

Chemical and Allied Industries Group (CAIG)
CAIG Secretariat
235 Queen Street - Ottawa, Ontario - K1A 0H5



**Canadian
Manufacturers &
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Executive Summary

Governments really do only three things: spend, tax and regulate. Of these three functions of governments, regulation receives the least attention. However, regulations in Ontario are costing each man, woman and child on average over \$4,500 a year, considerably more than the almost \$3,500 per resident forecast by Ontario for health sector expenditures in 2010-11. Each and every Ontarian, therefore, has a significant stake in the cost-effectiveness of regulation.

Achieving quality regulation is not about wholesale deregulation. It is not just about red tape reduction. And it is definitely not about reducing hard-won health, social, environmental, and security protections for citizens. It is as far from a "race to the bottom" as is possible. Quality regulation is about sound government.

The OECD has shown the importance of a central regulatory policy to achieving quality regulation. While not widely publicized, on April 1, 2010, the Government of Ontario promulgated a new *Regulatory Policy* to govern provincial regulation-making.

This report assesses this *Policy* against generally accepted best practices and concludes:

- Ontario has also made a good start at laying out appropriate quality regulation principles in its *Regulatory Policy*
- Similarly, changes to the regulation-making process are likely to be positive, although there have been no changes actually made in the seven months following the promulgation of the *policy*
- However, Ontario has not yet created an institutional framework that would ensure effective implementation; as a result the policy may not be successful

Seven recommendations –a based on lessons learned in other jurisdictions – are put forward in this report. They are meant to encourage the development of a sound institutional framework that will ensure quality regulation in Ontario.

Legislators, officials, interested stakeholders and the public all have a vital stake in the institutional framework developed for implementing the *Regulatory Policy*. It will affect all Ontarians in significant ways for years to come.

List of Recommendations

It is recommended:

Recommendation 1: That the Government of Ontario establish a centralized oversight mechanism to implement the *Regulatory Policy*.

That this oversight mechanism have clear authority for the following functions:

- Government-wide coordination and supervision of the regulatory process
- Advice to Cabinet and the Legislation and Regulations Committee on compliance of regulations with the *Regulatory Policy*
- Review and challenge of Regulatory Impact Assessments
- Advice and support to regulators
- Advocacy within and outside of government on the *Regulatory Policy* and process

That the oversight mechanism have as a key responsibility advising Cabinet and the Legislation and Regulations Committee on the adequacy of the impact assessment underlying proposals and the resulting justification for both legislation and regulations.

Recommendation 2: That the Government of Ontario issue clear standards which Regulatory Impact Assessments must meet.

Recommendation 3: That the Government of Ontario require, through regulation under the Legislation Act, Regulatory Impact Assessments of acceptable quality.

Recommendation 4: That the Government of Ontario develop a multi-year strategy:

- To educate regulators on the new *Regulatory Policy*, why it is necessary, and what it means for them
- To develop a broad range of guidance and tools to assist regulators meet their obligations under the new policy
- To train officials in each regulatory department and agency so that sufficient capacity exists to perform proper Regulatory Impact Assessments

Recommendation 5: That the Government of Ontario communicate its implementation plan for the *Regulatory Policy*, not only to regulators but to the public, providing a clear articulation of roles and responsibilities.

Recommendation 6: That, because introduction of the *Regulatory Policy* will not be costless for any ministry or agency involved, the Government's implementation plan address resourcing explicitly.

Recommendation 7: That the Government of Ontario build into its implementation plans an explicit monitoring and evaluation of compliance with the *Regulatory Policy* with findings published annually