

# Regulatory Reform Policy

June 2016



Ministry of  
Small Business and  
Red Tape Reduction

## Objective

The Government of British Columbia's Core Review process provided direction to develop a more comprehensive and modernized regulatory reform policy that meets the principles established to minimize regulatory burdens faced by citizens and businesses in the province.

The objective of the Regulatory Reform Policy is to ensure that all new or amendments to statutes, regulations, and associated policies and forms are developed in a manner that is not overly burdensome for citizens, businesses and government, while protecting public health, safety and the environment.

### What Does this Policy Cover:

B.C. statutes, regulations, and associated policies and forms are in scope of the regulatory reform initiative. To clarify, this includes all policies and forms that require citizens and/or businesses to complete an action in order to comply with statutes and regulations, or access government services. This should not be mistaken for policies and forms that relate to the inner workings of government (e.g. parking policies for staff).

There are also some exemptions that apply, see Appendix B for the Regulatory Impact Checklist Exemption Form.

### What is Out of Scope for this Policy:

International or Canadian federal statutes and regulations are out of scope for the regulatory reform initiative. In addition, government-to-government agreements are out of scope such as the New West Partnership Agreement and agreements with First Nations.

## Track and Report

Continually measuring and monitoring progress is an important element of how the goals of regulatory reform are met in British Columbia. In 2001, an inventory of all regulatory requirements was created. To ensure the regulatory burden on citizens, businesses, and government did not increase, a regulatory cap (net zero increase commitment) was imposed, with a commitment to no overall increase in the number of regulatory requirements in B.C. until 2019, as measured against the 2004 baseline count. When a new regulatory requirement is introduced, an existing requirement needs to be eliminated. See [Measuring Progress](#) for more information.

To achieve this commitment, ministries support public reporting by:

1. **Counting** – Maintaining a count of the number of regulatory requirements imposed by all statutes, regulations, and associated policies and forms for which they are responsible (their count); and,

2. **Reporting** – Updating the Regulatory Requirements Count Database, managed by the Regulatory Reform Branch, to ensure it contains an accurate representation of their count, at any given time.

## **Apply the Regulatory Reform Principles**

To minimize regulatory impacts on citizens and businesses, five regulatory reform principles must be considered early in the process of developing or amending statutes, regulations, and associated policies and forms.

### **PRINCIPLE 1: Identify the Best Option**

To determine the scope of the problem being addressed by the regulatory change, regulators should consider the problem they want to solve, ensuring this is the best approach to achieve the desired outcomes.

A full range of options, including non-regulatory, should be explored before identifying the best possible option for achieving desired outcomes. Some options to consider involve establishing codes of practices, information and educational campaigns, using market forces, etc.

When applying this principle the questions that should be considered are what is the problem, how could the problem be resolved, and what are the advantages and disadvantages of each option. See the Best Option Analysis Tool found in the Regulatory Reform Policy Companion Guide.

### **PRINCIPLE 2: Assess the Impact on Citizens, Business and Government**

When developing new or amending statutes, regulations and associated policies and forms, one must consider how to achieve the greatest net benefit and lowest cost to affected groups. The direct and indirect costs and benefits of the proposed change must be evaluated to minimize compliance burdens on citizens, business, and government.

This involves identifying affected groups as well as the nature, magnitude and duration of the impacts. The Impact Assessment Matrix tool in the Regulatory Reform Policy Companion Guide can be used to assist in identifying and assessing any impacts on citizens, businesses and government.

Small businesses account for 98% of all businesses in British Columbia and can be disproportionately affected by regulations and red tape because they generally have fewer resources for researching, understanding, and complying with regulatory requirements. To help minimize this impact, a Small Business Lens has been incorporated into the Regulatory Impact Checklist and Regulatory Count document (see Appendix A).

The Small Business Lens must be applied to all regulatory changes to mitigate unnecessary regulatory impacts and barriers. If additional support is needed to complete the Small Business Lens, information can be obtained from an Economic Impact Assessment Framework, if one has been completed. The Economic Impact Assessment Framework was developed to assist ministries in providing relevant information on the potential impacts of new initiatives on jobs and the economy.

### **PRINCIPLE 3: Consult and Communicate**

Consultation with impacted citizens, businesses, and other relevant stakeholders is a best practice before regulatory changes are made. Parties affected by the change should be consulted and have an opportunity to provide feedback. The ministry making the legislative and regulatory change should have a plan to clearly and openly communicate the change, its impact and compliance requirements, in a way that is accessible to all target audiences.

Measures should be in place to review the approach and incorporate any feedback into any regulatory change that is developed by the ministry. Communication with impacted citizens, businesses and other relevant stakeholders is essential throughout the regulation development process, particularly if changes are made after the consultation process. See Consultation Methods tool in the Regulatory Reform Policy Companion Guide to assist in determining consultation methods and approaches.

### **PRINCIPLE 4: Streamline Design**

When developing regulatory changes, options for streamlining must be considered to eliminate duplication, overlap, inconsistencies and contradictions with other agencies or levels of government. Look for opportunities to minimize the number of steps, decrease processing times, improve access, or develop user-friendly online services to reduce the time and costs imposed on businesses and citizens. Determine how the proposed change streamlines the regulatory process.

### **PRINCIPLE 5: Evaluate Regulation Effectiveness**

Statutes, regulations, and associated policies and forms should be reviewed regularly to ensure they are achieving desired outcomes. Quantitative and qualitative measurements should be used to determine how effective the legislation has been in achieving its goal and whether or not it should be amended or repealed. See Regulation Effectiveness Assessment Questions in the Regulatory Reform Policy Companion Guide to assist in this assessment.

## **How to Comply**

This policy provides government ministries with guidance on how to minimize the regulatory impacts of changes to statutes, regulations, and associated policies and forms. It sets out the principles (the qualitative aspects of regulatory reform) that must be considered early in the regulatory development process and establishes how and when the regulatory requirements (the quantitative aspects of regulatory reform) should be counted once the legislative drafting process is complete.

**Request for Legislation (RFL) Process** – Ministries must carry out the following processes for all legislation submitted as a draft for Executive Council review:

1. Include a signed Regulatory Impact Checklist and Regulatory Count document (Appendix A) or the Regulatory Impact Checklist Exemption Form (Appendix B) in all legislative Review Committee packages submitted to Cabinet Operations.

2. For changes expected to increase the number of regulatory requirements, include a statement within the RFL template indicating that the Regulatory Reform Branch has been consulted and that offsets have been or will be found.

See the [Cabinet Operations](#) website for the [RFL instructions and templates](#).

**Order in Council (OIC) Process** – Ministries must include the following in the Order in Council templates:

1. Indicate in the OIC Cabinet Summary Information Template that the Regulatory Reform Policy has been adhered to and the regulatory reform principles applied.
2. Include a signed Regulatory Impact Checklist and Regulatory Count document (Appendix A) or the Regulatory Impact Checklist Exemption Form (Appendix B) in all OIC packages.
3. For changes expected to increase the number of regulatory requirements, include a statement indicating that the Regulatory Reform Branch has been consulted and that offsets have been or will be identified.

See the [Cabinet Operations](#) website for [OIC instructions and templates](#).

**Policy and Forms Process** – The minister (or equivalent) responsible for authorizing the statutes and/or regulation is responsible for ensuring the regulatory reform principles have been applied to the planning, development, and drafting of all policies or forms that are associated with Acts and regulations.

When policies and/or forms associated with Acts and regulations are drafted or amended, a Regulatory Impact Checklist and Regulatory Count document (Appendix A) or the Regulatory Impact Checklist Exemption Form (Appendix B) must be signed by the minister responsible.

See Examples of Common Regulatory Costs and Benefits in Appendix C and see the Regulatory Reform Policy Companion Guide for complete examples of forms and templates.

**Regulatory Requirements Count** – When regulatory requirements have changed as a result of a new, revised or repealed statutes, regulations or associated policies and forms, ministries must do the following:

1. Update the Regulatory Requirements Count Database to reflect the change.
2. Upload a copy of all Regulatory Impact Checklist and Regulatory Count documents and Regulatory Impact Checklist Exemption Forms to the Regulatory Reform BC [Sharepoint](#) site. Note that changes, including a net-zero change to the regulatory count, still need to be recorded, see Regulatory Count table in Appendix A.
3. Ensure all signed forms are accessible under the *Freedom of Information and Protection of Privacy Act* and available to the public, upon request, at no charge.

A Regulatory Impact Checklist and Regulatory Count document (Appendix A) or the Regulatory Impact Checklist Exemption Form (Appendix B) is not required for legislation that is out of the scope of the B.C. regulatory reform initiative.

## Key Updates

Key differences between the previous policy and the revised version are as follows:

- The Regulatory Criteria Checklist has been replaced by the more robust Regulatory Impact Checklist and Regulatory Count document, which includes both a Small Business Lens and questions specifically related to citizens and government.
- A count of regulatory requirements is no longer needed if the Regulatory Impact Checklist Exemption Form is completed.
- The updated policy reinforces that all proposed changes to statutes, regulations, and associated policies and forms should be developed according to the regulatory reform principles described above.
- The regulatory reform principles have been updated to reflect best practices across other jurisdictions. See Regulatory Reform Companion Guide for a list of best practices.

## Definitions

**Impact:** A measurable change, whether negative or positive, affecting citizens, business and/or government. Impacts are often measured based (often in time, costs or benefits) on the magnitude of the change and the number of people affected by the change.

**Net Zero Increase Commitment:** The Government of B.C.'s commitment not to exceed the number of regulatory requirements as of June 2004 baseline.

**Red Tape:** Burdensome and often unnecessary government administrative processes and regulatory requirements.

**Regulation:** Subordinate legislation or a law of general application made by another body or person under the authority of a statute/Act.

**Regulatory Burden:** Government imposed obligation, licences and laws with which citizens, businesses and government must comply.

**Regulatory Count:** The regulatory count is an indicator of the overall regulatory burden on citizens and businesses in B.C. The count allows us to monitor our progress in simplifying legislation, regulations, policies and forms.

**Regulatory Reform:** Changes that improve regulatory quality, enhance the performance, cost-effectiveness or legal quality of regulations, or facilitate citizen or business interaction with government.

**Regulatory Requirement:** Any action or step that a citizen, business, or government must take to access government services or programs, carry out business or pursue legislated privileges.

**Small Business:** In B.C., a business with fewer than 50 employees.

**Statute/Act:** A law made directly by Parliament or a Legislative Assembly, whether referred to as a statute, Act, code or by any other name.

## Appendices:

- [Regulatory Impact Checklist and Regulatory Count](#)
- [Regulatory Impact Checklist Exemption Form](#)
- [Examples of Common Regulatory Costs and Benefits](#)