems were not working, and so we see the pendulum swinging back and forth.

Another example is from the air sector, with Boeing. Canada's system for certifying aircraft, largely a very efficient system, largely rubber-stamped the work of the Americans. It was super-efficient and probably saved businesses a lot of money, but it turned out that we were rubber-stamping a system that was essentially corrupt and that cost the lives of hundreds of people.

In British Columbia, we had an experience with something called the results-based forest practices code, which was an attempt at moving towards outcomes-based forest management. It's like, "We're not going to tell you how close to log to the streams, which trees to cut or which ones not to, or how to build roads. As long as you broadly achieve these objectives that we're going to articulate in the legislation, you're good to go." Well, it turns out there were a bunch of problems with that, because people weren't really checking what the outcomes were. Some of the outcomes were really bad, and there was a total lack of transparency for the public: They couldn't even tell where the logging companies planned to log because they were no longer required to publish the maps.

In the marine sector, we had a tugboat sink near Prince Rupert a couple of years ago, and two men were killed. It turned out that the tugboat had never been inspected for safety. The life vests and the survival suits on board the tugboat had never been maintained. The zippers had never been lubricated, so these young men, who were in a winter storm, couldn't put the survival suits on and do up the zippers, and so when they hit the water, they were dead. One of them managed to swim to a life raft and get to shore, but two men lost their lives, and now we're pushing for more regulation for small tugboats. It turns out that small tugboats under 15 tonnes don't have to be inspected. That's an efficient regulation if you're a small tugboat operator, but it sure isn't very efficient if you're a crew member. One of the crew members was a young guy. It was his first voyage on that tugboat.

What I'm getting at is that I think everyone around the table supports this idea of creating more efficient regulations. There are regulations that are written really well, really smartly, that achieve the objective with the least burden to the folks who are trying to comply, and there are regulations that aren't so efficient. The question is, how do we hit that sweet spot?

I guess I find that the one-to-one idea is a bit simplistic, in my mind, because not every regulation is equally complex, and so a government could comply by cutting a simple regulation and putting in place a new regulation that's 400 pages long.

I don't know how we get at this. I'm not an expert in it, but it just seems like we need to get away from the idea of simple slogans and catchphrases that are overly simplistic and towards a real conversation about how we create efficient policy that achieves our social and environmental objectives and helps business operate and our economy function. That's the conversation I want to have, and I hope that's the conversation we can have as part of this study.

Now my question, because I think I'm supposed to end with a question.... Is that right, Mr. Chair? How many more minutes do I have?

• (1720)

**The Chair:** Why start now? You have a minute and a half.

**Mr. Taylor Bachrach:** I find that this question around inter-provincial trade barriers is an interesting one, because to so many people it seems like a no-brainer, yet at the same time, we're a federation and we see all sorts of challenges when it comes to operating as a single country, not the least of which I don't even need to name because everyone knows exactly what we're talking about. Isn't that right?

How do we get there? What leadership is required from the federal government—because this is a federal committee—in order for the provinces to have a serious chat about how we eliminate these barriers?

**Mr. Alex Greco:** I'll start.

Frankly, I think that the federal and provincial governments need to be talking to each other. Right now, there's a lack of coordination. We're seeing that happening with Health Canada, Environment and Climate Change Canada and other departments not talking to their provincial counterparts. When regulations are introduced at a provincial or federal level, sometimes they come as a surprise.

As an organization, we're for smart, outcomes-based regulation, but there has to be regulatory co-operation among provinces. If there isn't, we won't get the goods to market that we need. We won't have that smart regulation that is required. It has to be a holistic, whole-of-government approach from our perspective.

**Ms. Corinne Pohlmann:** I'd like to make a couple of comments.

On the interprovincial—

**The Chair:** I'm sorry; you have about 30 seconds.

**Ms. Corinne Pohlmann:** On the interprovincial trade side, we've done a huge amount of work. We work closely with the federal government and all the provincial governments in trying to improve this process. The federal government can play a role of en-

couraging and bringing together all of the provinces and playing a bit of a facilitator role, but they can't fix it; the provinces have to fix it.

That said, there are rules that the federal government is imposing on the provinces that also create barriers, and they need to set an example to the provinces to say that they are going to remove some of them, make them easier or make them better, so you guys do the same. That's how it's going to start to move better.

The federal government has done not bad work in this area of inter-provincial trade. They're really keen on moving forward. The provinces are the ones we really need to focus on.

**Mr. Taylor Bachrach:** Thank you.

**The Chair:** Thanks very much.

Mrs. Block, please go ahead.

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** Through you, Chair.

I will be directing the first of my questions to Ms. Pohlmann, and then perhaps I will be able to have other witnesses weigh in on some of the issues that we're talking about here today.

I did have the opportunity to meet with representatives from the CFIB earlier this spring. I have 360 members in my riding. I represent a large rural riding in Saskatchewan. I did go back to look at the slide deck they gave me. I note that—it's probably reflective of a poll that was conducted in January—71% of your members highlighted that taxes and regulatory costs were the largest costs to small and medium-sized businesses. That's something that we really need to pay attention to.

Obviously, over the past eight years, we've seen a steep increase in the cost of living for Canadians, and we've heard from small businesses that they are not immune, that they too have been struggling due to the rising price of everything. This is partially, we know, maybe, being driven by the rise in the carbon tax in many ways.

I do understand that the government stated that it gives back a portion of the tax funds to small and medium-sized businesses, but as my colleague pointed out, your organization recently blew the whistle on the federal government by stating that they had failed to return what she identified as \$2.5 billion of these funds to the businesses that you represent. This includes \$300 million to businesses in my province of Saskatchewan. That has been identified not only by your organization—perhaps even by members through their chambers of commerce—but by businesses themselves through emails that I have received. Many have had to close their doors as a result of not only the pandemic but also the rising costs that are being imposed on them.

If you're aware, can you tell me if the government has reached out to your organization or even to members of your organization in regard to returning these funds to small and medium-sized businesses?

• (1725)

**Ms. Corinne Pohlmann:** Obviously, we've been actively engaged on this issue for quite a while, so we have been in touch with both the elected official side as well as the civil service side to encourage ways to return that money. We're certainly providing suggestions on how that could be done.

It's important to reiterate something you said earlier as well, which is that corporate bankruptcies are up over 130% year over year in Canada. We see more businesses closing than opening. We've had that three months in a row, which is unheard of in Canada. They need this help right now, so anything we can do to get that money back to those businesses will be very helpful. This has been our messaging.

We have been speaking to government, so there has been outreach. We have had those conversations, but we also want to make sure that any of that money that gets returned is not returned to just a distinct group of businesses or even larger businesses but is given back to as many businesses as possible, because all of them have had to pay.

It's important that this be a key component of whatever happens. We're very hopeful, but we have to just wait and see. We are continuing, of course, to use our members and their influence to also encourage government to return that money in those eight provinces that are affected.

**Mrs. Kelly Block:** Thank you very much.

The \$300 million that is owed to Saskatchewan businesses works out to about \$7,000 for each small business.

If you don't mind speculating, what sort of difference would this make to these businesses, particularly when the operating costs are so high due to many of, I would say, this government's disastrous policies?

Have businesses come to you and articulated what difference getting this money back would make for them?

**Ms. Corinne Pohlmann:** Having a few thousand dollars might not seem like much to a lot of people, but to a very small business, it could really help them get through the next two or three weeks. It's going to be an important amount.

Keep in mind that the CEBA—the Canada emergency business account—deadline just passed. We know that about 25% of them had to get a loan in order to repay it and that another 6% to 8% couldn't pay it back. They're also dealing with that. Having a little bit of money to help them pay a debt that many of them are under is going to be really important.

I'm personally very worried that so many businesses are making decisions right now to close their business. Any little bit of money at this point is going to help, so we're really trying to encourage that money to be returned as soon as possible.

**The Chair:** Thanks very much.

Mr. Bains, go ahead, please.

**Mr. Parm Bains (Steveston—Richmond East, Lib.):** Thank you, Mr. Chair, and thank you to our guests for joining us today.

I'll continue with the Federation of Independent Business.

I had the chance to meet one of your colleagues yesterday and spoke openly about many challenges and barriers. I know that regulatory reform and red tape are, of course, top of mind for us as well. There were other questions around labour, interprovincial labour and how those things work. What are some of the barriers around that?

I meet with businesses all the time. Everyone says there's still a shortage of skilled labour. I know that we've increased economic immigration categories and that a significant amount of work has been done there, and then there's an impact from the investment made in credential recognition.

In terms of goods getting to service and crossing provincial lines and of skilled people crossing provincial lines, what are the barriers?

**Ms. Corinne Pohlmann:** There are lots of barriers when it comes to that, especially when it comes to the more professional levels. Interprovincially, it can be very challenging for, say, a dental hygienist to move from one province to the next and quickly be able to work. Those are some of the challenges that we face within Canada.

Of course, the shortage of labour overall continues to be a big factor for many businesses. We've seen the vacancy rates come down over the last, I'd say, six months, but they're still higher than they were before the pandemic. There are still lots of jobs wanting at the moment.

A few of the things that have been done recently—for example, eliminating the cap on the number of hours that international students can work—were actually super-helpful. A lot of small businesses are able to now hire people quickly into positions in restaurants and in the service sector, for example. That's been really helpful.

We'll see how the cap impacts them, but more important is the fact that the ones who are here will be able to work.

On the immigration side, there has been some good work done. We're a little worried about what the tightening of the temporary foreign worker program is going to look like and what it's going to mean. We understand that this is something that may be coming. That will impact certain sectors of the economy that are still looking for that as a way to find people they need to fill the jobs they have.

• (1730)

**Mr. Parm Bains:** That does lead into regulation and the possible exploitation of these workers. We saw some of that with the international students. That's why that measure was taken. We need them to be studying.

Could you elaborate on how we can tackle some of the challenges with the governing bodies that ultimately certify and allow for certain people to get the credentials? Have you done any work there?

**Ms. Corinne Pohlmann:** It's a big challenge. If you talk to the provincial government side of the equation, they will tell you that they have fixed labour mobility and that labour mobility is not an issue. However, when you talk to the individuals who are affected by it—because the colleges that exist in each province do have restrictions—you find that it's still a big challenge in many areas of the country.

I don't know what the answer is there. I would think that these particular colleges would have some provincial oversight over them and that maybe the provinces could do more to encourage them to be a bit more loose in how they dictate who can work and who cannot in those particular professions.

That's probably where the biggest challenge rests right now—on interprovincial mobility of labour in Canada.

**Mr. Parm Bains:** I'm going to shift to Mr. Swance.

I want to get into the climate events that have happened, especially those in my home province of British Columbia.

We saw a major impact on imports and exports, of course, with the atmospheric rivers. It's nothing we've seen ever before there. It wiped out a section of the Coquihalla Highway, which is a major supply corridor to the Okanagan and to the distribution centre from there to the port. That's a billion dollars per day. It's the largest port in Canada.

Can you talk about what needs to be done there with the climate events that impact us and how we need to keep moving forward on fighting climate change?

**The Chair:** You have about 30 seconds.

**Mr. Chad Swance:** We could spend three days on that.

**The Chair:** Go ahead, then.

**Mr. Chad Swance:** What happened during the mudslides in B.C. was actually a really good example of regulatory co-operation. In order to move goods from the port to the rest of the country, a lot of the freight had to be rerouted through the U.S. I.E. Canada and my colleague Mr. Mussar, who is joining us virtually, were instrumental in coordinating between the CBSA and the CBP in the U.S. to allow certain products to move through the U.S. on a temporary bond.

We're getting into the weeds, but the reality is that if your regulators don't have relationships with industry, you're never going to enable these sorts of emergency measures. It is very important for the government to sit down regularly with industry so that there's already a foundational relationship.

**The Chair:** Thank you very much.

Mrs. Vignola, go ahead, please, for two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Thank you, Mr. Chair.

I'm going to talk about the one-for-one rule. I will turn to Ms. Pohlmann, because this may affect small independent businesses more.

My understanding of the one-for-one rule is that every time a regulation is added, one is removed somewhere. That "somewhere" makes me wonder about a number of things. Just because a regulation is added in one sector and removed in another does not necessarily mean that it will be beneficial to a company affected by the new regulation in the first place.

This is not a trick question. I would really like to have your opinion on that and for you to tell me whether I am right or wrong.

Plus, is it not better to add a new regulation if one is removed? It also has to make sense if we want to keep protecting consumers, businesses and the common good. If we remove or add a regulation, the same businesses should benefit from that. You understand the connection I'm making between the two, right?

Should we change the way we do things? If we add a regulation in a given sector, we have to remove one in that same sector, not in another.

Have I understood correctly?

• (1735)

[*English*]

**Ms. Corinne Pohlmann:** The idea behind the one-for-one rule is that at the federal level, there is something called the "standard cost model": For every regulation that is introduced, regulators try to eliminate one that places a similar cost or burden on businesses.

This is important, because we don't do a very good job in Canada of getting rid of regulations that are no longer necessary, that may be redundant or that may no longer really work. It's a way to keep the folks who create the regulations looking at the whole pile of them and figuring out which ones are still important: Which ones should we keep, and which ones should we get rid of because they are less important and they are a burden? Maybe we can move in a different direction. That's the idea.

It's not that you have to be strict about it; it's about getting the people who create the regulations to think differently about regulations—not just creating them and creating them, but managing them and thinking a little bit more: Do we really need a regulation, or can we manage this through some other means? Is this regulation that has been sitting here for 30 years, but that nobody really ever looks at anymore, still necessary? That's what we don't do well in Canada.

This is just a means of putting those constraints on the regulators and forcing them to think a little bit more about the overall picture of the regulatory burden on businesses. Every department can argue that every regulation on its own is important, but nobody thinks about the whole burden and the impact that it has on what people are going to do.

The fact that almost two-thirds of small business owners—

**The Chair:** I apologize, but I have to interrupt you there, because we're quite a bit over our time.

Colleagues, we've been going past time with everyone. I'm sure you've been watching. Please keep your questions really short. I've been letting them go long because the answers are fascinating and, I think, very important. If we could shorten up our questions—

**Mr. Taylor Bachrach:** The questions less so....

**The Chair:** Well, yes, I know.

**Mr. Taylor Bachrach:** We can read between the lines.

**The Chair:** Yours are right on, Mr. Bachrach. Perhaps we could keep it short, so that we can have more time.

Mr. Bachrach, please go ahead, sir.

**Mr. Taylor Bachrach:** Thank you. I will try to keep this short.

One of my colleagues down the way asked a question about carbon pricing earlier. I think this is a very topical and interesting question, because Canada is a signatory to the Paris Agreement, which requires us to do very specific things.

I'm curious if your organizations, first of all, support upholding our international commitment in the Paris Agreement.

Second, if you do support it, which I hope you do, how would you see the government better approach the question of how we drive down emissions and meet those reductions?

There are only a few ways you can get there—through pricing, through regulations or through incentives.

I'm guessing, based on your comments about the ITCs, the tax credits, that you prefer incentives. All the modelling I've seen shows that it's one of the most expensive ways to drive down emissions on a per tonne basis. The United States has invested very heavily in that, but they're also running massive deficits.

What's the right mix when it comes to pricing regulations and incentives, in your view, to meet the Paris accord?

**Mr. Ryan Greer:** Mr. Chair, I'll just jump it.

Incentives certainly are maybe more costly on a per tonne basis for our calculation, but the question we're really getting at is this: Where do we want to build the clean economy in the future? Do we want it to be built in the United States, south of the border, or do we want to be doing it in Canada and exporting it to the rest of the world? We can help them also reduce their emissions.

We see incentives as a critical part of that. That doesn't mean there's not a mix of other tools that can help contribute to it. We certainly believe there's a chance to enable global emission reductions, but also to enable great, good clean energy jobs for Canadians in this country.

The Inflation Reduction Act has sharply changed that conversation for all of the reasons that you've outlined. It is urgent that the government assess the current environment that we are in and understand how that is impacting investment. I think germane to this discussion is that it's not just incentive and it's not just investment; it's the regulatory environment in which we're asking companies to make these investments to lower burden, because it is very expensive, costly and time-consuming to introduce a new product or service or to modernize a process when you have so many regulatory hoops to jump through. It's also regulating smarter in a way that allows us to enable those clean manufacturing innovations.

● (1740)

**The Chair:** Thanks.

We have Mrs. Kusie, please.

**Mrs. Stephanie Kusie:** Thank you very much, Chair.

Unfortunately, a portion of the public service is in an unfortunate position again. We saw a great failure with the public service negotiations maybe 18 months ago, leading to strikes and protests outside this very House.

We now have, again, a CBSA strike vote in the next month due to a lack of a contract within the CBSA for two years.

I would like to ask you, Mr. Swance, if the strike vote is causing uncertainty for importers and exporters.

**Mr. Chad Swance:** Yes, it is.

I think the biggest uncertainty is around the timing. The strike may occur at the same time as the CBSA is starting to implement a major new software program called CARM, which is the CBSA's assessment and revenue management software program. This program has been subject to a number of hearings at the CIIT committee. There was a motion tabled yesterday at that committee around this.

A strike could be quite concerning if it happened at the same time. We're unsure of what the result of that software will be, because it's frankly untested.

**Mrs. Stephanie Kusie:** Thank you.

Mr. Greer, would you like to add anything to that, please, on behalf of Manufacturers and Exporters?

**Mr. Ryan Greer:** No. I'd just echo that the timing is of concern to us and our members for the same reasons that Mr. Swance outlined.

**Mrs. Stephanie Kusie:** Thank you.

Ms. Pohlmann, I see on your website that you are encouraging the government to pass a private member's bill, Bill C-234, in an effort to provide further carbon tax relief for Canadians.

Could you speak a little bit, please, about your organization's encouragement of the passing of Bill C-234?

**Ms. Corinne Pohlmann:** Sure.

Bill C-234 is the bill that will reduce carbon pricing for certain types of farm activities. There is already a reduction in carbon pricing for farms in certain capacities, but this is to touch on some of the other elements that the farm uses energy for that weren't part of the exemption on the carbon pricing in the first place, such as heating barns and other such types of activities.

We have had anecdotal information from some of our ag members that they've seen their carbon pricing go up quite dramatically, which is having a huge impact on things like how they operate their business and how they sell their goods. We are hoping that Bill C-234, in its original form, will be able to go through. We know there are amendments already being placed on it that are dampening down the original piece. We would love to see the original version pass through the House.

**Mrs. Stephanie Kusie:** Yes, you mean in its original form. Thank you very much for adding that.

Finally, Mr. Greco, I'm sure that you, like many Canadians, have been following the arrive scam scandal, an issue that has seized not only this committee but Parliament and also Canadians. Can you tell us about how the discussion shows the way government conducts business? Is there any discussion, feedback or conversation within your membership about this scandal? What would be their reaction and commentary if business were to be done in the way that we have seen the arrive scam scandal unfold?

**Mr. Alex Greco:** I think overall for business to be done properly, broadly speaking, it has to be done openly and transparently. I think that when you're looking at procurement processes, there have to be clear guidelines in general. If departments don't talk to each other, if there's not an ability for that transparency to happen, then it makes it difficult to do business.

I think every business has a budget and everybody has formal guidelines and everybody has the full rules. If you overspend, it's also a challenge as well. There has to be a balanced approach overall, from our perspective.

Tying it back to regulatory reform, if we're transparent, if we're coordinated and aligned, it can lead to better outcomes not only for businesses but also for Canadians as well.

**Mrs. Stephanie Kusie:** In your opinion, does the current Canadian procurement system serve Canadian businesses?

**Mr. Alex Greco:** From our perspective, I think procurement reform is required. In advanced research or commercialization and innovation of projects, what has been done in the United States with the U.S. DARPA has been the model in what happens with procurement. That ties into the fact that there need to be fair and open procurement practices, and that's the thing we've called for at the chamber.

I think there's a long way to go. I think it's a tie-in to be able to encourage more domestic manufacturing, especially when we're competing with our largest trading partners, but we also want to en-

sure that we're producing the best goods and services possible for Canadians.

• (1745)

**Mrs. Stephanie Kusie:** Thank you, witnesses.

Thank you, Mr. Chair.

**The Chair:** Thanks very much, Mrs. Kusie.

Mr. Sousa, please go ahead, sir.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you, Chair.

Thank you to the four of you for being here.

On increasing our competitiveness, we're all in favour of reducing the communicative burden of regulatory issues to ensure that we are able to lower some of those other provincial barriers as well as barriers in international trade and then supplement some of that growth, regardless of the partisan rhetoric that happens at times in these discussions. We're all in favour of trying to make our businesses more competitive and ensure that we grow our economy and that we're productive. Those are critical issues. Without that, we can't sustain all the other things that are important to our services and government and the people of Canada.

There are two issues I want to get into with you. In my previous life, I tried to bring forward a capital market securities regulator for all of Canada. We had eight provinces signed on to the deal. It would make us more competitive, lower duplication of services, reduce regulatory matters and enable us to be more competitive on the international stage, but then there's politics. Suddenly it fell apart with every different election, and that's a real challenge in the federation. I think Mr. Bachrach even alluded to it as well. We have to be mindful that when you're talking to the federal government, we're also talking to all the other governments that are part of this equation.

How do you feel about independent regulators? I'm talking about the Ontario Securities Commission, for example. I'm talking about FSRA, the Financial Services Regulatory Authority of Ontario, which we changed. It had been too close to government, so we put it at arm's length to provide independence and to minimize government interference.

Give me your thoughts.

The Bank of Canada is an example of that.

**Mr. Ryan Greer:** I'll jump in very quickly.

Some of the independent regulators you referenced aren't necessarily very relevant to our members in the manufacturing sector, but in general, I think you've identified a really important point at the front end, which is that there are different jurisdictions and that we're talking about dozens of regulators across each jurisdiction, all of whom think they're doing an excellent job and are beyond reproach.



For every individual regulator, even the independent ones, in some cases I think there can be some usefulness and helpfulness, but in other cases, their independence can sometimes also become a barrier to the right kind of political leadership that can ask for greater consideration of economic impacts.

**Mr. Charles Sousa:** I know that the CFIB will want to talk about this, because the majority of small businesses are affected by some of these issues on matters like safety codes and labour codes. I mean, people die through some of their labour arrangements. Ten years ago we had to change laws and regulatory authorities because of that, and transportation regulations had to change because of rail derailments.

How do you balance the degree of changes that we're making? The one-to-one thing doesn't work, because there are matters that are rarely relevant that have to be dealt with almost immediately, but the cumulative effect is impactful. Which regulations do you want us to reduce? Tell me what it is that we can eliminate to be competitive.

**Ms. Corinne Pohlmann:** Again, I can give you a list of a dozen or more regulations right now that have been introduced within the last few years that we think are going to have a big burden on small businesses. They could be forms and they could be all kinds of different things. I can do that, and I mentioned a few in my opening remarks.

I also think it's important to realize that it needs to be more than that. When I look at some of the provinces I see that British Columbia, for example, has done an excellent job of maintaining a cap on their regulations for almost 20 years now. In fact, the NDP government there just announced yesterday that they were going to extend it for another year, so they are continuing to do this over a 20-year period and keeping a cap on it. They put into their budgets every year that these are all the departments and these are all the regulations and these have come up and these have gone down. That kind of thing still needs to be done.

**Mr. Charles Sousa:** I'll come to you in a sec.

With the provincial regulations, in the province of Ontario we've been trying to minimize too, but it keeps growing. It still grows. One of those is around carbon pricing. We've identified that we live in a world environment where we're all going to be subject to pricing.

The federal pricing system is a backstop. It's not the rule of law but a backstop, so each province can do what they want to try to be competitive in the pricing. Ontario had a cap and trade system whereby, dollar for dollar, \$1.5 billion was reinvested into small businesses and renos and [*Inaudible—Editor*]. What are your thoughts on the political interference when they wanted to pick a fight with the federal government when they had a system that exempted them from having it?

To the CFIB, tell me how do you feel about that?

• (1750)

**The Chair:** I am afraid you only have about 12 seconds.

Mr. Sousa, is it fair if we just ask them to reply in writing to this?

**Mr. Charles Sousa:** No, come on, very quickly. Give me some latitude.

**The Chair:** I'm adding latitude to Ms. Atwin's next intervention, so maybe—

**Mr. Charles Sousa:** It will come up in the next round.

**The Chair:** Yes, please. Thanks.

We're going to come to our final interventions, because we have a couple of extra minutes. Instead of five, five, two and a half, two and a half minutes, we'll do six, six, three and a half and three and a half.

Go ahead, Mrs. Kusie, please.

**Mrs. Stephanie Kusie:** I'll pass my time to Mrs. Block, please. Thank you.

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

I will be splitting my time with my colleague, Mr. Genuis.

We were speaking about the one-for-one rule earlier in the Red Tape Reduction Act. I have a couple of questions for any of you who would like to answer.

In your experience, have you found that the government generally abides by this rule?

We'll start with Mr. Greer.

**Mr. Ryan Greer:** The short answer is that by the letter of the rule in the law, yes. It does require a cost analysis, the standard cost model that Ms. Pohlmann referenced earlier, and then over a two-year period, you have to reconcile costs in and costs out, so in terms of how it's written, yes, but how it's written is too narrow.

There are all sorts of legislative changes, guidance and other rules that the rule doesn't apply to. You can still abide by the one-for-one rule, which the government is doing, and still have a significant increase in regulatory burden. I think I said off the top that the administrative burden baseline, the number of regulations that impose a burden on businesses, has increased from 130,000 in 2014 to 149,000 as of 2022, so we're still seeing, despite that rule, a growth in administrative burden requirements.

**Mrs. Kelly Block:** Thank you very much.

I was going to ask you something that perhaps you've already answered, but maybe I'll just see if I've understood you correctly.

Do you know of any jurisdictions that have have successful regulatory modernization initiatives whose lessons or best practices we could adopt from those jurisdictions? Please give a really quick answer.

**Mr. Ryan Greer:** Ms. Pohlmann referenced British Columbia. They actually set out to reduce the overall burdens on business and then maintain that level, so I think it would be a worthy goal at the federal level to reduce and maintain the burden in the same way.

**Mrs. Kelly Block:** Thank you very much.

I'll now turn my time over to Mr. Genuis.

**The Chair:** You have four minutes, sir.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Thank you, Chair.

I found the testimony very interesting today. Thank you all for being here.

I have a motion that I want to move—it's on notice—regarding indigenous procurement. I hope we'll be able to come to some kind of a consensus on that quickly. The motion I put on notice is regarding the creation of a subcommittee to study the issue of indigenous procurement. Members had it, are familiar with and can look at it.

For those who were not following us on Monday, I will quickly review it. This motion would involve our doing a study through a subcommittee specifically on government operations and indigenous reconciliation to look at some of the issues and potential problems with the indigenous procurement system.

I'd like to make a few comments, first on substance and then on process.

First of all, indigenous procurement is extremely important to us, and I hope to all parliamentarians. Creating jobs and opportunity, supporting the development of indigenous businesses and ensuring that indigenous communities across this country benefit are very valuable and very important.

Through our study of ArriveCAN, we've seen that there have been what appear to be abuses. Tiny companies that are not seeking to provide benefit to indigenous peoples in a broader way are simply receiving contracts and then subcontracting to non-indigenous businesses. I believe that this is contrary to the purpose of the program. Getting to the bottom of what happened and recommending changes are important in seeking to restore credibility and confidence in the process.

This is an issue that is separate and distinct from the ArriveCAN issue, although there's obviously a link. I think it involves looking at both procurement issues and the policies of the indigenous affairs department.

Why am I proposing a subcommittee? I see this as being a policy area that is at the nexus of what would be INAN's mandate and what would be OGGO's mandate. I know that both committees are very busy. There are other studies that members have wanted to do at this committee, and INAN frequently receives government legislation. Both committees are very busy.

I think a subcommittee that brings together people with specific expertise in both of those areas would be the most effective way of doing it. It could be time-limited in its operations, but I think it's important. We don't want to crowd out other priorities, but we want to make sure there's a forum that can get this done.

I do want to work towards having a motion that can succeed on this issue. I'm very much open to amendments. I understand that Ms. Vignola may have an amendment that I'm very much disposed towards accepting.

I hope we can have a conversation that leads to our being able to undertake this work in a collaborative way. It's important work. We want to be able to restore confidence in the indigenous contracting system and ensure that we have a procurement system that is delivering real benefit to indigenous peoples across Canada and is not being hijacked by well-connected insiders who know how to work the system but are not providing those real benefits.

That's why I've put forward this motion today, Chair, and I'm very open to some amendments. I expect we'll see some and have a good discussion about them.

Thank you.

• (1755)

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

Does everyone have a copy? It has gone out.

Mrs. Block, do you have your hand up?

Before I get to you, colleagues, I'm thinking that I'm hoping to go in camera so that we can discuss the translation issue that we've sent out.

I'm thinking of releasing the witnesses. I've been getting some feedback from everyone that these have been phenomenal witnesses, and perhaps we'd enjoy an opportunity to have them back in.

To the witnesses, thank you very much for being with us today. I wish we could have gone through the last rounds, but I suspect that we will have you back so that we can have shorter questions and longer answers.

Thank you for joining us. I sincerely appreciate that all of you made the effort to be here in person as well. You are dismissed. We look forward to having you back before summer.

We will get to Mrs. Block. We're just going to suspend for a couple of moments.

• (1755)

(Pause)

• (1805)

**The Chair:** Thanks. We are back.

Mrs. Block has withdrawn her name, but I see that Mrs. Vignola has her hand up. Then I have Mrs. Atwin.

[*Translation*]

**Mrs. Julie Vignola:** Mr. Chair, thank you for giving me the floor.

We all consider it important to ensure that the policies put in place to allow for greater diversity in procurement are relevant.

We all feel—this is my opinion, but I think my colleagues from all parties here will agree with me—that when a contract is awarded under a policy of inclusiveness and diversity, it must absolutely fulfill its objectives.

In that sense, we all pretty much support the main motion moved by Mr. Genuis. This is an important topic.

My amendment will allow us to do an analysis before we undertake a much more in-depth study, which would probably require a lot more documents than the ones I'm going to suggest.

Nevertheless, it will allow us to do an analysis, which will then help determine whether there is a widespread problem. If so, we'll have to carry out a much more in-depth, much more comprehensive analysis, including a number of meetings.

Without further ado, here is the amendment I'm proposing.

All that would be left of Mr. Genuis's motion are the substantive ideas. The wording would be different. It would read as follows: “That, in accordance with Standing Orders 108(1), 108(2) and 108(3)(c) of the House of Commons, the committee order the production of the Government of Canada's list of qualified aboriginal businesses in both official languages; the list include (a) any summary of the key details about each company in the government's PSAB database, (b) the number and value of contracts received by each enterprise and (c) the list of subcontractors used for each contract; the information be provided to the committee by May 20, 2024”.

Since we're talking about the indigenous procurement policy, these companies have been on the list created since that policy was put in place. We can add that component if need be.

It continues, “committee members will conduct an analysis of the list and, further to that analysis, decide whether it is necessary to conduct a longitudinal study of the matter in committee or subcommittee, as they so choose, provided that this decision is made before June 20, 2024”.

We will start when we receive the lists that will allow us to do a preliminary analysis. If we find that there is indeed a widespread problem with the awarding of contracts under the indigenous procurement policy, we can decide, by June 20, whether or not to add this particular topic to the committee's or a subcommittee's studies. It will be up to the members of the Standing Committee on Government Operations and Estimates to make the decision.

• (1810)

[English]

**The Chair:** The clerk is just sending out Mrs. Vignola's amendment to everyone.

Jenica, are you ready to speak on her amendment?

You are. Go ahead, please. Then we have Mr. Genuis.

**Mrs. Jenica Atwin (Fredericton, Lib.):** I'm really grateful that we've come to this place. I think the spirit of it is that we want to get to the bottom of what's happening and we want to support the policy around indigenous business set-asides and procurement strategies.

However, I was concerned about the broad scope. I really want to take the time right now to comment on how problematic it is for a committee to look at and perhaps scrutinize the indigenous status of an individual and perhaps their workforce. There are certain mechanisms within different departments that can conduct these kinds of audits. Indigenous Services Canada is an example of that.

I'm just concerned about the broad scope, so I'm very much open to getting the data, looking at the information first and then moving from there to determine where we want to take it.

Should it require a further longitudinal study? Should it require a subcommittee? I think we need more information to be able to decide that, because there is a complex issue here around identity, which may become more problematic than we might first assume in looking at the initial motion.

I'm very much in support of Ms. Vignola's amendment.

**The Chair:** Mr. Genuis, go ahead on the amendment, please.

**Mr. Garnett Genuis:** Thank you, Chair.

We're hopefully coming towards a consensus.

I think this is an important area to study. If it gives members greater confidence in the process, requesting documents as an initial step is very reasonable, and then the committee can evaluate next steps after that. I'm supportive of the amendment as well.

I will just say that the original motion and the amendment are about scrutinizing government policy. That is our job as parliamentarians. It's to look at the government policy as it relates to indigenous procurement.

I know, of course, that it is going to touch on a variety of different, important, complex issues, but at the end of the day, it's about looking at government policy, seeing if it's working or not and making recommendations about how to improve it.

I won't belabour the point. I think we're at a consensus, Chair, and I think we can proceed to a vote on the amendment and the amended motion.

**The Chair:** Do we need a recorded vote, or are we fine to do so with unanimous consent?

(Amendment agreed to [See Minutes of Proceedings])

(Motion as amended agreed to: yeas 10; nays 0 [See Minutes of Proceedings])

**The Chair:** Mr. Kusmierczyk is next.

**Mr. Irek Kusmierczyk:** I just want to ask a question.

Could we get an update from the clerk on what we requested in terms of the correspondence between the premiers and the committee regarding the premiers' appearance?

**The Chair:** Go ahead, sir.

**The Clerk of the Committee (Mr. Marc-Olivier Girard):** Thank you.

We sent a follow-up to Mr. Higgs' office yesterday about the documentation that originally was requested two weeks ago by the committee. We will see what fruit the committee will gather from it.

With regard to the question, when the clerk of the committee reached out to premiers for their appearance, as far as I know the date was March 26.

Thank you, Mr. Chair.

• (1815)

**Mr. Irek Kusmierczyk:** Can I just ask if they've shared correspondence with the committee on that fact? I think we asked—

**The Chair:** When you say “they”, who's “they”?

**Mr. Irek Kusmierczyk:** I mean the premiers.

We had asked them to share correspondence with the committee regarding their appearance.

**The Chair:** I think that's what he was saying. We've requested it again.

**The Clerk:** Yes, that was yesterday.

**Mr. Irek Kusmierczyk:** Thank you.

**The Chair:** We are now going to go in camera, because we need to discuss the translation issue.

Everyone has received the letter from the clerk, so we will go in camera.

*[Proceedings continue in camera]*

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