



## 3. UPGRADE CANADA'S REGULATORY SYSTEM TO GET NATURAL RESOURCES AND OTHER EXPORTS TO WORLD MARKETS

Although we often focus on how government steers the economy through taxation, a more direct and immediate tool is regulation. Regulation plays an important role in shaping the economy and securing the well-being and safety of citizens. Unfortunately, Canada's regulatory environment is often a collection of complicated, overlapping and inefficient sets of rules.

As a resource-dependent economy with a rich history of wealth-generating projects, Canada needs a regulatory environment that makes it possible to develop natural resource projects and build the infrastructure required to get those resources to customers.

We must not become a nation of builders that cannot get anything built. In some cases, delays have meant Canadian projects have lost the race to supply growing markets. Not only does regulatory stasis harm the Canadian businesses that are directly involved, but it also discourages the investment we need to create jobs and increase the prosperity of Canadian families.

In 2016, the government changed the National Energy Board process, extending it and adding new criteria for approvals. Recently, it approved Kinder Morgan's Trans Mountain and Enbridge's

Line 3 pipelines under its interim approach. We welcomed these approvals but are concerned that our regulatory processes have become both cumbersome and politicized. Meaningful public consultation and ensuring safety, environmental and local concerns are addressed effectively are critical to the regulatory process, but it must also enable communities, government and the private sector to work together to implement projects that clearly promote Canada's national interest.

The opportunity to improve regulatory processes is not confined to energy. Canada is cited in international comparisons as a country with inefficient regulation. While Canada's overall ranking in the World Economic Forum's *2015-2016 Global Competitiveness Report* is a respectable 13th of 140 countries, in the sub-ranking on the burden of government regulation, Canada ranks 37th. This regulatory burden makes Canada a less desirable destination to start or grow a business.

Many factors contribute to this inefficient business environment. For example, current federal regulatory tools, like the Regulatory Impact Analysis Statements, often do not accurately reflect the true cost of new regulations on

business. In addition, to respond to emerging public policy issues, governments often layer new rules and processes on top of existing regulations without considering the cumulative burden and costs to businesses.

To remain competitive in an era of accelerating technological and economic change, Canada needs a regulatory system that is firmly rooted in the rule of law. It must recognize that all regulators have economic mandates that determine the success or failure of Canadian companies.

In 2017, we will fight for regulatory systems that are open, transparent, fact-based and efficient. We will press for greater predictability and responsiveness to market changes, with increased participation by the relevant sectors in designing regulations and evaluating their impact. This will result in a more dynamic regulatory culture that enables greater economic growth and better serves Canada's national interest.