

# 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](#)

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## Appendix A Regulatory Impact Checklist and Regulatory Count

OIC #: \_\_\_\_\_

Effective Date: \_\_\_\_\_

(OIC # and effective date to be inserted when available)

The purpose of the Regulatory Impact Checklist (RIC) and Regulatory Count is to demonstrate that the changes to statutes, regulations, and associated policies and forms are developed according to the Regulatory Reform Policy while protecting public health, safety and the environment. The Regulatory Reform Branch may request supporting documents, as required.

Name of ministry: \_\_\_\_\_

Name of legislation: \_\_\_\_\_

Name of regulation (including B.C. Reg. #), policy or form, if applicable: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact phone number and email: \_\_\_\_\_

## 1. Issue being Addressed

Summarize the issue being addressed by this regulatory change and explain why this regulatory change is the best approach to solve this particular problem faced by government. (Box expands to match length of response)

In some circumstances, a 'no' answer may be warranted in the checklist and would not be considered as contrary to the intent of the RIC.

## 2. Lessening the Impact on Citizens

	Yes	No	N/A
2.1 Have the impacts of this regulatory change on British Columbians been considered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Was a reasonable period of time and opportunity provided for public consideration and consultation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.3 Does the change streamline the process by giving consideration to one or more of the following: reducing the length of processes or wait times for decisions by integrating related-services or reducing steps; eliminating duplication in the process; updating technology, moving services online and increasing access; or reducing the length and/or complexity of forms?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.4 Does the change consider social impacts, such as the needs of vulnerable groups or people with disabilities and their families?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.5 Was consideration given to the impacts the regulatory change may have on the environment, wildlife, and natural resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.6 Are the benefits to citizens greater than the burden the regulatory change may impose?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.7 If the regulatory change will impose a significant compliance burden, has a formal cost-benefit analysis for the legislation or regulation been completed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.8 Please explain how the regulatory change has been developed to minimize regulatory impacts on citizens. If needed, please include any information/clarification relevant to the questions above. (Box expands to match length of response)			

3. Small Business Lens			
	Yes	No	N/A
3.1 Have all the likely impacts of this regulatory change on businesses, especially small businesses, been considered to determine if the benefits to businesses are greater than any burdens?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Can compliance occur with existing resources of small businesses (e.g. no additional staff, accountant, lawyer is required)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3 Was the potentially affected business community consulted and given a reasonable period of time and opportunity to provide feedback about the proposed regulatory change?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4 Have opportunities to align the change with other obligations from municipal, provincial, territorial, federal, international, or multi-national regulatory bodies been explored?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5 Will the regulatory change disproportionately impact small businesses? (If you answered yes, please explain below how these impacts will be mitigated.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.6 Please describe the impact of the regulatory change on small businesses. How will the impacts be mitigated and the regulatory change be communicated? If needed, please include any information/clarification relevant to the questions above. (Box expands to match length of response)			

4. Reducing Red Tape within Government			
	Yes	No	N/A
4.1 Have all the non-regulatory options been identified and considered to determine that this regulatory change is the best feasible option? (e.g., market forces, codes of practice, information and educational campaigns, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Do the regulatory changes streamline the process for government? (e.g., eliminate duplication, reduce the number of steps, decrease processing or approval times?)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Are the benefits to government greater than the administrative burden the regulatory change may impose on government?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4 Will government communicate the change to affected parties in plain language and in a format that is available to all citizens and businesses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.5 Does government have a plan and a process in place to measure the effectiveness of the regulatory change over time?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.6 Do the regulatory requirements comply with B.C.'s obligations under existing agreements, such as the Trade, Investment and Labour Mobility Agreements and the New West Partnership Trade Agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7 Please describe the impact of the regulatory change within government including streamlining and any processes in place to measure effectiveness of the regulatory changes. If needed, please include any information/clarification relevant to the questions above. (Box expands to match length of response)			

## Regulatory Count

The Government of British Columbia’s regulatory count is the total number of regulatory requirements in all statutes, regulations, and associated policies and forms. Government maintains and manages a Regulatory Requirements Count Database to track changes in the number of regulatory requirements. Ministries must record any changes to the number of regulatory requirements in the Regulatory Requirements Count Database.

Please complete the table below based on the proposed regulatory change. For help conducting a count of regulatory requirements, please see the “[How to Count](#)” guide or contact the Regulatory Reform Branch at [RegulatoryReformBC@gov.bc.ca](mailto:RegulatoryReformBC@gov.bc.ca).

Description of Regulatory Change	Count
<i>e.g., OIC 125/15 Removed Section 5a(i) – citizens no longer required to obtain prescription from medical doctor</i>	-1
<i>e.g., OIC 125/15 Removed: Sections 1, 3(1) and 2(b). Amended Sections 5(b) and 10. No change in regulatory count.</i>	0
<i>e.g., OIC 125/15 amended Section 12 by adding requirements for citizens to obtain a medical examination prior to application. Increased count of 3.</i>	3
<i>e.g., OIC 125/15 amended Section 13 – changes to the way government processes applications – modernization and simplification. Count reduced by 4.</i>	-4
<b>Total</b>	<b>-2</b>

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Minister Responsible or Head of Regulatory Authority

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## APPENDIX B

### Regulatory Impact Checklist Exemption Form

OIC #: \_\_\_\_\_

Effective Date: \_\_\_\_\_

(OIC # and effective date to be inserted when available)

The purpose of the Regulatory Impact Checklist (RIC) Exemption Form is to demonstrate that an RIC does not need to be completed for the proposed statutory or regulatory changes. A regulatory count is not required for changes that qualify for an exemption.

Name of ministry: \_\_\_\_\_

Name of legislation: \_\_\_\_\_

Name of regulation (include B.C. Reg. #), policy or form, if applicable: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact phone number and email: \_\_\_\_\_

The proposed changes are (check all boxes that apply):

<input type="checkbox"/>	Type of OIC is "not a regulation," as identified on the OIC summary sheet.
<input type="checkbox"/>	Changes to existing fees or fines approved by Treasury Board
<input type="checkbox"/>	Related only to the procedures or practices of a court or tribunal
<input type="checkbox"/>	Declaratory or housekeeping changes that clarify or correct a provision without changing regulatory requirements. For example, revised under the revision powers in Part 2 of the Regulations Regulation under the <i>Regulations Act</i>
<input type="checkbox"/>	Transitional in nature ( <i>e.g.</i> , Statutes for the 2010 Olympics in Vancouver)
<input type="checkbox"/>	Confirmed by the responsible minister or authority that, due to special circumstances, the regulatory criteria do not apply to the legislative or regulatory change

Please explain special circumstances (box expands to match length of response - attach any documents that support your response):

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Minister Responsible or Head of Regulatory Authority

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Date

## Appendix C Common Regulatory Costs and Benefits

### Box 1: Examples of Common Regulatory Costs

Affected group	Examples of costs
<b>Citizens</b>	Reduced net income of the individual or household
	Reduced access or unequal access to government programs and services
	Increased time required to provide information or fill out forms
	Increased wait times for application approvals or funding
	Distributional costs (e.g., if some of the above costs are disproportionately borne by the poor, or some vulnerable group)
	Increased prices for consumer products or services
	Reduced range of products available
	Delays in the introduction of new products (e.g. due to the need for producers to meet regulated product testing requirements)
<b>Business</b>	Job losses as a direct result of regulatory change
	Increased cost of labour
	Reduced labour supply
	Costs of familiarizing with the regulations and planning how to comply (may include purchase of external advice)
	Higher input costs due to regulatory impacts on the costs of materials
	Higher production costs due to changes to production, transport or marketing processes required by the regulations
	Costs of lost sales due to owner or employee time used to meet regulatory needs
	Costs of lost sales due to restricted access to markets
Licence fees or other charges imposed by the regulations	

	Cost of meeting reporting or record-keeping requirements imposed by the regulations
	Cost of internal inspections, audit fees, etc. to ensure compliance is being achieved
	Costs of reduced competition ( <i>e.g.</i> , by favouring existing producers and making entry to a market more difficult) which can lead to both efficiency losses and transfers from producers to consumers due to higher prices
	Restrictions on innovation & the ability to develop and market new products and services
<b>Government</b>	Time and cost of administering the regulations including but not limited to: <ul style="list-style-type: none"> <li>• providing services and programs to the public and information to business</li> <li>• recruiting and training government staff</li> <li>• processing licence or product approval applications</li> <li>• tracking and evaluating programs and services</li> </ul>
	Cost of new technologies for service delivery, including initial cost and maintenance costs
	Cost of verifying compliance: includes conducting inspections and audits, monitoring outputs ( <i>e.g.</i> air quality)
	Cost of enforcement including investigating possible non-compliance and conducting prosecutions
<b>Other</b>	Detrimental to the environment ( <i>e.g.</i> , air, land, water, natural resources, wildlife)

### **Box 2: Examples of Common Regulatory Benefits**

<b>Affected group</b>	<b>Examples of benefits</b>
<b>Citizens</b>	Enhanced social inclusion and protection of particular societal groups
	Helps promote equal access to goods and services of vulnerable groups
	Distributional benefits such as regulation that benefits poorer groups or groups in regional/rural areas disproportionately
	Increased access or more equal access to government programs and services
	Helps better protect the health, well-being, safety or security of the public without onerous requirements
	Reduced prices for consumer products or services ( <i>e.g.</i> through regulatory restrictions on anti-competitive behaviours)
	Improved safety of goods and services
	Provision of better information about goods and services, leading to better

	choices being made
	Increased minimum quality standards for goods or services
	Reduced travel time and cost to secure signatures, attend face to face meetings and apply in person
	Reduced paper burden and costs associated with paper applications and forms through improved service delivery, such as online service access.
<b>Business</b>	New job creation as a direct result of regulatory change
	Decreased cost of labour
	Expanded labour supply
	Reductions in workplace accidents and injuries and associated productivity gains
	Reduced wait times to receive approved applications, licences and permits
	Reduced wait times for service delivery, including new service delivery methods such as online applications and assistance
	Benefits of improved competition ( <i>e.g.</i> , by regulating to restrict or prohibit anti-competitive behaviour)
<b>Government</b>	Improved public health, resulting in reduced health care costs
	Improved availability of information to government, allowing for better decision-making
<b>Other</b>	Improved protection or management of the environment ( <i>e.g.</i> , air, land, water, natural resources, wildlife)

**Source:** OECD Introductory Handbook for Undertaking Regulatory Impact Analysis (p 11-13).