



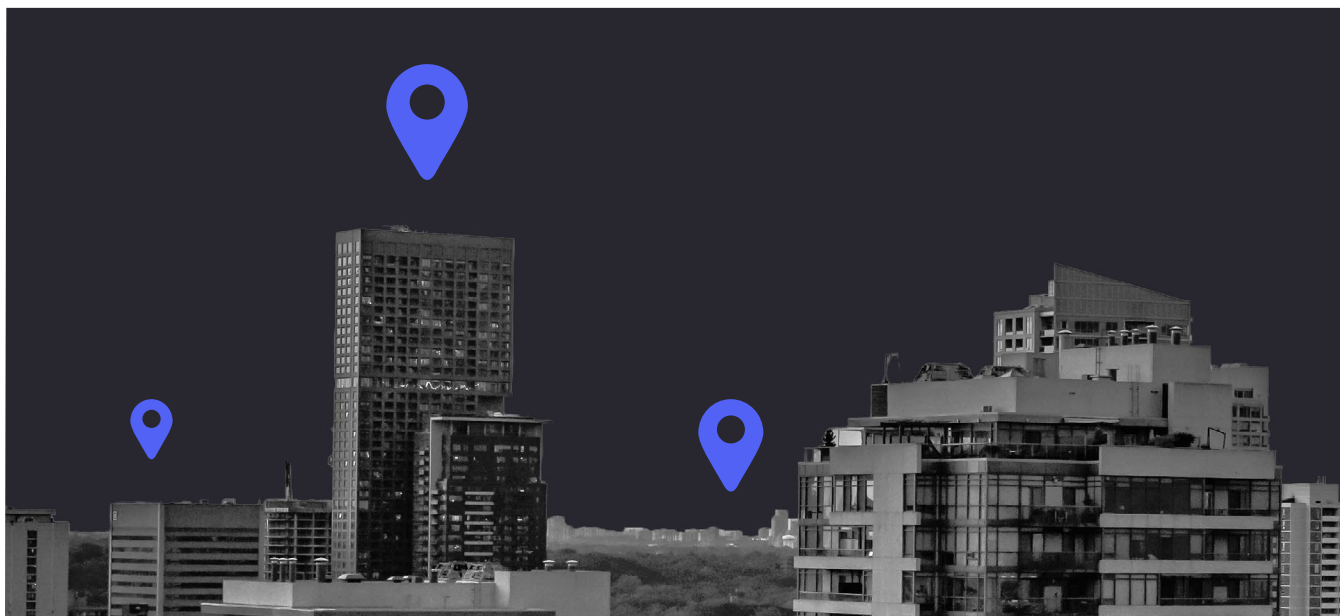
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BEYOND RED TAPE:

REGULATE FOR GROWTH



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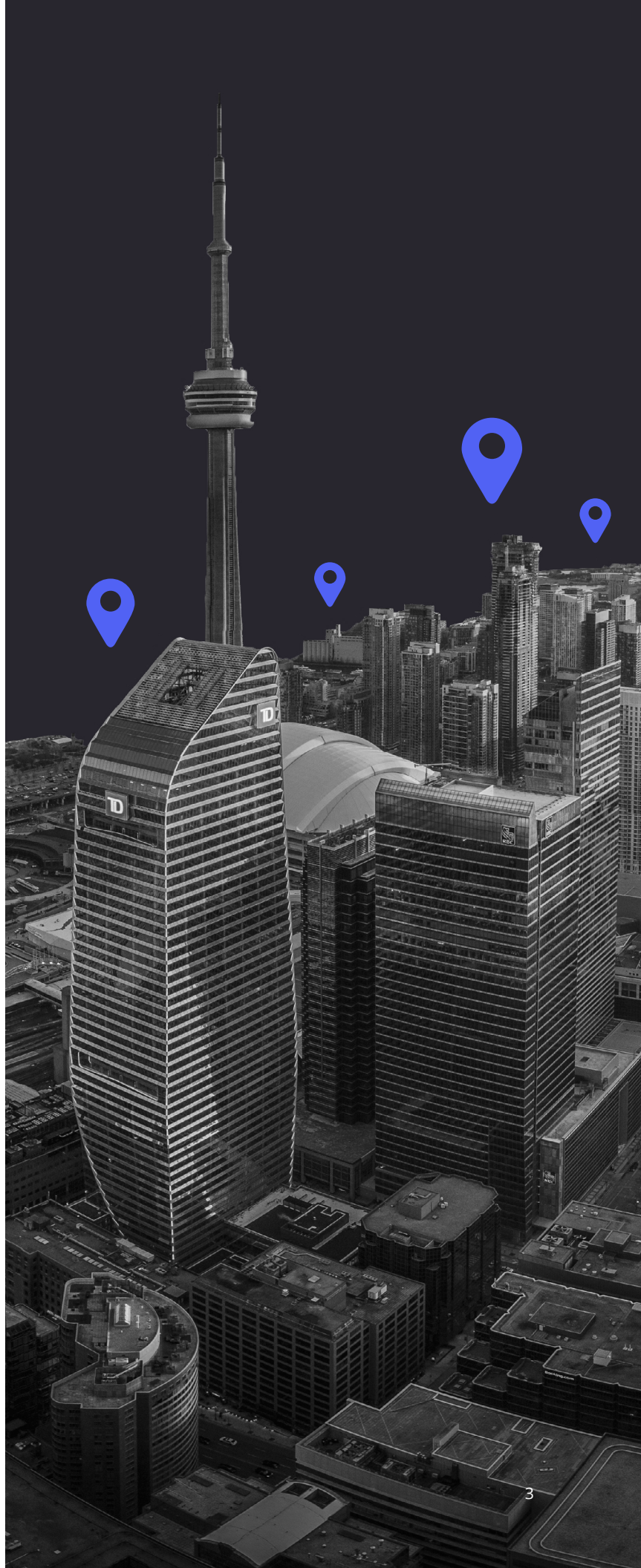
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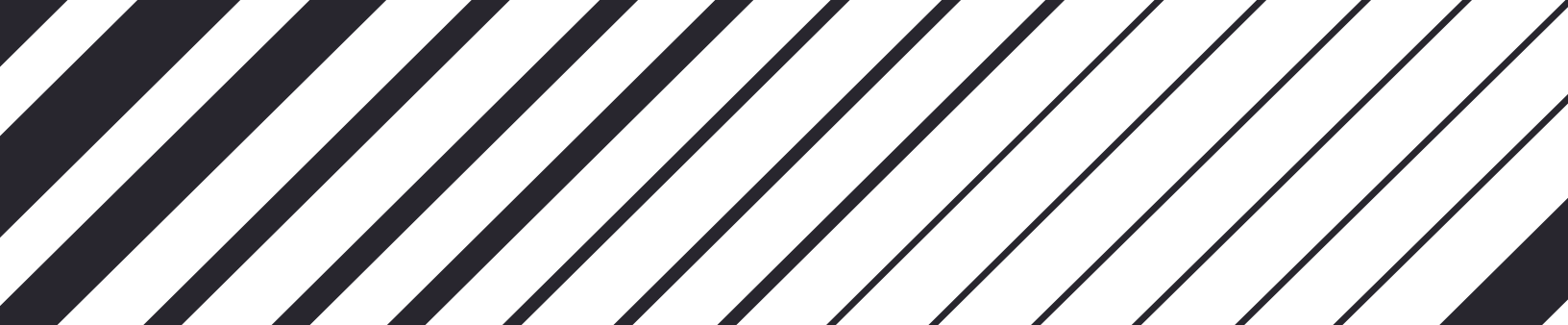
About the Business Council of Toronto

The Business Council of Toronto (BCT) brings together the leaders of leaders from across our region to accelerate our competitiveness. It's structured around an Executive Table and three partnership councils: Advanced Manufacturing, Climate & Energy Transition, and the GTA West Economic Gateway, with a foundational Financial Services Competitiveness Coalition.

The aim is simple: harness the Toronto region's top business leaders to deliver practical, impactful solutions and advocacy that make Canada's economic engine more prosperous and a better place to live, work, invest, and do business. The Toronto region contributes 20% of Canada's GDP, and the BCT is galvanizing both industry and government into action to close our productivity gap. This means building strong businesses that create high-paying jobs, driving economic growth and competitiveness.

Learn more at
StrongerStartsHere.ca





Introduction

Canada's regulatory systems have become a defining constraint on our competitiveness, investment and growth. At a time when trading partners are doubling down on industrial policy and accelerating technology adoption, productivity at home continues to decline. We face a stark choice: adapt or fall further behind.

Canada has a long history of relying on advantages that once secured our strategic position in the global economy. Natural resources wealth has been a backbone of economic resilience, fueling employment and fiscal returns for generations. Yet despite the vast endowment, the scale of development has fallen short, largely because the infrastructure required to bring these resources to the market has not matched the opportunity. At the same time, our economy has leaned heavily into traditional sectors that once generated steady returns but no longer deliver the outcomes of the modern economy. In a world defined by speed, risk-taking, and relentless competition, complacency is not an option. Lastly, Canada's overreliance on the United States (U.S.) as the cornerstone of its export activity has only deepened our vulnerability. What once was an advantage of strong economic ties can no longer be relied upon as a primary source of prosperity.

In addition, we face mounting challenges that demand action. Affordability is worsening while income levels have stagnated. Road, rail, and port infrastructure are in need of renewal and expansion, reflecting decades of insufficient investments. Rapid population growth in major urban centres has far outpaced investment in housing, road and transit networks, serviced employment lands, and social services are

strained. Extreme weather events, from wildfires to floods, have exposed systemic weaknesses in our readiness and response capacity. The labour market is under strain: youth unemployment spiked to 14.6 percent in July 2025, the highest level since 2010. At the same time, our aging population means a shrinking labour force and increased pressures on pension systems and public finances. On the fiscal front, rising debt servicing costs, compounded by structural inefficiencies in spending and taxation, are squeezing Canada's fiscal stability.

In the face of mounting global and domestic pressures, Canadian regulators and regulations must not act as barriers but catalysts. Decades of incremental fixes have created a slow and complex business environment out of step with the standards and practices in more competitive jurisdictions such as Singapore, the U.K., and the U.S. Regulatory reform can and must serve as a strategic lever to reset Canada's growth trajectory. The task ahead is not to diminish regulatory frameworks but to orient them to drive prosperity. When built on the right principles, regulation is a foundation of competitiveness, safeguarding health, safety, and the environment while giving businesses the clarity, certainty, and speed they need to invest and grow with confidence.

Decades of incremental fixes have created a slow and complex business environment out of step with the standards and practices in more competitive jurisdictions.



The stakes are significant but so is the opportunity. This report outlines the groundwork to tackle the underlying drivers of regulatory inefficiency and to build systems that support faster decisions, greater predictability and lower operating costs for businesses. To advance this agenda, the Board proposes six principles for governments to guide a substantive regulatory reform—principles aimed at creating a more transparent, faster and better equipped regulatory system to support Canada’s long-term growth and competitiveness:

6 PRINCIPLES FOR REGULATORY REFORM

- 1** REGULATING FOR GROWTH
- 2** COORDINATION AND JURISDICTIONAL ALIGNMENT
- 3** PROPORTIONALITY AND OUTCOME-BASED
- 4** TRANSPARENCY AND ACCOUNTABILITY
- 5** INSTITUTIONAL CAPACITY TO DELIVER
- 6** AGILITY AND FUTURE-READINESS

Turning principles into practice demands more than statements of intent. With this in mind, governments need concrete actions that embed efficiency, transparency, and agility into the machinery of regulation. To that end, the Board recommends the following to replace delays with certainty, bureaucracy with agility, and protectionism with openness, giving Canadian businesses the tools and runway to scale while delivering on the country's critical priorities:

9 RECOMMENDATIONS TO STRENGTHEN CANADA'S REGULATORY SYSTEMS	WHY DOES IT MATTER?
1. Appoint a Regulatory Efficiency Officer reporting directly to the Prime Minister, Premier, or Mayor	Without clear accountability, regulatory modernization stalls across silos. Empowering central authority with direct access to the head of government creates the authority to align priorities, break bottlenecks, and ensure reform translates into tangible results.
2. Institutionalize a single-window model to reduce jurisdictional fragmentation and improve user experience	Businesses lose time and capital navigating fragmented regulatory systems. A coordinated access point would streamline compliance and deliver faster, clearer decisions.
3. Establish timelines and service standards for regulatory compliance decisions	Lengthy, unclear and/or inconsistent processes deter investment and erode confidence in regulatory systems. Standardized timelines would institutionalize accountability, drive continuous improvement, and provide the certainty businesses need to invest and grow in Canada.
4. Introduce a plain-language requirement for all new and amended regulations	Canadian regulations are often written in overly complex language that drives unnecessary compliance costs for businesses. Introducing a plain-language requirement for all new and amended regulations would make obligations clearer, improve compliance, and help businesses reduce the time and money spent on interpretation.
5. Introduce public dashboards to track and report on service delivery performance	Governments cannot change or manage what they do not measure. Publicly available performance dashboards would use real-time data to benchmark results, identify bottlenecks, and continuously improve government services.
6. Implement a systematic approach to assess the efficiency and impact of regulations	Most regulations are never revisited after implementation. A structured review framework would ensure rules stay relevant, efficient and aligned with today's economic realities.
7. Invest in modern digital tools and staff training to strengthen regulatory efficiency	Governments cannot deliver exceptional services with legacy systems and skills. Upgrading capacity would reduce administrative friction, improve predictability and deliver results more effectively.
8. Make international, outcome-based standards the default for Canadian regulations	Delays in adopting international benchmarks create friction for exporters and investors, raises compliance costs and slows trade. Embedding an "international standards first" approach through legislation and coordinated provincial adoption would promote regulatory consistency, lower costs, and strengthen Canada's integration in global value chains.
9. Establish dedicated Foresight and Regulatory Innovation Units to anticipate emerging trends and modernize regulatory practices	Canada's regulations remain reactive to disruption and slow to adapt. A permanent foresight and innovation unit would help governments anticipate change, test new approaches and have clear insights on updates needed to keep pace with global innovation.

Note: This report is part of the Board's broader national competitiveness agenda first articulated in [Complacency to Competitiveness: A Blueprint for Canada's Economic Future](#). Alongside regulatory reform, the agenda identifies key components to strengthen Canada's economic levers including modernizing the tax system, transforming public procurement into a path to market for domestic firms, and expanding access to growth capital. In the months ahead, the Board will press forward on these fronts, recognizing their critical role in helping Canada compete in the 21st century.



Is Canada *really* reducing regulatory burden and cutting red tape?

Despite decades of political promises and legislative interventions, Canada's progress on cutting regulatory burden and eliminating red tape remains incremental at best. While certain aspects of the regulatory framework have been modernized, reforms are too often symbolic rather than substantive. For example, the federal "one-for-one rule"—introduced in 2012 through the Red Tape Reduction Action Plan and later codified in the 2015 [Red Tape Reduction Act](#)—was designed to prevent the unchecked growth of regulatory burden by requiring departments to repeal one regulation for every new one introduced. In simple terms, the rule has resulted in a "low-hanging fruit" approach, with repealed regulations often reflecting obsolete or irrelevant rules. While the legislation provides a degree of transparency and control over regulatory red tape, it does little to address deeper structural barriers embedded in the regulatory system.

One of the main weaknesses of previous regulatory reform efforts is the neglect of the regulatory stock built over time. The thousands of rules, standards, and compliance obligations already in

the books have compounded the burden faced by businesses. Without mechanisms to systematically review this stock, outdated provisions remain in force for years, even as industries, technologies, and consumer preferences evolve. Episodic initiatives, such as the [Annual Regulatory Modernization Bill](#), have amended select statutes but fall short of providing the scale and continuity needed to tackle accumulated inefficiencies.

Ontario mirrors this challenge. Successive red tape reduction packages since 2018 have been accompanied by claims of billions in savings and millions of hours of compliance avoided. Yet the province has not updated its baseline regulatory count since 2017. Without a contemporary inventory, claims of progress cannot be independently verified. Moreover, the emphasis on reducing the number of regulations lacks the broader task of assessing which regulations are redundant or no longer fit for purpose. The result is that governments can claim success in reducing the "stock" of regulations while the tangible impact for businesses remains negligible.

Institutional realities further constrain reform. Departments, ministries, and regulators are naturally protective of their mandates and reluctant to cede authority. In the absence of strong central coordination, reforms tend to deliver incremental adjustments rather than transformative changes. Fragmentation across departments reinforces duplication and overlaps, with separate compliance counts, standards, and service timelines proliferating in parallel. The result is a patchwork of compliance regimes that businesses must navigate, generating inefficiencies and reinforcing unpredictability in regulatory processes.

At the federal level, the Treasury Board Secretariat provides central guidance through the Cabinet Directive on Regulation, but enforcement has been uneven, and accountability fragmented. To address regulatory red tape, the Carney government has recently advanced [Bill C-5](#) alongside the creation of a Red Tape Reduction Office for major projects. Ontario has similarly escalated its efforts with the establishment of a Ministry of Red Tape Reduction and the passage of three major bills in 2025 ([Bills 2, 5, and 17](#)). These reforms are designed to speed project approvals, create greater consistency across standards, and negotiate mutual recognition agreements with other provinces to support labour mobility and trade. While these steps mark a more assertive approach, they face significant

hurdles. First, reliance on discretionary powers—whether Cabinet exemptions for federal projects or Ontario’s use of special economic zones—risks introducing unpredictability rather than creating durable system-wide efficiency. Second, progress is contingent on intergovernmental cooperation, particularly in areas where federal authority is limited and Ontario’s MOUs with other provinces, while promising, still exclude Quebec and Newfoundland and Labrador, leaving some gaps in coverage. Third, neither government has yet established the transparent data systems nor institutional capacity needed to measure, track, and sustain reforms over time. Without these foundations, businesses remain uncertain whether promised improvements will translate into consistent, lasting results.

The effect is the same: overlapping requirements, inconsistent standards, and unpredictable timelines that slow investment and approvals. The cumulative impact is to erode the effectiveness of red tape reduction initiatives. Businesses continue to experience inefficiencies at the interface between government departments, regardless of claims of reduced regulatory burden. Without a whole-of-government approach, and sustained institutional leadership, Canada’s red tape reduction agenda risks remaining a political talking point rather than a driver of growth and competitiveness.



Breaking down regulatory bottlenecks

A critical step in regulatory reform is moving beyond the false equivalence between regulation, regulatory burden, and red tape. These terms are often conflated, but they represent fundamentally different concepts:



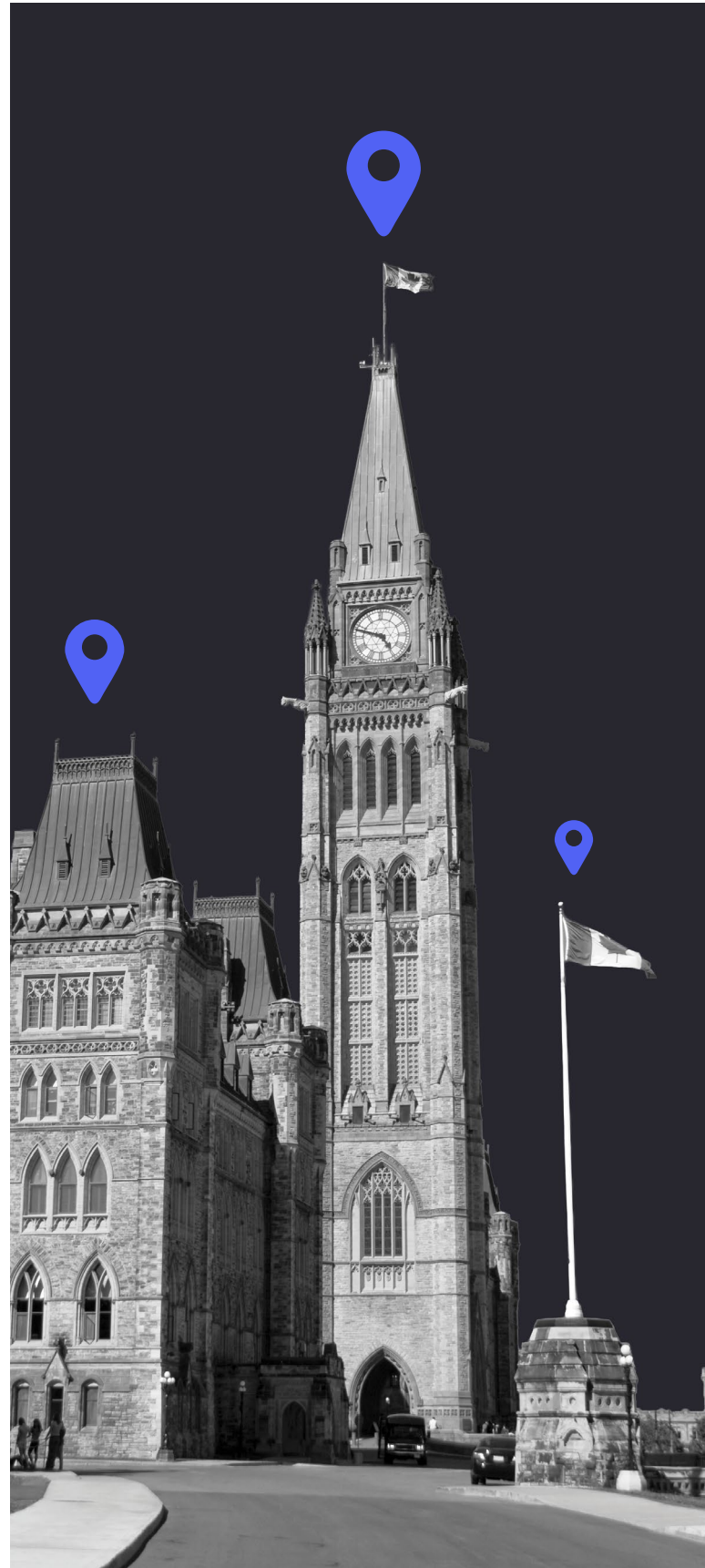
REGULATIONS are the legitimate use of state authority to protect public interests, ensuring safety, protecting the environment, and preserving market integrity. In simple terms, they are the conditions that make markets work and enable firms to operate on a level playing field.



REGULATORY BURDEN, in contrast, measures the weight of compliance—the financial, administrative, and procedural costs borne by businesses to meet regulatory requirements. Even when regulations serve a purpose, excessive burden creates unnecessary costs that undercut their effectiveness in achieving intended social and economic objectives.



RED TAPE is the product of duplication, outdated procedures, or rigid enforcement of regulations that prioritize process over outcomes. It encompasses not only regulatory frameworks but also the administrative processes that govern their implementation. Burdens arise when procedures become unnecessarily complex, excessively time-consuming, or disconnected from practical outcomes. In this sense, red tape reflects institutional inefficiency, where compliance demands outweigh effectiveness, and navigating systems becomes an obstacle rather than a facilitator of legitimate activity.



The real test of regulation is how it works in practice. The challenge is not the existence of rules, but the way they are designed, administered, and delivered. When regulatory frameworks are fragmented, overly complex, or slow to adapt, they lose legitimacy and fail to achieve their purpose.

To illustrate those instances where regulations and compliance processes do not work for business, we identified ten categories of systemic gaps in Canada's regulatory system. In consultation with our members and regulation experts, we mapped

the causes across nine sectors: automotive, aerospace, financial services, housing, energy and infrastructure, transportation, life sciences, steel, and food manufacturing.

The following are not intended as an exhaustive catalogue of every source of regulatory inefficiency. Rather, they serve to point to the institutional and procedural flaws that perpetuate red tape and burden, and explain why Canada's regulatory environment needs reform to eliminate issues that are evident across diverse sectors of the economy.

STRUCTURAL BARRIERS IN CANADA'S REGULATORY SYSTEM



WEAK ALIGNMENT WITH INTERNATIONAL STANDARDS

Canada's track record on aligning domestic regulations with international standards is highly inconsistent. In areas such as food safety, Canada has historically met or exceeded international benchmarks, creating confidence in Canadian products abroad. However, in fast-evolving sectors such as clean technology and digital services, Canada has lagged in aligning its frameworks with international rules. This uneven alignment reflects several structural challenges: fragmented oversight across different levels of government, lengthy rulemaking processes, and a tendency to prioritize domestic approaches over harmonization with international peers.

This misalignment creates material risks and challenges for exporting businesses or those looking to expand into new markets. Divergent rules force Canadian firms to adapt products and processes for different jurisdictions, raising compliance costs and eroding competitiveness. More importantly, when Canada lags in adopting international standards, firms risk being locked out of supply chains where harmonization is a prerequisite. In sectors defined by rapid innovation, the gap between Canada's domestic rules and global best practices can quickly widen, leaving Canadian companies at a disadvantage relative to international competitors.

From a trade diversification perspective, this issue is particularly acute. Canadian businesses need to access new and diverse markets to reduce reliance on the United States. Misaligned standards make it harder to enter or scale in Europe, Asia, or other emerging markets, where adherence to international frameworks is often non-negotiable. Without greater alignment, Canada risks constraining its exporters to a narrower set of markets and forfeiting opportunities in sectors that are central to future growth.



JURISDICTIONAL FRAGMENTATION AND OVERLAP

Canada's regulatory environment is characterized by weak coordination across federal, provincial, and municipal governments, as well as among departments within the same level of government. The result is a patchwork of duplicative and often conflicting rules that vary by geography, ministry, agency, or department. Overlap arises when multiple levels of government or regulatory bodies assert authority over the same activity, sector, or compliance requirement. Businesses are then forced to navigate more than one set of rules for the same process, frequently facing inconsistent or even contradictory obligations.

For a single project, regulatory approvals may be subject to separate timelines, distinct evaluation criteria, and divergent documentation requirements across jurisdictions, compounding delays and adding unnecessary cost and uncertainty.



LACK OF SERVICE DELIVERY STANDARDS AND ACCOUNTABILITY

A major challenge in Canada's regulatory environment is the absence of consistent and enforceable service delivery standards. This issue has two dimensions. On the one hand, where government agencies have established performance metrics or timelines, they often fail to meet them. Commitments that suggest a matter will be resolved in days can instead stretch into months, eroding trust and creating uncertainty for businesses. On the other hand, many agencies provide no benchmarks or guidance at all. In these cases, there is little clarity on how long processes will take, what steps are involved, or what applicants can reasonably expect.



LIMITED REGULATORY CLARITY AND CONSISTENCY

Canada's regulatory environment suffers from a lack of clarity in communication and consistency in enforcement. The issue lies not only in the inherent ambiguity of laws, but also in the uneven interpretation and application by regulators and the lack of guidance. This inconsistency plays out across ministries, agencies, and jurisdictions. The same activity may be treated one way in one province and another way in a neighbouring jurisdiction, or even inconsistently within the same government. Such variability introduces unpredictability, imposes unnecessary compliance costs, and weakens confidence in the regulatory system as a whole. A regulatory regime that lacks both clarity in communication and consistency in enforcement cannot provide the certainty businesses require to make long-term investments or plan operations with confidence.



STAGNANT AND INFLEXIBLE RULES

Many Canadian regulations remain rooted in legacy industrial contexts and have not kept pace with technological change or new business models. This rigidity creates uncertainty, and outdated frameworks restrict innovation and slow adoption of new practices.

Because regulatory updates are slow, businesses face rules that no longer reflect modern supply chains, digital platforms, or global benchmarks. The result is higher compliance costs, weaker alignment with international markets, and less investment.



OVER-PRECAUTIONARY REGULATORY CULTURE

Canada's regulatory system is heavily oriented toward minimizing risk. This approach often translates into approval processes that stretch well beyond what is necessary, compliance requirements that leave little room for flexibility, and a reluctance to permit pilots or controlled experimentation. A highly risk-averse process can unintentionally slow the safe rollout of proven innovations and discourage responsible pilots. Building capacity for 'responsible agility' can protect the public interest while enabling timely adoption of new technologies. Firms must often wait months or years for approvals that competitors in other jurisdictions can secure much faster, placing Canadian businesses at a structural disadvantage. Over-precaution also stifles a culture of innovation within the regulatory system itself. Regulators become hesitant to test new approaches or adapt frameworks to changing realities, reinforcing a cycle of rigidity.



FOCUS ON PROCESS OVER OUTCOMES

Canada's regulatory system remains anchored in prescriptive rulemaking, emphasizing how compliance must be achieved rather than what results should be delivered. This process-driven mindset produces one-size-fits-all requirements that restrict flexibility, dilute regulatory effectiveness, and erode confidence in the system's ability to deliver meaningful outcomes for the benefit of the public, the growth of Canadian businesses and the broader Canadian economy.



LACK OF PROCESSES TO ASSESS REGULATORY EFFECTIVENESS

Canada's regulatory system rarely includes mechanisms to evaluate whether rules are achieving their intended outcomes, contributing to a growing stock of ineffective or redundant rules. The absence of review cycles means that those rules remain in force, with no path to be revisited systematically. In other words, some governments have no process to evaluate if a regulation has achieved its purpose, nor when it is the right time to eliminate it.



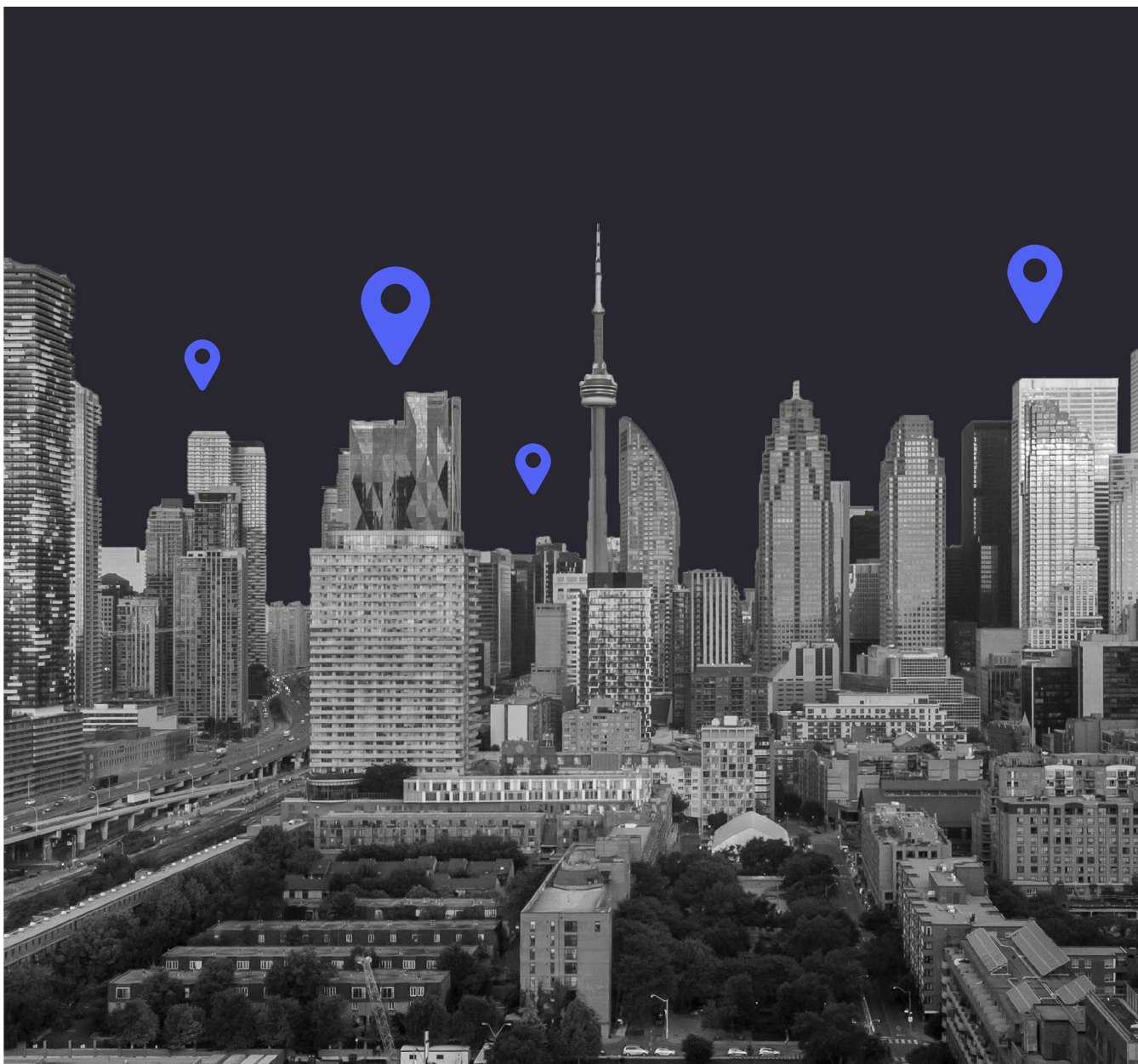
ADMINISTRATIVE CAPACITY CONSTRAINTS

Governments in Canada often face significant resource limitations across departments, ministries, and offices. Gaps in both staffing and technology, for instance, directly undermine the ability of governments to manage compliance processes that are timely, predictable, and consistent. In addition, regulators frequently lack in-house expertise needed to properly assess compliance applications. These skills gaps further slow decision-making, increases reliance on external advisors, and contributes to inconsistent outcomes.



POLICY-REGULATION MISALIGNMENT

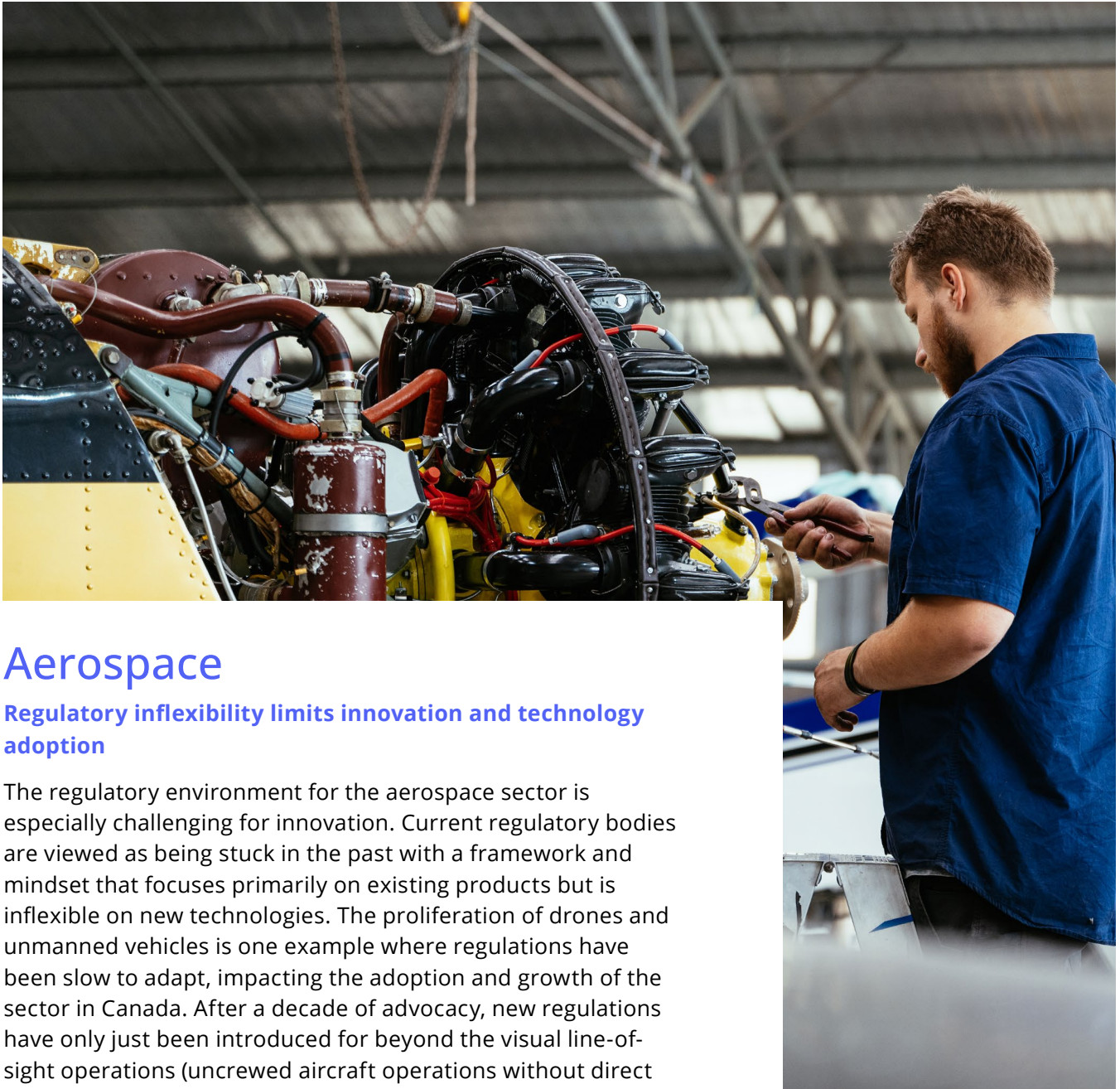
Regulations are sometimes developed in isolation from broader policy goals. When provincial frameworks support modern mobility options, municipal bylaws and permitting should align to avoid duplicated steps or conflicting requirements.



Sector spotlights

Regulatory burden and red tape are best understood in practice. Consultations across nine sectors revealed concrete examples of how systemic flaws in Canada's regulatory environment translate into real bottlenecks for businesses, slowing investment decisions, creating uncertainty in planning, and disrupting supply chains. The findings presented here draw directly from the experience of our members partners, and sector experts. Their on-the-ground perspective offers a vital lens for understanding where regulatory reform must focus on delivering measurable results.





Aerospace

Regulatory inflexibility limits innovation and technology adoption

The regulatory environment for the aerospace sector is especially challenging for innovation. Current regulatory bodies are viewed as being stuck in the past with a framework and mindset that focuses primarily on existing products but is inflexible on new technologies. The proliferation of drones and unmanned vehicles is one example where regulations have been slow to adapt, impacting the adoption and growth of the sector in Canada. After a decade of advocacy, new regulations have only just been introduced for beyond the visual line-of-sight operations (uncrewed aircraft operations without direct visual of the aircraft).

In another example, as of October 2025, electric aircraft motors such as Safran's ENGINEUS 100 are currently not fully certified by Transport Canada (TC). While the ENGINEUS motor has been certified by the European Union Aviation Safety Agency (EASA) and sold to Canadian partners to retrofit their fleet, a formal national certification is still pending. To better enable deployment and commercialization of new technologies, regulators should consider expediting adoption of international standards when they have already been certified and regulated by trusted regulatory authorities.

CHALLENGES:



Stagnant and inflexible rules



Over-precautionary regulatory culture



Weak alignment with international standards

Transactional versus collaborative approach to regulation increases approval timelines

The relationship between a sector and regulatory bodies can impact the growth prospects of firms in the sector. Aerospace companies in the region highlighted that the relationship between aerospace companies and Transport Canada (TC) is much more transactional versus the Federal Aviation Administration (FAA) in the U.S. The TC approach is to communicate the rules and request a package that demonstrates compliance, which TC will then assess and respond to directly. TC is seen to be resistant to having an ongoing dialogue with firms and prefers to respond through the formal process. In contrast, the FAA is much more hands-on with open lines of communication between themselves and firms. In one instance, they had monthly meetings with an aerospace company to address ongoing challenges. Aerospace firms also expressed that the FAA was timelier in their feedback and were seen to be an institution that actively wanted to solve issues related to regulatory compliance.



CHALLENGES:



Over-precautionary regulatory culture



Policy-regulation misalignment

Aerospace companies in the region highlighted that the relationship between aerospace companies and Transport Canada is much more transactional versus the FAA.



Automotive

Rigid, fragmented and misaligned compliance systems deter modernization and growth

Canada's automotive manufacturers and distributors contend with rules that are often inconsistent across jurisdictions, disconnected from technological realities, and cumbersome to navigate. The effect is not stronger public protection, but higher costs, longer timelines, and lost opportunities for investment and innovation.

One of the most pressing concerns is the fragmented nature of oversight. Requirements for vehicle emissions, plant retrofits, and charging infrastructure vary widely depending on which level of government is involved. Instead of a coordinated framework, businesses face a patchwork of approvals that multiply reporting obligations and extend timelines. The lack of clarity in how decisions are made—coupled with limited transparency around expected wait times—further undermines the ability of firms to plan and deliver on scale.

This environment is reinforced by institutions that remain bound to legacy practices. Standards rooted in an earlier industrial era have not adapted quickly to electric drivetrains, software-driven safety features, or autonomous technologies. Canada has also been slow to align with evolving international standards in fast-changing fields like advanced manufacturing and clean transportation. For a sector that operates in highly integrated global supply chains, these divergences make it more difficult for Canadian facilities to compete for new mandates.

The culture of administration plays a role as well. Rules are often written in ways that leave little room for discretion or experimentation. Instead of encouraging innovation through outcome-based approaches, compliance is reduced to a checklist exercise. With limited review and evaluation, requirements accumulate over time even when their impact on safety, sustainability, or consumer protection is questionable. The result is an expanding regulatory stock that adds weight but not value.

Lastly, the misalignment between industrial policy priorities and operational reality is especially acute. Governments at all levels have championed the transition to electric mobility, but the infrastructure and approvals needed to enable this shift remain slow-moving. Lengthy permitting for charging stations, grid connections, and facility upgrades run counter to stated climate and sector strategies. In practice, regulatory processes constrain the very transition that policy commitments are meant to accelerate.

Requirements for vehicle emissions, plant retrofits, and charging infrastructure vary widely depending on which level of government is involved.



CHALLENGES:



Jurisdictional fragmentation and overlap



Limited regulatory clarity and consistency



Stagnant and inflexible rules



Weak alignment with international standards

Energy and Infrastructure

Regulatory bottlenecks and unclear timelines constrain infrastructure investment and delivery

Canada's energy and infrastructure sector faces regulatory and procedural hurdles that undermine timely project delivery. The most persistent barrier is the fragmented governance framework across federal, provincial, and municipal authorities. Each layer of government imposes independent compliance steps with distinct assessments, consultation requirements, and approvals. In practice, this creates a siloed process where timelines diverge, duplication emerges, and no single authority provides coordination.

Timelines are a critical weakness. Even where service standards exist in law, they are often missed. For instance, federal environmental assessments under the [Impact Assessment Act](#) carry legislated timelines of 1.5 to 2.4 years, yet projects routinely take four to six years or more. At the provincial level, [Ontario's individual environmental assessments](#) for large-scale projects are targeted at 12 months but typically stretch to three to six years. Municipal planning approvals follow a similar pattern. In the [City of Toronto](#), for example:

- Pre-application consultations have a legislated timeline of 40 business days but take an average of 43 days.
- Official Plan Amendments are legislated at 120 calendar days yet take 142 days.
- Zoning By-law Amendments are targeted at 90 calendar days but take 136 days.
- Site Plan Control applications, expected within 60 business days, often require 129 days.

Development charges are tied to building permit applications and can be processed within weeks if permit-ready. For building and servicing permits, municipalities are required under the [Building Code Act](#) and the [Ontario Building Code](#) to review complete applications within 15 business days for small buildings, 20 business days for large buildings, and 30 business days for complex buildings. Simple permits are often delayed by one to three weeks, small buildings by two to four weeks, large building permits for up to 52 business days, and site servicing permits often take four to twelve or more weeks.

Ontario's individual environmental assessments for large-scale projects are targeted at 12 months but typically stretch to three to six years.



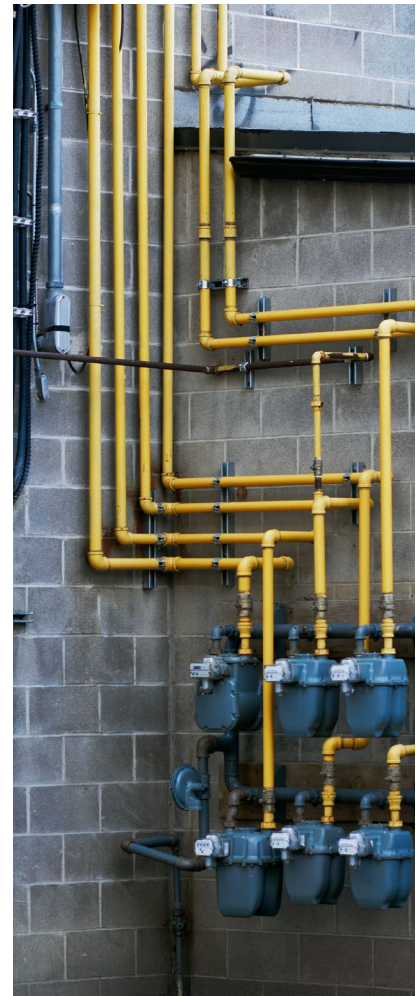
Indigenous consultations add another layer of uncertainty. While both federal and provincial governments have a constitutional duty to consult, there are no statutory timelines, and processes can extend for years. Environmental Compliance Approvals issued by Ontario's Ministry of Environment, Conservation and Parks are intended to be processed within one year, but incomplete applications and administrative bottlenecks often stretch the process far longer. These discrepancies between law and practice, documented in public audits and reinforced by industry consultations, point to systemic inefficiency rather than isolated cases.

In Ontario, as the energy sector is regulated by the Ontario Energy Board (OEB), dozens of consultations are conducted every year, often resulting in incremental regulatory code requirements, reporting obligations, cost-to-benefit analyses, expert reports, rate application filings, and other constraints and cost-drivers. At a time when the Minister of Energy and Mines is calling for action and "all of the above" expansions of energy resources and infrastructure, the significant increases in regulatory process, paperwork, and overall complexity put at risk the coordinated investments that are needed to provide fuel and power to new and expanding businesses and housing developments. Recently the Ontario government has taken action to improve alignment between OEB adjudicative decision-making, policy-making and the public interest imperatives of the government. It is crucial that the newly appointed OEB leadership follow through on that direction.

The consequences extend beyond project-level delays. The gap between legislative intent and implementation creates a climate of uncertainty that discourages investment. Infrastructure projects demand significant upfront capital, but in Canada, investors face not just cost risk but the greater risk of indefinite timelines and unpredictable outcomes. Project proponents often face years of process with no transparent signal of whether a project will ultimately be approved. This undermines sequencing, complicates financing, and raises the overall risk profile of Canadian projects relative to peer jurisdictions.

Investor confidence is shaped by more than statutory rules; it depends on whether governments deliver consistently on commitments. When timelines routinely diverge from the law, or when outcomes hinge on discretionary decision-making, the credibility of the regulatory framework erodes. Capital flows into markets where approvals are clearly defined but also predictably enforced. Unless Canada can align implementation with legislative intent, it risks entrenching a reputation as a jurisdiction where rules on paper cannot be trusted in practice. At precisely the moment when infrastructure is needed to drive growth and productivity, regulatory inefficiency threatens to keep large-scale investment sidelined.

In Canada, investors face not just cost risk but the greater risk of indefinite timelines and unpredictable outcomes.



CHALLENGES:



Lack of service delivery standards or accountability



Focus on process over outcomes

Financial Services

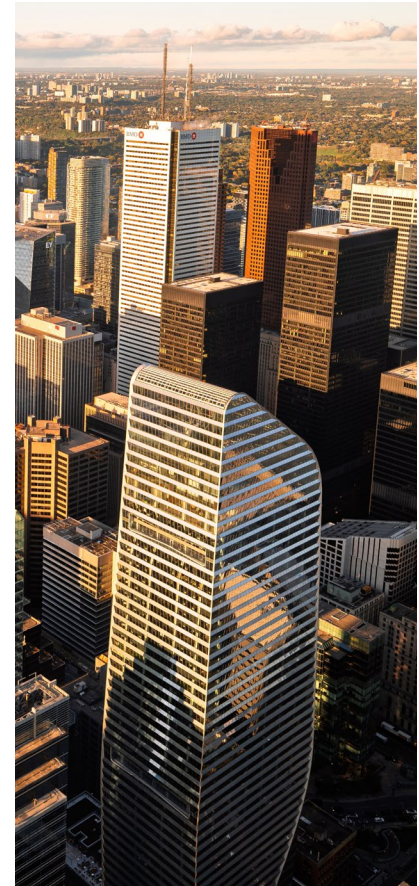
Fragmentation and increasing regulatory burden raises costs and reduces competitiveness

Canada's financial services sector is governed by a regulatory system that is fragmented by function and geography. Canada has a total of **44 financial regulators**, spanning six federal banking and insurance regulators and 38 regulators for provincial and territorial securities, insurance, pension and credit unions. Insurance companies and deposit-taking institutions are regulated both at the federal and provincial level, with no federal market-conduct authority in insurance. Additionally, securities regulation is entirely provincial, making Canada one of the only advanced economies without a national securities regulator. While the Canadian Securities Administrators (CSA) coordinates and enables harmonization across jurisdictions, each province and territory maintains control over rules and enforcement. The complex web of intersecting and often overlapping regulations adds significant compliance costs to companies. A fragmented regulatory ecosystem creates inconsistencies, redundancy, and higher compliance costs, ultimately impacting the growth prospects of Canada's financial services sector.

These challenges are compounded by growing regulatory burdens and inefficiencies across the financial system. Between 2006 and 2021, the sector recorded **the third-fastest growth in regulatory requirements** across major sectors in Canada, expanding by 2.8 percent annually and 51 percent overall. Much of this growth was a response to the Great Recession, but Canada stands out for the extent to which regulations continued to expand. The regulatory framework is also **highly situational**, favouring adaptability at the expense of clarity and predictability. While the sector's regulatory framework has been successful in identifying risks and objectives, its effectiveness is hampered by a lack of consideration for compliance costs imposed on businesses and consumers due to regulations. For instance, only about 10 percent of the Office of the Superintendent of Financial Institutions (OSFI's) guidance documents reflect 'efficiency' or 'dynamism' as core objectives. While **recent announcements** from OSFI signal a commitment to provide regulatory relief, the system requires a broader reform that reflects an increased emphasis on competition and growth through the use of cost-benefit analyses for old and new regulations.

51% growth in regulatory requirements

From 2006 to 2026

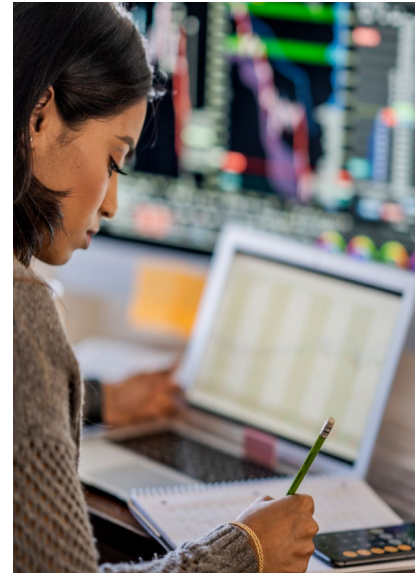


CHALLENGES:

-  **Jurisdictional fragmentation and overlap**
-  **Limited regulatory clarity and consistency**
-  **Over-precautionary regulatory culture**
-  **Policy-regulation misalignment**

Lack of a regulatory framework for stablecoin delays adoption

Canada does not have a clear regulatory framework that governs payment stablecoins—a form of cryptocurrency designed to maintain a stable value relative to a stable asset, such as a fiat currency like the U.S. dollar. Canada remains the only G7 country without a well-defined framework governing the use of stablecoins. In the U.S., the GENIUS Act was signed in July 2025, establishing a formal regulatory framework for stablecoin across the country that looks to address major risks. The legislation is expected to result in greater adoption of stablecoin and engagement from financial institutions, with growing interest in leveraging stablecoin to make transactions faster and cheaper. Recently, the Executive Director of payments at the Bank of Canada warned that Canada is lagging its peers and urged federal and provincial regulators to “work quickly and collaboratively to evolve our regulatory frameworks.” It is encouraging to see that the 2025 federal budget includes a commitment from the federal government to introduce a legislative framework for stablecoin issuance. Further delays will risk Canada falling further behind, delaying adoption of stablecoin as a payment alternative and its potential benefits for businesses and consumers.



CHALLENGES:



Over-precautionary regulatory culture



Policy-regulation misalignment



Food Manufacturing

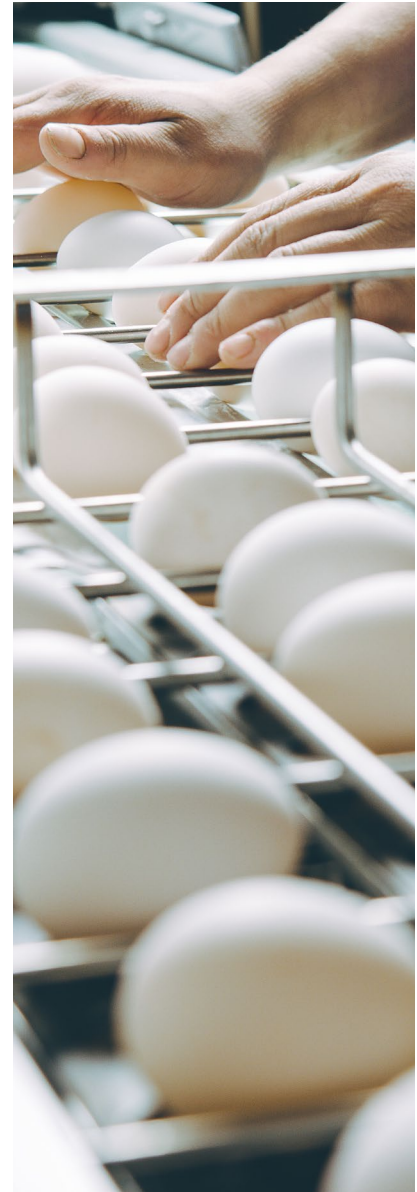
Missing regulatory review drives inefficiency, stifles innovation, and hinders export capacity development

Canada's food manufacturing sector is being held back not by lack of market opportunity but by significant regulatory complexity. Food safety requirements such as testing, labelling, and process controls are key, but they sit atop decades of accumulated rules that are rarely reviewed or are eliminated. Instead of streamlining, governments continue to layer new obligations onto old ones. The result is a system that expands in volume without becoming more predictable to navigate.

For companies operating across provinces, the challenge is compounded by uneven enforcement. A regulation applied one way in Ontario may be interpreted differently in Alberta. Even the [Safe Food for Canadians Regulations](#), designed to simplify oversight, are enforced inconsistently. This leaves firms investing heavily in redundant processes and documentation just to manage regulatory risk, diverting capital away from scaling opportunities.

Innovation is also caught in the crossfire. New formulations, additives, or packaging materials often fall into regulatory grey zones because definitions have not kept pace with technology. Businesses face uncertainty about classification, pre-market approval, or labelling obligations, which can stall product launches or deter investment altogether. The problem is most acute in packaging, where sustainability requirements and food safety obligations collide. Provincial recycling rules and plastic mandates often run at odds with packaging innovations designed to extend shelf life, leaving companies forced to choose between compliance and efficiency.

Lastly, while Canadian food regulators monitor global food safety standards, changes are not always translated quickly or consistently into domestic application. Companies are left vulnerable to compliance risks abroad, uncertainty at home and an untenable position in an industry that depends on exports. Canada's regulatory system is not hostile by design, but it is structurally misaligned with the realities of modern food manufacturing. Firms face higher costs, longer timelines, and weaker predictability than competitors in markets where oversight is both rigorous and more coherent. Without mechanisms to review and retire outdated rules, enforce consistency across jurisdictions, and align more quickly with global standards, regulations for the food manufacturing sector will continue to be a barrier for growth.



CHALLENGES:



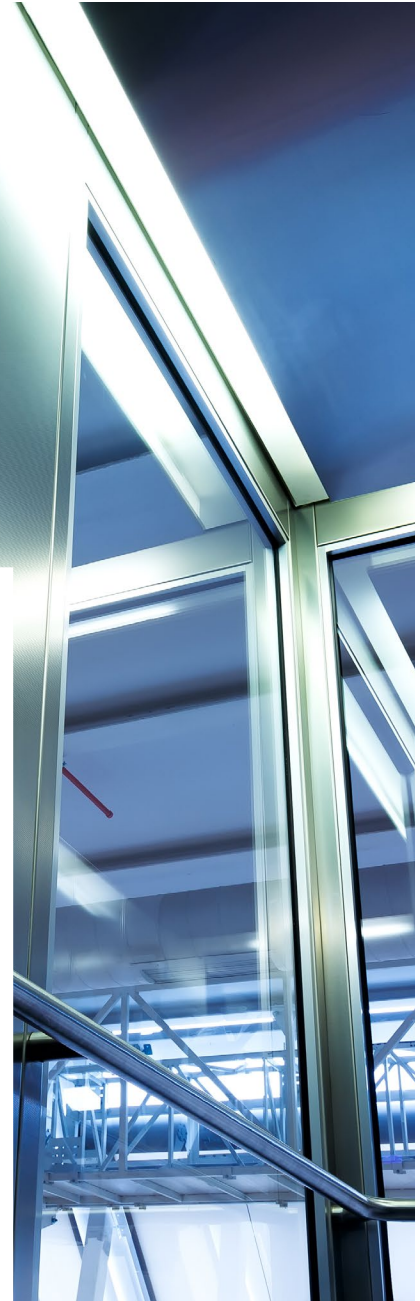
Lack of processes to assess regulatory effectiveness



Stagnant and inflexible rules



Weak alignment with international standards



Housing

Misalignment of elevator rules and regulations with international standards raises costs and limits supply

Elevators in Canada are much more expensive than other comparable jurisdictions—they are three times more expensive relative to Western Europe. As a result, elevators are much less common in Canada, with only four elevators available for every 1,000 Canadians. The driving force behind limited availability and cost differentials is the [application of North American specific rules for the industry](#). Canada's rules and regulations for elevators are based on North American standards, while the rest of the world has harmonized on a single set of European-derived elevator standards. This means that there are effectively two different markets for elevators, one that includes the vast majority of countries globally and a substantially smaller North American market. For Canada this translates to lower competition in the industry, less variety, and ultimately greater costs. Availability of parts is also a lot more limited and costly as parts manufacturers (particularly small- and medium-sized firms) choose not to sell (sometimes redesign) products for a smaller market that requires a separate certification. The [unintended consequences](#) are vast: developers may be deterred from building multifamily condo buildings, opting for townhouses instead and it is prohibitively expensive for existing building owners to retrofit walk-up apartment buildings with elevators. Adoption of European standards would open-up new markets for domestic producers, lower costs, and enable more elevators across the housing spectrum.

CHALLENGES:



Stagnant and inflexible rules



Policy-regulation misalignment



Weak alignment with international standards

Regulatory burdens prevent the adoption of prefabricated housing

In light of the ongoing housing crisis in Ontario, prefabricated or factory-built housing can be an effective lever for improving housing supply and affordability. These homes are constructed in a manufacturing facility and then transported and assembled on site. Prefabricated housing can be constructed at a much faster rate than traditional homes and at a fraction of the cost. Despite its potential to provide housing options at scale, prefabricated home construction in Ontario is constrained by regulatory clarity and inconsistencies. Firstly, the lack of a clear standard definition of prefabricated housing prevents widespread adoption due to uncertainty regarding regulatory compliance from municipalities, insurers, financiers, and other players in the ecosystem. For instance, prefabricated housing is often identified by municipal bylaw officers as ‘mobile homes’, which are governed under different zoning rules and require additional approvals. Inconsistent references of relevant [CSA standards in the Ontario Building Code](#), lack of municipal awareness of [CSA standards for modular construction](#), and inconsistent interpretation of standards across municipalities add additional barriers to acceptance. The Government of Ontario can help address these challenges by clarifying standards and harmonizing municipal bylaws to provincial standards, amending provincial rules to reduce discrimination against prefabricated homes, and incorporating relevant CSA standards into the Ontario Building Code.

The lack of a clear standard definition of prefabricated housing prevents widespread adoption due to uncertainty regarding regulatory compliance.

CHALLENGES:



Limited regulatory clarity and consistency



Lack of processes to assess regulatory effectiveness



Over-precautionary regulatory culture





Life Sciences

Regulatory delays limit access to new therapies

Canada's regulatory system for pharmaceuticals, biologics, and medical technologies is marked by delays and duplication that translate into tangible barriers for both patients and industry. Nowhere is this more evident than in drug approvals. Health Canada plays a critical role in ensuring safety and reliability, yet approval timelines position the country behind leading regulators. [Data from the Centre for Innovation in Regulatory Science](#) shows that median approval times for new active substances ranged between 380 and 340 days from 2014 to 2022, with the most recent median recorded at 351 days in 2023. While Canada performs better than Europe and Switzerland, it continues to lag the United States Food and Drug Administration (FDA) and Japan's Pharmaceuticals and Medical Devices Agency (PMDA).

Annual approvals of new active substances remain in the 30–36 per year range. On a five-year average, Canada outpaced Australia's Therapeutic Goods Administration and Japan's PMDA but trailed Swissmedic and the European Medicines Agency. The U.S. FDA remains dominant, averaging over 50 approvals a year and reaching 61 in 2023, almost double Canada's count. The strategic implication is that Canada risks being locked into a secondary market position. In 2023, 91% of new substances approved by Health Canada had already been approved elsewhere, often more than a month earlier. This sequencing gap delays patient access to therapies and reduces Canada's attractiveness as a destination for life sciences investment.

CHALLENGES:



Administrative capacity constraints



Lack of service delivery standards or accountability

Outdated procurement rules and rigid procurement frameworks constrain medical technology adoption and scalability across Canada

In the medical device industry, procurement practices combined with regulatory gatekeeping create structural barriers for adoption. Public purchasing is routed through provincial shared-service organizations and hospital group purchasing organizations that operate under rules favouring the lowest price and rigid specifications. The result is a system that disadvantages smaller innovators and prioritizes short-term savings over long-term value. Fragmentation compounds these difficulties. With responsibility divided across 14 jurisdictions, each with distinct rules, priorities, and thresholds, Canada presents a patchwork market that drives up costs and uncertainty. Even group purchasing at scale, managed by national players, remains decentralized, with duplicative qualification processes and inconsistent requirements.

Procurement frameworks themselves often discourage innovation. Requests for proposals prescribe detailed functionalities rather than outcomes, exclude firms through high financial thresholds, and remain geared toward traditional licensing models rather than new delivery mechanisms. Vendors are frequently required to adapt solutions to outdated infrastructure at their own expense, while criteria built around existing products risk sidelining emerging technologies. The bottom line is that Canada's medical device procurement challenge is structural, not mechanical. Federal regulation imposes necessary but costly requirements, layered on top of decentralized procurement that prioritizes low price over outcomes. This combination narrows supplier diversity, weakens competition, and slows the uptake of new technologies.



CHALLENGES:



Stagnant and inflexible rules



Jurisdictional fragmentation and overlap





Transportation

Patchwork oversight weakens scalability and undermines efficient mobility deployment

Canada's transportation sector is being held back by regulatory fragmentation and capacity constraints that erode predictability, slow deployment, and raise operating risk. Rideshare and micromobility operators navigate a wide range of municipal rules on licensing, insurance, and operating zones. Industry experts agree that greater coordination and harmonization would reduce friction for cities and operators, improve safety outcomes, and enable predictable scaling. In Canada, federal regulation provides little direction for micromobility device design or usage; instead, provinces pass pilot frameworks and municipalities fill in the details, leading to wide variation in how e-bikes and e-scooters are permitted in different cities.

Meanwhile, municipal approval systems are overloaded. Departments responsible for transit infrastructure, curbside management, bike lanes, and micromobility pilots receive a growing volume of applications, but often lack staffing capacity and modern digital systems to process them efficiently. The resulting backlog creates long delays and forces firms to allocate contingency buffers to timelines. In many municipalities, permitting decisions meant to take weeks stretch into months, compromising the viability of pilots and new mobility services.

The regulatory burden is felt acutely when operators try to expand. A service that functions smoothly in one city may require new compliance work when entering another: changes to vehicle standards, insurance thresholds, or curb access rules. The unpredictability raises the cost of entry and discourages experimentation, narrowing who can enter or scale. Even when a provincial framework exists, municipal-level bylaws can override or complicate implementation.

Micromobility has emerged as a strategic tool for Canadian cities to bridge first- and last-mile gaps, reduce congestion, and support sustainable transport pathways. [The Transportation Association of Canada's 2025 study](#) concluded that shared bikes, e-bikes, and e-scooters can complement transit networks, yet deployment across municipalities remains fragmented and slow. The core bottleneck is regulatory inconsistency. Municipalities adopt diverging rules on vehicle standards, insurance, licensing, and operating zones, even when provincial frameworks exist.

This patchwork forces operators to adapt to local rulebooks rather than scale on a unified model. The results are higher compliance costs, slower rollouts, and selective deployment in jurisdictions with more straightforward rules. Approval processes are another drag. Overwhelmed municipal departments, constrained resources, and legacy systems extend permit turnaround times well beyond practical launch deadlines. For micromobility pilots where speed and agility matter, these delays can kill momentum before a service even takes off. Unless the regulatory overlay is simplified, mobility operators will continue to underinvest or narrow their geographic reach. The loss is not just slower adoption of new modes. It's a transportation ecosystem where innovation is discouraged by the rules, rather than enabled by them.



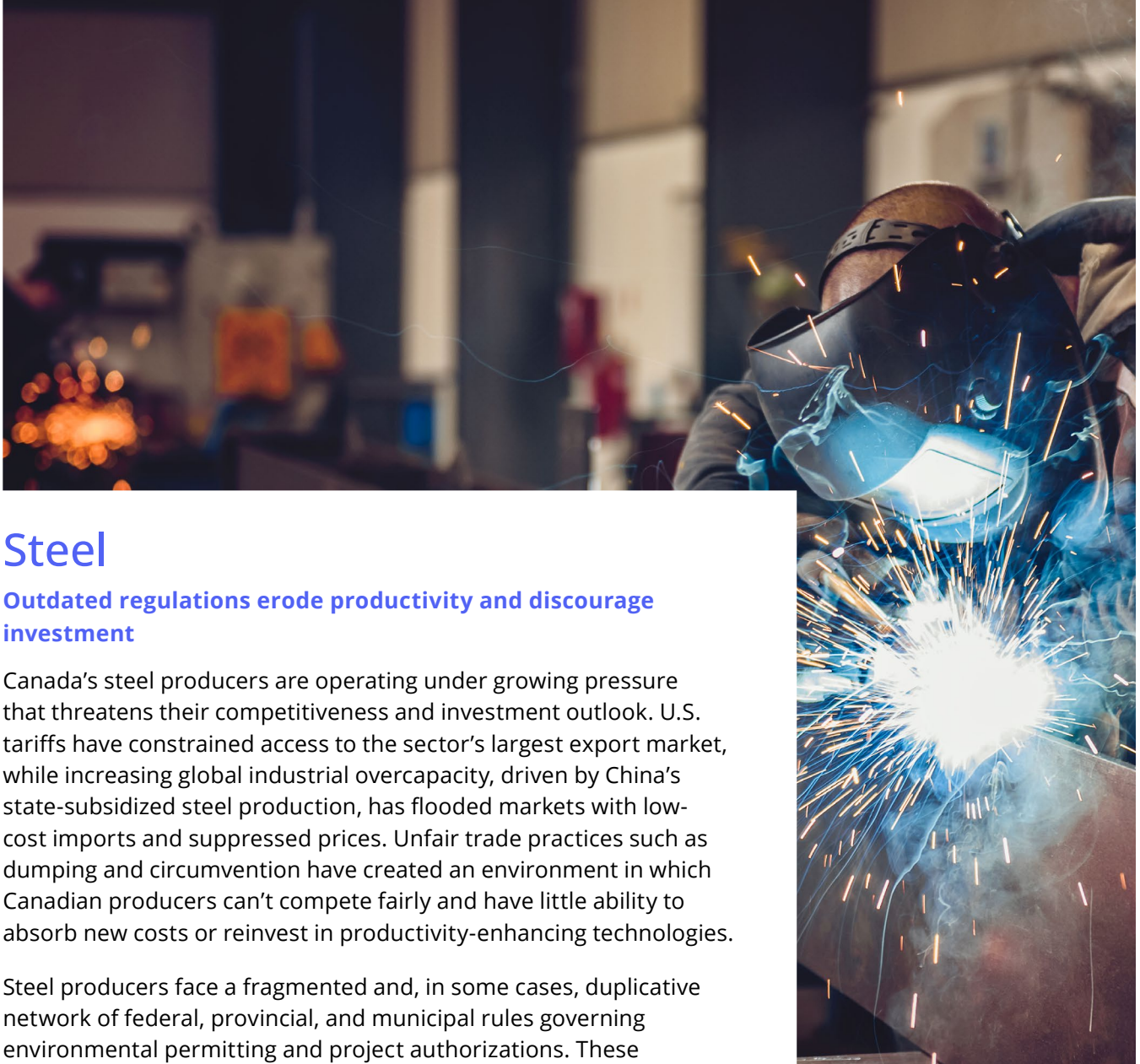
CHALLENGES:



**Jurisdictional
overlap**



**Administrative
capacity
constraints**



Steel

Outdated regulations erode productivity and discourage investment

Canada's steel producers are operating under growing pressure that threatens their competitiveness and investment outlook. U.S. tariffs have constrained access to the sector's largest export market, while increasing global industrial overcapacity, driven by China's state-subsidized steel production, has flooded markets with low-cost imports and suppressed prices. Unfair trade practices such as dumping and circumvention have created an environment in which Canadian producers can't compete fairly and have little ability to absorb new costs or reinvest in productivity-enhancing technologies.

Steel producers face a fragmented and, in some cases, duplicative network of federal, provincial, and municipal rules governing environmental permitting and project authorizations. These processes are complex, lengthy, and unpredictable, often stretching for years. The lack of coordination across jurisdictions discourages investment in modernization and erodes business confidence.

Institutional capacity limitations and inflexible regulatory culture (varies by jurisdiction) further exacerbates uncertainty. Agencies are also in some cases lacking the expertise and/or digital infrastructure necessary to process complex industrial applications efficiently. Few departments operate under enforceable service standards, resulting in inconsistent timelines and unpredictable decisions. Moreover, an overly risk-averse culture prioritizes procedural compliance over performance outcomes, adding unnecessary cost and slowing the deployment of innovative technologies.

CHALLENGES:



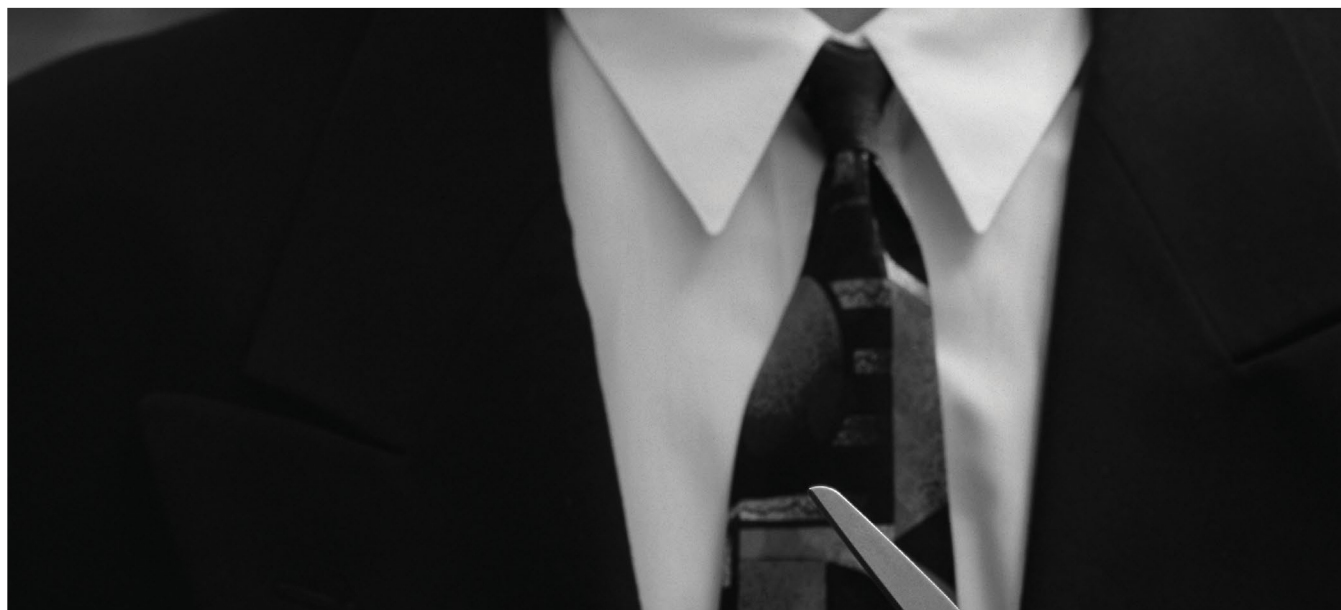
Jurisdictional overlap



Stagnant and inflexible rules constraints



Administrative capacity constraints



Six principles for regulation reform

Canada is at a unique juncture. Regulatory reform is much more needed now than at any point in the past decade. There is consensus among public and private sectors that the current system slows investment, reduces competitiveness, and makes it harder to deliver on policy priorities. We have reached a rare moment where political will, economic need, and business advocacy are aligned.

The direct costs of regulatory burden and red tape are evident. Delays and outdated processes are holding back projects that are core to Canada's growth. Other countries are moving faster with modernizing their regulatory systems which puts Canada at risk of losing investment, jobs, and new economic opportunities. At the same time, governments are under fiscal and operational pressure, making it more important than ever that regulatory systems are efficient, predictable, and aligned with policy objectives.

This debate is no longer about cutting red tape or eliminating regulations for its own sake. It is about strengthening Canada's ability to compete and deliver. If governments act, they can build a regulatory system that is faster and more trusted. If they do not, inefficiencies will persist, confidence will erode, and opportunities will be lost. That is why the Board is putting forward a set of principles to guide regulatory reform. They intend to give governments a practical reference for a modern regulatory system while addressing the root causes of regulatory inefficiency, setting expectations for what businesses require from a high-performing environment:

1

REGULATING FOR GROWTH

Regulatory bodies must apply a clear economic lens that accounts for the impact of their decisions on competitiveness, investment, and productivity. Embedding this mandate ensures regulatory actions actively support broader economic goals and strengthen Canada's capacity to attract capital, foster innovation, and drive sustainable growth.

2

COORDINATION AND JURISDICTIONAL ALIGNMENT

Regulations must operate as an integrated system. This requires mutual harmonization across jurisdictions and policy domains to eliminate duplication, reduce friction, and ensure that rules reinforce rather than undermine public policy priorities.

3

PROPORTIONALITY AND OUTCOME-BASED

Regulatory systems should prioritize flexibility, not rigidity. By moving away from one-size-fits-all rules toward an outcome-based approach, risks can be managed in ways that protect the public interest while enabling businesses to operate efficiently.

4

TRANSPARENCY AND ACCOUNTABILITY

Regulatory systems must be predictable, accessible, transparent, and subject to oversight. Timelines, decision criteria, and processes should be clear and publicly communicated, with robust performance measurements and regular review to ensure effectiveness.

5

INSTITUTIONAL CAPACITY TO DELIVER

Regulations are only as effective as the people and institutions that deliver them. Governments must ensure regulators have the expertise and resources (e.g., digital tools) needed to manage processes efficiently and consistently. This requires investment in staffing, technology, training, and case management systems, as well as mechanisms to draw on external expertise when needed. Regulators must be guided by a "how can I help you comply" mindset, not one that penalizes businesses for errors caused by unclear, complex rules.

6

AGILITY AND FUTURE-READINESS

Regulations must prioritize speed and agility, matching the pace of technological change and global competition. Governments and regulators need the capacity to anticipate emerging issues and respond decisively when regulations need to be evaluated, updated or developed. Embedding partnerships between regulators, industry and our top research universities will support matching the pace of technological change.

9 Recommendations to Strengthen Canada's Regulatory Systems

Turning principles into practice requires more than statements of intent. Governments need focused execution that embeds efficiency, transparency, and agility into how regulation is designed and delivered. The recommendations that follow offer practical actions to move Canada's regulatory system from fragmented, siloed processes to a coherent, high-performing environment. They focus on targeting levers that drive measurable improvement: institutional accountability, digital modernization, service standards, and foresight capacity. By addressing long-standing structural bottlenecks, they aim to strengthen predictability, improve coordination, and support a regulatory system that enables investment, innovation, and confidence in Canada's economic performance.

1. Appoint a Regulatory Efficiency Officer reporting directly to the Prime Minister, Premier, or Mayor

Modernizing Canada's regulatory system begins with leadership. Canada and Ontario need a Regulatory Efficiency Officer with the authority to drive change across departments and levels of government. Reporting directly to the Prime Minister, Premier or Mayor, the Officer would serve as the central accountability point for efficiency and regulatory service performance in all business-facing regulations. The scope of this role should encompass both legislative and sub-legislative instruments, recognizing that much of the burden businesses face stems not only from the laws themselves, but from the layered guidance, forms, and procedural requirements attached to them.

Supported by a Regulatory Performance Unit, the Officer's mandate would include four core functions:

- 1 SYSTEMIC AUDIT AND DIAGNOSTICS:** Conduct regular, evidence-based reviews of existing regulations and associated administrative processes to identify duplication, outdated provisions and inefficiencies.
- 2 STRATEGIC OVERSIGHT AND COORDINATION:** Ensure that regulatory development aligns with the government's economic agenda. The officer should be involved in departmental regulatory proposals, ensuring they meet established efficiency criteria and avoid interdepartmental conflicts.
- 3 FAST-TRACKING MODERNIZATION PROJECTS:** Enable initiatives that deliver measurable reductions in administrative burden or approval timelines. This could include piloting streamlined permitting for strategic investments, harmonizing duplicative compliance processes, or recommending Cabinet-level intervention when cross-jurisdictional bottlenecks stall major projects.
- 4 ACCOUNTABILITY:** Lead the publication of an annual State of Regulatory Performance Report detailing government-wide progress on regulatory modernization and service delivery while establishing a public benchmark against which department's performance can be measured and reinforcing accountability and public trust.

At the federal level, the position could operate within or alongside the Treasury Board Secretariat but report directly to the Prime Minister's office to ensure political visibility and interdepartmental leverage. At the provincial level, a similar structure could be embedded within Cabinet Office to coordinate with municipal regulators and Crown agencies. At the municipal level, the Officer should report directly to the Mayor's Office to drive accountability for permitting timelines, coordinate cross-departmental approvals, and ensure city regulatory systems align with provincial and federal efficiency standards.



2. Institutionalize a single-window model to reduce jurisdictional fragmentation and improve user experience

Under the direct oversight of the Regulatory Efficiency Officer, the Single-Window Office for Regulatory Navigation and Business Support would serve as a central, hands-on hub responsible for helping businesses understand, coordinate, and comply with regulatory requirements. It would provide businesses with a point of contact and ensure accountability within government for resolving cross-cutting issues. In practical terms, the Office would execute three core functions:

- 1 ACT AS A NAVIGATOR:** Assign case officers or account managers to support businesses through complex, multi-jurisdictional regulatory processes.
- 2 STREAMLINE ACCESS TO INFORMATION:** Consolidate and organize regulatory information in a user-friendly way, supported by AI tools that enable search, prioritization, and tailored guidance.
- 3 FACILITATE COORDINATION ACROSS REGULATORS:** Ensure that businesses are not left to reconcile conflicting advice or duplicative requirements on their own.

3. Establish timelines and service standards for regulatory compliance decisions

Businesses need clarity not only on how long approvals will take but also on how to navigate requirements and resolve questions as they arise. To restore confidence to regulatory operations, the Regulatory Efficiency Officer should be mandated to establish, monitor, and enforce government-wide standards. Working in coordination with departments, the Officer would set baseline expectations for processing times, decision points, and feedback protocols across all major regulatory regimes. These standards should be published in plain language and accompanied by points of contact for regulated parties seeking clarification or updates. Departments would remain responsible for meeting the timelines specific to their mandates, but the Officer's oversight would ensure that performance is measured, reported publicly, and continuously improved.

When benchmarks are missed, escalation and review mechanisms should trigger automatically—requiring departments to identify causes, commit to corrective actions, and report results to the Regulatory Navigation and Business Support Office. Over time, this transparency would reduce compliance costs, strengthen trust between regulators and industry, and elevate the quality of regulatory design by ensuring that real-world user experience informs continuous improvement.



4. Introduce a plain-language requirement for all new and amended regulations

Regulatory language in Canada remains unnecessarily complex and inaccessible to most businesses. Many firms, particularly small and medium-sized enterprises (SMEs), incur additional costs by hiring legal or consulting expertise to interpret compliance requirements that should be straightforward. This lack of clarity undermines regulatory effectiveness, imposes hidden compliance costs, and puts smaller firms at a disadvantage.

Governments should introduce a plain-language drafting requirement for all new and amended regulations. The objective is not to dilute legal precision, but to ensure that regulatory obligations are written in language that regulated parties can readily understand and act upon.

International experience demonstrates the feasibility and impact of such an approach:

 In the United States, the Plain Writing Act of 2010 requires federal agencies to communicate in clear and concise language that the public can understand, improving compliance and reducing interpretation errors.

 Australia's Office of Parliamentary Counsel enforces plain-language standards for legislative drafting, supported by formal guidance and writer training.



New Zealand's Plain Language Act (2022) mandates clarity in all government documents, improving accessibility and compliance for citizens and businesses.



The United Kingdom's "Good Law" initiative similarly promotes legislative clarity to improve usability without compromising legal accuracy.

Canada could implement a comparable framework by embedding a Plain-Language Standard into the federal and provincial regulatory development process. This could include:

1

A plain-language review as part of the regulatory impact assessment, ensuring readability and usability prior to publication.

2

Standardized guidance and training for policy and legal drafters on plain-language principles.

3

Mandatory plain-language summaries published alongside regulations to help businesses understand their obligations.

Improving the accessibility of regulation would reduce compliance costs, strengthen transparency, and promote fairness across firms of different sizes. It would also enhance Canada's regulatory competitiveness by aligning with international best practices in modern, user-centered regulatory design.

5. Introduce public dashboards to track and report on service delivery performance

The Regulatory Efficiency Officer, supported by the Regulatory Performance Unit, should establish and maintain public, data-driven dashboards that track how regulators perform relative to published service standards. These dashboards should provide real-time metrics on key indicators, such as average processing times, backlogs, approval rates, and instances where timelines were exceeded, and disaggregated by department and regulatory stream.

This level of transparency serves dual purposes. For businesses, it enables planning and cost forecasting, offering the full picture of how long approvals typically take and where bottlenecks persist. For governments, it creates a feedback mechanism that identifies systemic inefficiencies, supports benchmarking across agencies, and drives a culture of continuous improvement.

The dashboards should be updated regularly and paired with mandatory performance reviews to ensure service standards remain relevant and achievable. Departments that consistently underperform should be required to report remedial action plans to the Regulatory Efficiency Officer, who would have authority to escalate chronic issues to Cabinet or the Treasury Board for resolution.

6. Implement a systematic approach to assess the efficiency and impact of regulations

The Regulatory Efficiency Officer, working through the Regulatory Performance Unit, should institutionalize a government-wide framework for assessing regulatory effectiveness. This mechanism would evaluate whether regulations are delivering results across three core dimensions:

- 1 PUBLIC OUTCOMES:** Are regulations achieving their stated objectives, such as safety, environmental protection, or consumer confidence?
- 2 ECONOMIC OUTCOMES:** Do regulations enable innovation, investment, and competitiveness, or do they impose unintended constraints?
- 3 SYSTEM PERFORMANCE:** Do regulations interact effectively with other rules and policies, avoiding duplication, contradiction, or misalignment across jurisdictions?

To operationalize this framework, effective indicators should be embedded at the point of regulatory design, ensuring that performance expectations are explicit from the outset. The Officer's unit would oversee structured review cycles, with all new regulations subject to mandatory review within five years, and legacy rules evaluated on a rolling basis. Where a regulation no longer delivers measurable outcomes, it should trigger reform or sunset provisions.

This evaluation framework would be integrated directly with the system of public dashboards and service standards. Efficiency metrics would track how well the system functions operationally; effective reviews would measure whether the system is achieving its purpose substantively. Together, they form a continuous improvement loop: performance data highlights bottlenecks, effectiveness reviews test outcomes, and both feed back into policy refinement and modernization.

7. Invest in modern digital tools and staff training to strengthen regulatory efficiency

Across departments and agencies, regulators continue to manage complex compliance processes using fragmented data, manual workflows, and legacy IT systems. These constraints slow decision-making, create inconsistencies in enforcement, and increase compliance costs for both government and business. Modern digital tools, paired with continuous staff training, are now key to building a system that is efficient, predictable, and adaptable.

The Regulatory Efficiency Officer should lead a whole-of-government digital modernization agenda, working in partnership with the Treasury Board Secretariat and central digital agencies. This effort should pursue three mutually reinforcing priorities:

- 1 DIGITAL MODERNIZATION:** Deploy artificial intelligence, data analytics, and case management platforms to increase transparency, automate routine administrative tasks, and streamline approvals. A unified digital backbone would enable regulators to share information, eliminate duplicative requests from businesses, and generate performance data for the public dashboards managed by the Officer's Regulatory Performance Unit.
- 2 UPSKILLING REGULATORS:** Provide systematic training in digital literacy, data analysis, and risk-based regulation so that regulators can use new tools effectively and design smarter, outcome-based rules. Building capacity in AI governance and data ethics would also ensure that automation enhances, rather than replaces, human judgment in regulatory decision-making.

- 3 CONTINUOUS IMPROVEMENT:** Institutionalize a culture of learning within regulatory agencies, ensuring that regulators have both the technical skills and policy frameworks to adapt rules as technologies and global standards evolve. This includes establishing cross-departmental communities to share lessons and innovations.

Global peers demonstrate that modernization is achievable and impactful. The United Kingdom's Intellectual Property Office has deployed machine learning to accelerate patent and trademark reviews, significantly reducing manual workload while improving consistency. The UK's Medicines and Healthcare Products Regulatory Agency (MHRA) has issued [guiding principles for the use of AI in medical devices](#), giving innovators and regulators a common framework for compliance. In Australia, the Queensland government launched "[QChat](#)," an AI-powered assistant that helps public servants navigate complex regulatory requirements, supported by a dedicated risk framework for the safe use of AI in public administration. Lastly, the United Arab Emirates (UAE) government has launched a [Regulatory Intelligence Office within its Cabinet secretariat](#) to embed AI directly into the legislative and regulatory process. Under this model, AI tools will analyze judicial decisions, existing laws, government service data and socio-economic indicators then propose updates, flag inconsistencies, and "co-draft" new legislation in real time.

These international examples underscore a broader point: technology is an enabler of regulatory excellence. By integrating modern digital infrastructure with training and foresight, Canada can transform regulatory operations from reactive administration into data-informed governance. Digital modernization also strengthens the earlier reforms proposed in this framework. AI-enabled systems can automate the publication of service standards, feed live data into public dashboards, and power effectiveness reviews by tracking whether regulations deliver measurable outcomes.

8. Make international standards the default for Canadian regulations

In a modern economy defined by integrated supply chains, digital services, and cross-border investment, alignment with global standards is a competitiveness imperative. Yet despite formal commitments under the Cabinet Directive on Regulation, the Canada–United States–Mexico Agreement (CUSMA), and the Comprehensive Economic and Trade Agreement (CETA), Canada's pace of harmonization remains uneven and slow.

To operationalize this legislative standard, the Regulatory Efficiency Officer, working with the Treasury Board Secretariat and Global Affairs Canada, should be mandated to:

- 1 Oversee the application of the “international standards first” principle across departments and agencies.
- 2 Ensure that each regulatory proposal explicitly references whether international benchmarks were adopted or rejected, and why.
- 3 Publish this rationale through Annual Regulatory Alignment Reports and public dashboards tracking convergence, partial alignment, and areas of divergence.

Given Canada's constitutional division of powers, the federal government cannot unilaterally impose standards in areas of exclusive provincial jurisdiction. Therefore, legislative action should be complemented by a federal–provincial framework agreement that promotes voluntary alignment through structured cooperation rather than compulsion. Specifically, the federal government should:

- 1 Amend the Canadian Free Trade Agreement (CFTA) to incorporate a presumption of conformity with international standards, requiring provinces and territories to justify any deviations that create domestic trade barriers.
- 2 Establish an Intergovernmental Working Group on Regulatory Alignment, chaired by the Regulatory Efficiency Officer, to harmonize adoption timelines, identify high-impact misalignments, and monitor implementation progress.
- 3 Use the federal spending power strategically. For example, by linking regulatory harmonization to eligibility for federal innovation, infrastructure, or clean technology funding.
- 4 Create sectoral equivalency frameworks, enabling provinces to align their regulations with federal or international norms while maintaining flexibility to address local conditions.

This approach balances the constitutional realities of shared jurisdiction with the economic imperative of coherence. It positions the federal government as the standard-setter and convenor, while allowing provinces to integrate harmonized standards in a manner consistent with their authority.

To maintain relevance in fast-moving sectors such as clean technology, artificial intelligence, advanced manufacturing, and digital services, regulators should adopt streamlined processes for automatic or expedited incorporation of updates from recognized international bodies. Current adoption cycles, often lagging years behind peers, leave Canadian firms constrained by outdated technical requirements.

Lastly, Canadian industry must be an active participant in shaping the standards that govern it. Governments should formalize mechanisms for industry participation in global standards organizations and bilateral technical committees to ensure that Canada's regulatory influence reflects both national interests and commercial realities.



9. Establish dedicated Foresight and Regulatory Innovation Units to anticipate emerging trends and modernize regulatory practices

An effective regulatory system must not only improve efficiency but also anticipate change. Canada's regulatory frameworks remain largely reactive, shaped to manage existing industries rather than prepare for new technologies, business models, and market structures. To ensure that regulation evolves alongside innovation, governments should embed foresight and regulatory experimentation directly within the mandate of regulatory efficiency.

A new, permanent Foresight and Regulatory Innovation Unit should be responsible for identifying emerging economic, technological, and societal trends and translating those insights into practical regulatory reforms. This unit would provide the analytical backbone for long-term regulatory planning, enabling governments to move from episodic modernization exercises to a continuous cycle of learning and adaptation. Working closely with the Treasury Board Secretariat, Policy Horizons Canada, and departmental regulators and the Regulatory Efficiency Officer, the unit would:

- 1 SCAN FOR EMERGING RISKS AND OPPORTUNITIES:** systematically assessing how new technologies, markets, and policy shifts will interact with existing rules.
- 2 PILOT NEW APPROACHES:** use regulatory sandboxes, test beds, and outcome-based models to evaluate innovative compliance mechanisms before scaling.

- 3 EMBED FORESIGHT INTO REGULATORY PLANNING:** ensure that insights from horizon scanning are reflected in impact assessments, performance reviews, and service standards.

This structure should be built upon and strengthen the existing Centre for Regulatory Innovation, integrating it into a broader framework with direct accountability to the Regulatory Efficiency Officer. The result would be a system where innovation is not peripheral but institutionalized—where governments have the foresight to anticipate disruption and the flexibility to respond before bottlenecks form. At the provincial level, a similar function should be established within a strong central agency such as Ontario's Ministry of Public and Business Service Delivery, with a direct line to the Premier's Office. This would ensure consistent innovation across jurisdictions and allow lessons from pilots or foresight exercises to inform broader national practices. Foresight and innovation units can also partner with Canada's leading universities, to anticipate emerging technologies and translate discovery into regulatory readiness.

By embedding foresight and innovation within the Regulatory Efficiency Officer's mandate, governments can transform regulation from a static set of rules into a dynamic system that learns, evolves, and remains competitive. It ensures that Canada's regulatory state is not only efficient and transparent but strategically prepared for the next generation of economic and technological change.



The Toronto Region Board of Trade is one of the largest and most influential chambers of commerce in North America and is a catalyst for the region's economic growth agenda. Backed by more than 11,500 members, we pursue policy change to drive the growth and competitiveness of the Toronto region, and facilitate market opportunities with programs, partnerships and connections to help our members succeed – domestically and internationally.

For more on making Toronto one of the most competitive and sought-after business regions in the world, visit bot.com and follow us at [@TorontoRBOT](https://twitter.com/TorontoRBOT).

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STRONGER STARTS HERE

