



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

---

# Standing Committee on Government Operations and Estimates

EVIDENCE

**NUMBER 124**

Monday, May 27, 2024

---

Chair: Mr. Kelly McCauley





# Standing Committee on Government Operations and Estimates

Monday, May 27, 2024

• (1105)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** I call this meeting to order.

Good morning, everyone. Welcome to meeting number 124 of the House of Commons Standing Committee on Government Operations and Estimates, also known as the mighty OGGO.

Before we start, please read the rules regarding keeping your earpiece away from your mic to protect our very valued interpreters. Try to keep it face down on the sticker. Thank you for your co-operation.

Colleagues, quickly, I have heard rumours that there may be a closure vote, so we might have bells around 12:30. Can we have UC right now to continue until, say, about seven minutes before the actual vote so that we can get the meeting in if there is a vote?

We have four groups of witnesses. One of them is trying to restart their computer right now, and the other one might be joining us later, so we are going to start with opening statements. If the others are able to join in, we'll get to their opening statements.

We'll start with—

**Mrs. Jenica Atwin (Fredericton, Lib.):** I have a point of order, Mr. Chair.

**The Chair:** Mrs. Atwin, please go ahead.

**Mrs. Jenica Atwin:** I'm sorry, but there's only audio coming through and no video of the committee room.

**The Chair:** Oh, that's odd. We can see you clearly.

**Mrs. Jenica Atwin:** I can't see anyone in the room.

**The Chair:** Is it the same for Ms. Kozhaya?

**Ms. Norma Kozhaya (Vice-President of Research and Chief Economist, Quebec Employers' Council):** I can't see anyone either.

**The Chair:** Thanks, Mrs. Atwin, for letting us know.

Bear with us for one second.

We'll start with Mr. Girard for five minutes.

Welcome to OGGO. The floor is yours for five minutes, please, sir.

[Translation]

**Mr. Michel Girard (Senior Fellow, Centre for International Governance Innovation):** Thank you very much, Mr. Chair.

[English]

I'm delighted to have been invited this morning to present to you the key features of a paper that CIGI published in July of last year. The title of the paper—"Canada Needs Its 'New Approach' to Streamline Digital Rulemaking"—is squarely framed in the modernization of our regulatory framework in Canada.

[Translation]

I also want to thank the committee for using its resources to translate the document so you can access it in English and French. It's an excellent translation, by the way. I'm very happy to have it.

[English]

The paper's focus is about managing safety and innovation in a new world. We now have digital technologies that are clearly outpacing our ability to manage harms through regulations. The paper is about keeping Canadians safe.

The approach we propose in the paper is to modernize the Statutory Instruments Act. We recommend to formally recognize standards as statutory instruments alongside regulations, creating a completely new separate track to achieve compliance with laws, alongside regulations.

The way we look at this is that a law or legislation is about what you need to do and what the consequences are—the penalties—of not complying with the law. Regulations are about how to achieve compliance, and we argue that standards developed by accredited organizations are as efficient as regulations in achieving compliance with the law.

Today, standards are merely a footnote in the Statutory Instruments Act. They are mentioned as one category of documents that can be incorporated in a regulation. If you were to establish a separate standards track, you would give parliamentarians a power tool. You would give them the ability to force standard-setting as soon as a new technology is introduced in the marketplace. It would allow ministers to make standardization requests to the Standards Council of Canada, not for voluntary standards but for mandatory standards, standards that would have force of law once they were developed.

Now, let us be clear. It's not about prohibiting the use of new technologies, but about establishing clear requirements with industry and other stakeholders, through a credible process, to make them safe for use. When you look at the paper, you will see that we spend about 10 pages describing the standardization system, because it's operating under the radar for many of us, including legislators and regulators.

In the paper, you'll find there are more than 6,000 standards referencing federal, provincial and territorial regulations, standards that have been used by regulators since 1927, with the introduction of the Canadian electrical code. They're being used to keep Canadians safe when it comes to tangible products.

If you think about electrical safety, plumbing safety and building safety, it's all safety codes. It's all standards. If you add standards to the mandatory codes that are adopted by provinces and territories as well as by the federal government, you're looking at more than 10,000 standards that are used to keep Canadians safe. It's a parallel system, but it's an invisible system.

In Canada, we have more than 10,000 Canadians participating in the development and maintenance of standards. That's a lot of people. I would argue that there are more Canadians developing and maintaining standards in this country than there are regulators.

We're seeing the same thing when it comes to digital technologies. Here in Ottawa, we have an organization called the Digital Governance Standards Institute. They develop standards for digital technologies. Whether it's AI, electronic wallets or face recognition technologies, you have them everywhere, and we have thousands of Canadians participating in this. The paper shows as well that in Europe, in the U.S. and in the U.K., there are processes in place to direct the development of standards.

Do you want me to—

• (1110)

**The Chair:** You're past your five minutes. Can I can get you to wrap up?

**Mr. Michel Girard:** I am past my five minutes, but I'm so excited to be here.

**Some hon. members:** Oh, oh!

**Mr. Michel Girard:** To conclude, then, we think that establishing this separate track would make sense for Canada. It would improve safety. It would give you a tool that you need in order to keep pace with digital technologies.

Thank you. I am done.

**The Chair:** Thank you.

I'm sure you'll get a chance to answer or explain a few other things in other rounds.

We'll now go to Ms. Kozhaya. If I'm pronouncing that wrong, please let me know the correct pronunciation.

Go ahead for five minutes, please.

[*Translation*]

**Ms. Norma Kozhaya:** Thank you very much, Mr. Chair. The pronunciation was very good.

Good morning, everyone.

The Quebec Employers' Council, the CPQ, would like to thank the committee for the opportunity to comment in the context of its study on federal regulatory modernization.

Reducing the regulatory and administrative burden is a major concern for Quebec employers. The CPQ believes that an overly rigid regulatory regime can interfere with businesses' ability to boost their performance and productivity and create wealth. It's clear that, in many cases, well-intentioned regulations can lead to unintended and undesirable consequences.

In addition, administrative tasks and paperwork consume a significant amount of managers' and business owners' time, and that directly impacts operations. Long wait times for project approvals, duplication and complex processes are all irritants and barriers to investment. Streamlined procedures and more efficient regulations would encourage investment and improve business productivity and competitiveness at no cost to the government. That's why the work you're doing here is so important.

If we look at any single bill or set of regulations, the procedures and their impact may seem reasonable. Taken together, however, they're a heavy burden for businesses. That's why a big-picture perspective is essential. It's important to consider the cumulative effects of the entire administrative burden on businesses, especially small and medium-sized businesses, or SMEs, and to do everything possible to lighten that burden. Regulatory regimes must prioritize efficiency, results and predictability. I have a few specific recommendations along those lines.

For starters, the government's approach to developing regulations must be improved by ensuring consultation periods and timelines that optimize stakeholder participation and involve independent experts.

Once new regulatory and administrative requirements and laws passed by the government are implemented, there must be thorough and continuous analysis of their actual impact on businesses and a mechanism to put forward suggestions for necessary reductions to the regulatory and administrative burden.

In addition, impact studies that accompany new legislative or regulatory provisions must be based on input from the sectors concerned and on-the-ground realities.

The government must also provide businesses with basic guidelines to facilitate compliance and consistency and ensure greater predictability.

Harmonization and avoiding duplication among departments and agencies and between multiple levels of government is essential. In budget 2023, the federal government said it was prepared to work with the provinces and territories to enhance federal-provincial co-operation to achieve the “one project, one assessment” objective, but that has not yet materialized.

The government should also eliminate the need to repeat certain applications and procedures for identical situations or when a company has demonstrated exemplary compliance in the past.

The federal government must also work with the provinces to remove more interprovincial trade barriers by facilitating mutual recognition of standards and regulatory harmonization. It should follow the example set by the Government of Quebec, which committed to introducing a specific bill every year in favour of regulatory and administrative relief and adopted an ambitious action plan to reduce this burden. The plan includes quantifiable red tape and cost control targets.

Equally important is following the one-for-one rule, which states that regulators must remove a regulation every time they introduce a new one. This rule covers regulation only, but laws, policies and guidelines are having an increasingly significant impact on both businesses and individuals.

Finally, we must avoid new counterproductive regulations that are not based on a proven need.

• (1115)

Consider Bill C-58 on replacement workers. This may not be part of the committee's mandate, but we still wanted to bring it up.

My colleague and I would be pleased to answer any questions you may have. We may also have a few examples to share about temporary foreign workers or child labour in supply chains.

Thank you.

[*English*]

**The Chair:** Thanks very much.

Unfortunately, our other witnesses haven't been able to log in yet, so we're going to start our opening round.

Ms. Furlong, if you're ready, we'll go ahead with you for five minutes.

**Ms. Shaena Furlong (President and Chief Executive Officer, Richmond Chamber of Commerce):** Thank you so much, Mr. Chair and honourable members of the committee, for allowing me to be here today.

My name is Shaena Furlong. I'm the President and CEO of the Richmond Chamber of Commerce in British Columbia, situated on the traditional territory of the Musqueam Nation. The Richmond chamber, celebrating its 100th year in 2025, is the longest-standing business organization in our community.

As MP Bains will know, Richmond is a tremendously diverse community. It's home to Vancouver International Airport, which brings in visitors and newcomers to Canada from around the globe. Richmond's diversity extends beyond demographics to our employers, with over 13,000 businesses employing nearly 130,000 work-

ers. The agri-food sector is significant, given that 39% of Richmond's land mass is dedicated to agriculture. Additionally, our proximity to the U.S. border, the airport and the Vancouver Fraser Port Authority make Richmond a major west coast hub for inter-modal transportation and distribution. We also boast an emerging clean tech sector, key local manufacturers and a significant tourism economy.

Today I'll be highlighting some challenges faced by our employers and suggesting potential solutions identified by our chamber network.

Regulation and red tape remain a major concern. While we share the goal of making Canada attractive for investment and entrepreneurs, the regulatory burden often acts as a disincentive. In 2006, Canada ranked fourth in the World Bank's “ease of doing business” list but fell to 23rd in just 14 years, largely attributed to a challenging regulatory environment. Postpandemic, national productivity has lagged. Reforming Canada's regulatory framework is crucial to our economic competitiveness.

In 2023, the Toronto Stock Exchange saw the record net sell-off of \$48.7 billion in Canadian equities, indicating a loss of investor confidence. At the same time, Canadian investment abroad has grown significantly, while foreign direct investment in Canada lags, resulting in a net direct investment position of nearly \$811 billion, which is nearly an order of magnitude greater than 10 years prior.

As investment dwindles, so too does our GDP per capita. Real GDP growth was only 1.1% in 2023—the lowest since 2016—with GDP per capita now 2.5% below prepandemic levels, equating to a decline of about \$4,200 per person.

Despite these challenges, there is great opportunity within Canada for major projects and emerging industries. The clean energy sector, for example, is crucial. According to the Canadian Climate Institute, achieving net zero will require electricity production to increase by 1.6 to 2.1 times. This necessitates significant growth in generation facilities, transmission infrastructure and distribution networks, requiring public support and streamlined approvals processes. The federal government's own estimates are that we currently have an investment gap of \$115 billion annually in clean tech.

Unfortunately, Canada's reputation for enabling that necessary investment is a bit challenged. For instance, the Parkland Corporation recently abandoned plans for a \$600-million renewable diesel complex in Burnaby, B.C., due to rising project costs, market uncertainty and the competitive advantage of the U.S. Inflation Reduction Act. The resources sector also faces long timelines and overlapping review processes. However, the 2022 critical minerals strategy's "one project, one assessment" commitment is promising and could be applied across all major projects.

The Western Transportation Advisory Council's 2024 "Compass Report" highlights the deteriorating business climate. Over half of respondents rated the regulatory environment as poor, with concerns centred on restrictive regulations and long approval processes. One respondent to that survey, representing a railway operator, said, "It is tough to invest in a geography that has unpredictable rules. At any minute, things could change, and it never seems like they change to help business."

To address these issues, we need to take decisive, bold steps as a nation. We believe Canada can absolutely once again attract much private sector investment, domestically and from abroad, by implementing an economic competitive mandate for all federal regulators; leveraging new technologies for regulatory design and review with a focus on efficient implementation; and identifying areas of regulatory overlap. We agree that a firm grasp on the one-for-one rule, with an eye to reducing time to project approvals, is necessary.

Canada's regulatory environment presents some significant challenges to economic prosperity and our global investment reputation. However, by adopting a balanced approach to regulation that protects public interests while promoting economic competitiveness, Canada can reverse its declining productivity and investment trends.

Thank you so much for your time and consideration.

● (1120)

**The Chair:** Thanks very much.

Our final witness, Mr. De Thomasis, is still trying to log in. He won't have a camera. If he's able to log in, I'll let everyone know that it will be audio only for that witness.

We'll start with Mrs. Kusie, please, for six minutes.

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you very much, Mr. Chair.

Thank you to our witnesses for being here today.

Ms. Furlong, the border officers at the CBSA voted last week in favour of strike action due to the lack of a contract for the last two years. Their demands include wage parity, protection from management retaliation, access to telework and protections from CBSA's obsessive reliance on contracting out.

How concerned are you and the businesses you represent that this border disruption will cause a massive impact on Canadian business?

**Ms. Shaena Furlong:** Thank you so much for the question. It's much appreciated.

While I cannot comment on the specific labour negotiations of this union, we saw the huge impact that our west coast port strikes had on the economy as a whole last year. It was measured in the billions of dollars.

CBSA is absolutely critical to the movement of goods and people across the border and into our ports. It is unfathomable that we would see another shutdown within a short period of time. I think this committee knows how critical it is that Canada regain its reputation as a reliable trading partner.

● (1125)

**Mrs. Stephanie Kusie:** Very well said.

What would be the impact on Canada's economy if this strike were to occur? You mentioned the previous incident and the damage being in the billions. Would you like to make any further comment as to the impact on Canada's economy, were this to occur?

**Ms. Shaena Furlong:** Thank you so much.

Unfortunately, I don't have an estimate right now as to the full impact on the economy. I would be happy to do some research and provide that following the meeting.

**Mrs. Stephanie Kusie:** That would be very much appreciated, Ms. Furlong. Thank you very much.

Mr. Chair, one doesn't have to look deeply into recent headlines to see that Canada's economic conditions are declining and consequently eroding the prosperity and living standards of Canadians.

Between 2009 and 2018, the number of regulations in Canada grew from 66,000 to 72,000. These regulations restrict business activity, impose costs on firms and reduce economic productivity.

According to a recent red tape study published by the Canadian Federation of Independent Business, the cost of regulation from all three levels of government to Canadian businesses totalled \$38.8 billion in 2020, for a total of 731 million hours, the equivalent of nearly 375,000 full-time jobs.

If we apply a \$16.65 per hour cost—the federal minimum wage in Canada for 2023—\$12.2 billion annually is lost to regulatory compliance, and, as our witnesses here today know, Canada's smallest businesses bear a disproportionately high burden of the cost, paying up to five times more for regulatory compliance per employee than larger businesses. The smallest businesses pay \$7,223 per employee annually to comply with government regulation, while larger businesses pay a much lower \$1,237 per employee for regulatory compliance. Those are certainly not small numbers, Mr. Chair.

Monsieur Girard, although federal departments and agencies are meant to annually report the regulatory burden they impose on Canadians, this is not legislated and is extremely difficult to access. Why do you think the government, unlike many of its other provincial counterparts, is trying to hide this information from Canadians?

**Mr. Michel Girard:** Well, I don't think I'm able to answer that question directly in terms of the regulatory costs. I think there is a need to understand a lot better how we frame compliance, both through standards and through regulations, and what the impacts are of creating new regulations.

I don't see a lot of reports on outcomes. That would be my interest: figuring out the expectations that we have when we pass new laws and how we measure whether we're getting there. I'm not seeing that, unfortunately. We're focusing on the process; we're not really focusing on the outcomes.

**Mrs. Stephanie Kusie:** Right.

The federal government has a one-for-one rule built into its regulatory framework, which means, as outlined by another witness, that every new regulatory cost must be offset by an equal or greater reduction. Has this government been following through on this commitment, would you say?

**Mr. Michel Girard:** Given what you just mentioned before, I'm assuming it has not.

I think the track I'm proposing in the paper would help reduce the regulatory burden. If we take a hard look at compliance to laws through standards as opposed to regulations—and standards are co-designed by industry and academics and regulators—we could probably find a way to reduce the regulatory burden while keeping Canadians safe. That would be my sense. Taking a look at standards as opposed to full-fledged regulations would keep Canadians safe but would reduce the burden on industry.

**Mrs. Stephanie Kusie:** That's correct, because as I mentioned, the cost of regulation, according to the CFIB, was \$38.8 billion in 2020, and it took a total of 731 million hours.

Can you comment further on how much Canada's business would be improved by removing the billions of dollars of costs of regulation?

**The Chair:** Actually, I have to interrupt, because that is our time.

• (1130)

**Mrs. Stephanie Kusie:** Thank you.

Thank you very much, Mr. Girard.

**The Chair:** Perhaps we can save it for a response the next time the Conservatives are up.

Mr. Bains, it's over to you, sir. Go ahead, please.

**Mr. Parm Bains (Steveston—Richmond East, Lib.):** Thank you, Mr. Chair.

Thank you to Mr. Girard for being here and of course to all of our other witnesses online.

My first question will be directed to the Richmond Chamber of Commerce. That's no surprise.

Thank you, Ms. Furlong, for joining us today online from Richmond, B.C.

I know you gave a considerable explanation of how many different types of businesses we have in Richmond—land, sea and air. It's a major hub. We have a lot of technology there, and even a moon connection. I know we have a company that put the camera on the moon rover, so let's just add space to that as well.

I know the chamber does a lot of hard work on producing reports, conducting studies and providing feedback, so that is a primary piece of what we try to look for in this committee when we're looking for recommendations.

Last year many of your policies were adopted by the Canadian Chamber of Commerce. Could you briefly summarize for the committee what these policies were?

**Ms. Shaena Furlong:** I'd be happy to share that. Thank you so much.

We had two policies that went forward to the Canadian Chamber of Commerce and a third that we were supporting.

The third is the one I'll speak about first. It was focused on Canadian-made supply of sustainable aviation fuel. In Canada we often find that our sustainable aviation fuel is refined abroad and shipped to North America, often at great expense, which actually calls into question how sustainable it is. When we're refining in Singapore and fuelling in Los Angeles, it really challenges Canadian airlines with respect to their green technology and their future sustainability plans.

Another policy we brought forward called for the federal adoption of a permanent transit fund for municipalities across Canada. That is something, MP Bains, that you will know has been championed very hard by metro Vancouver's Mayors' Council. We were firmly in agreement there that workers need to be able to get to their places of employment and that people need to be able to move around the regions.

The third policy we brought forward was seeking greater support for port infrastructure and project approval timelines across the country. In our backyard, we've seen the Vancouver Fraser Port Authority's Roberts Bank terminal 2 project take over a decade to get environmental approval. They are currently in the process of working with the Department of Fisheries and Oceans.

Because the expansion of port capacity at Roberts Bank terminal 2 is so critical to the businesses, not only in our region in British Columbia but across the country, we believe that moving more quickly on significant projects like this will not only help control costs for Canadian consumers, taxpayers and businesses but will also help us create great jobs more quickly and at the time we need them.

**Mr. Parm Bains:** Staying with the ports, I had the opportunity to participate in some of the digital technologies that were announced with respect to seamless communication by large commercial shipping companies and logistics companies at the Vancouver port's terminals.

Why are those important? Can you explain how this would improve the port activity and what role the provinces and territories would have in this?

**Ms. Shaena Furlong:** Thank you so much. I have to say I am absolutely not an expert on this subject, but I believe I've seen some of the same presentations you have.

What we are seeing with the ports is that we need to move more goods more quickly. We are seeing products reaching Canada with just-in-time deadlines, and those products need to move through our logistics companies into the market very quickly. The use of digital technology to manage the workforce and manage transportation on the ground and in freight is absolutely critical, and I'm very excited to see what's coming forward.

I'm sorry that I don't have more information for you.

**Mr. Parm Bains:** That's totally fine.

I'm going to ask a little more.

You will recall that years ago in the provincial government, while I was working there, we actually had a ministry dedicated to deregulation. Over 80,000 different regulations were removed and changed. Is there a risk associated with that?

For example, we did see a real estate industry in British Columbia that went unregulated for years. We had issues with contracts of homes being flipped, and contracts of homes were being flipped month after month, adding \$50,000 in value to each contract before the sales actually were closed.

Maybe you can talk a bit about risks associated with deregulation.

• (1135)

**Ms. Shaena Furlong:** Thank you.

I think we would all agree that a perfect regulatory environment is going to balance the public good—public safety—with the interests of business and our broader economy.

I'll give you one example: the way we regulate sunscreen in Canada. If you go to the United States, you can pick up a bottle of sunscreen for much less money, and there are more options. Here in Canada, we regulate sunscreen as a drug or a natural health product, and companies spend quite a bit of money jumping through many hoops with Health Canada to get approval in Canada. When you go into a Canadian drugstore or to a Canadian cosmetics company, you're going to see many fewer options, and those options are going to be significantly more expensive.

Now, that's just a very small segment of the economy, but I think we can see it across all industries. When we have a regulatory burden that, yes, is protecting the individual or the broader social good, is it balanced with other jurisdictions? We have to remember that we are not an island. We are competing with other jurisdictions across the globe for investment and project approval, but there's also the general public interest.

**The Chair:** Thank you very much.

Before we go to Mrs. Vignola, Mr. De Thomasis has managed to come online. If it's okay with everyone, we'll go through Mrs. Vignola and then Mr. Bachrach. Then we'll allow the witness to do a five-minute opening statement before we start again.

**Some hon. members:** Agreed.

**The Chair:** Wonderful. Thank you, everyone.

Mrs. Vignola, go ahead, please.

[*Translation*]

**Mrs. Julie Vignola (Beauport—Limoilou, BQ):** Thank you very much, Mr. Chair.

I thank the witnesses for joining us.

I'd also like to thank those members who are using their earpieces. I'm very grateful to them.

Mr. Girard, we're talking about regulatory modernization. We want to simplify regulations, but we don't want to sacrifice safety, accountability or rigour. There seems to be some resistance to change, though.

I have two questions about that for you.

What are the benefits of modernizing regulations and the tools officials use to enforce those regulations?

How does one change workplace culture?

**Mr. Michel Girard:** Thank you, Ms. Vignola.



To your first question, regulatory authorities would have to find a new way to get companies to comply with legislation. If they wanted to use standardization to do that, then they would have an amazing new tool at their disposal that they are not currently using.

One thing the authorities could do is make it easier to set up technical committees with industry, academia, consumers and stakeholders significantly affected by a regulatory regime to engage in a credible consensus-building process. This would open up avenues for regulatory authorities and government officials to explore to find win-win solutions.

There also needs to be a mandatory five-year review of standards, which would make them dynamic, not static. That way, regulators can continue to engage with stakeholders and address issues as they become aware of them. That's how the system works.

Regulatory authorities have been involved in standardization for close to 100 years, so this is nothing new for them. What is new for them is setting standards in new sectors, such as high tech. That's why we're giving them a chance. We're giving them the opportunity to reach out and engage in dialogue so they can produce documents with requirements that we can verify and certify.

So far as cultural change goes, I think this committee absolutely has to look into all of that. Public servants appear to be resistant to change. Maybe that's justifiable, but they're afraid of taking risks. They're afraid of trying new approaches because they're afraid of making mistakes. I think it's best to start with knowledge and awareness and then move on to creating standards. Regulators need our help understanding how the system works, and they need our express permission to use it so they don't have to hide behind the tried-and-true methods and the conventional process for developing regulations that has been in use for almost 150 years now.

There's no way Canada will have regulations governing artificial intelligence before 2028. That's ridiculous. If we had a system for standards, if there were mandatory calls for AI standards, those standards could be in place within a year, which isn't great, but it's better than waiting until 2028.

We can innovate and we can change the culture. I think you should take a good look at that.

• (1140)

**Mrs. Julie Vignola:** Thank you very much, Mr. Girard.

My next question is also for you, but Ms. Kozhaya is welcome to answer it, too.

Are regulations the only reason a country's productivity might drop? I took a few basic economics courses, and I remember that there are many reasons productivity can rise or fall.

Have the economic theories taught to our teenagers in high school changed? If not, what other factors affect the country's productivity, and which ones are currently having affecting Quebec and Canadian productivity?

Thank you.

**Mr. Michel Girard:** I'll let our colleague from the Quebec Employers' Council answer your question.

What I can tell you is that, if the provincial, territorial and federal regulations are not aligned, that causes problems for industry, which then has to develop and certify its standards two, three, four or five times across the country for a small market of 35 or 40 million people. That can reduce productivity, but regulatory alignment is important.

However, the reason we have regulations is to protect people. If people die because of faulty electrical systems, costs will go up elsewhere. That's why we need a balanced approach. Regulation doesn't necessarily mean lower productivity. You really have to focus on one point of view, look at the important things and avoid generalizations.

**Mrs. Julie Vignola:** Thank you.

So, as you see it, that's not the only aspect to consider.

Ms. Kozhaya, what can you add to that?

**Ms. Norma Kozhaya:** Right, it isn't the only aspect to consider, as you said. Productivity depends on a number of factors, such as training, education and human capital. A more highly skilled workforce that can adapt through ongoing training will boost productivity.

Taxation is also a factor. A predictable return on investment is a basic condition for investing capital.

The regulatory environment is one of the factors that must be taken into account.

Infrastructure is another. Ms. Furlong talked about port infrastructure and transportation and logistics infrastructure.

There are many factors, but there's a lot governments can do on the regulatory side at no cost. It is not about tax credits. The point is that regulation needs to be outcome-oriented, not process-oriented. I think that's the takeaway. We have to work with companies upstream to ensure that regulations will not have adverse and counter-productive effects.

[English]

**The Chair:** Thank you very much.

Go ahead, Mr. Bachrach.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you, Mr. Chair.

Thanks to our witnesses.

Mr. Girard, I found your presentation interesting in its depiction of standards versus regulations.

When you were finishing up your statement, you were talking about the experience in other countries and how they've established standards in perhaps a more extensive way. Could you complete that thought and share with the committee what other countries are doing that we should look to?

• (1145)

**Mr. Michel Girard:** That's a very good question.

The title of the paper is that we need to establish a “New Approach”. That's a reference to the EU approach.

Since 1985, the European Commission has had the authority to make standardization requests to its standards body. I was just out of university in 1985. Some of you were still in high school, I'm sure—or primary school, some of you. It's been a long time.

Think of the example of AI. In Europe, there was a law regarding high-risk AI applications. It was passed in March. Well, in December of last year, the European Commission asked its standards body to develop 10 standards to frame compliance to its new, upcoming legislation. From data collection to ensuring that privacy requirements are met to documentation to conformity assessment, it's all there. The European Union has a mechanism to mandate the development of standards.

The other thing about that is that once the standard is out, there is a presumption of conformity. Once the standard is out.... The regulators have helped design that standard. When it's published, it becomes part of the legislative tools. Industry has to comply with it.

In the U.S., you have executive orders from the White House. The White House regularly asks its National Institute of Standards and Technology, NIST, to develop standards so that products and systems are safer. They've done it for the smart grid. They're doing it for AI now. In the U.K., they've designed a standards institute for AI, and they approve standards in a list of recognized standards. They don't even need a regulation. You can put them on a website, and people know they have to comply with these standards.

That's a long answer to your question.

**Mr. Taylor Bachrach:** It's interesting stuff. I'll try to fit in one more question.

It's a very interesting distinction between standards and regulation. In my mind, it seems that one of the key distinctions is that the standards agencies are entirely at arm's length from lawmakers and the government. The question is around the trade-off when it comes to accountability.

You've mentioned the application to AI. The other safety regulation and legislation that we're currently debating is the online harms act, which speaks very much to safety.

It seems that if we were to empower an arm's-length standards body to come up with standards for online harm, it's going to be making a lot of very subjective.... Already in the legislation there are serious questions about definitions, concepts and society's expectations around online safety. We would now be talking about empowering an unaccountable body to make these determinations. Are there limits to what standards bodies should be empowered with?

**Mr. Michel Girard:** That is an excellent question again.

When you develop a standard, you have a technical committee, and it has to have a balanced matrix of interests, including regulators, so the first thing is that regulators are at the table. Regulators influence the process. Regulators vote. If regulators as a bloc say, “We don't like this standard, it doesn't meet our requirements and it's not going to help you comply with our legislation”, it's not going to go anywhere. Regulators have a really important role to play in designing standards, especially when they're mandatory, when you know it's going to become part of the law. That's one thing.

The other thing is that if you have a standard internationally that you think would work, you can bring it to Canada, review it and adapt it. If you think some features are not strong enough, you can make deviations to it and then come up with something that works for you.

This issue is that it's a new tool you have in your tool box. You're at the table. You make the decisions with industry, with academics and with experts, but you have the last word when it comes to the actual content of the document that you'll adopt.

**Mr. Taylor Bachrach:** Riddle me this. It sounds an awful lot like the process for creating regulations. Where is the distinction?

**Mr. Michel Girard:** The distinction is in the way that the standards system works. It has the right checks and balances. It forces people to make decisions in thinking through the issues. When it comes to digital governance, our digital standards institute in Canada can develop a standard within a year. That's a big difference in what we're doing on the standards front and what is being done with regulations.

• (1150)

**Mr. Taylor Bachrach:** I think I could probably dig deeper on that topic, because I find the difference somewhat nuanced.

We've heard a lot about this idea of adding one regulation and taking one regulation away. It seems to me that this is an oversimplification of the challenge we're faced with. Not every regulation is created equal. Some are very complex. Some are very simple. Should we not be focused more on the efficiency of the regulatory process rather than on the number of regulations?

**Mr. Michel Girard:** That's a good question. I'm not sure that this one-to-one idea, applied generically, will work for you, but what I know is that when you think about standards in federal, provincial, and territorial regulations—close to 10,000 of them—we know that they're useful and we know that they're dynamic and flexible. We know that in the tangible world we live in, the tangible products you use every day are not regulated. They are standardized and they're safe.

There has to be a way for us to think about this in terms of whether we really need a regulation for this or if we can afford to take a standards approach and achieve the same results. Then you look at the outcomes. If it works, you then save Canadians a lot of money and a lot of time.

**Mr. Taylor Bachrach:** Thank you.

**The Chair:** Thanks.

We're now going to go to you, Mr. De Thomas, for your opening statement.

Are you there, sir? We understand that your camera's not working, but your microphone is.

You have five minutes. Go ahead, sir.

**Mr. Tony De Thomas (President and Chief Executive Officer, The Essex Terminal Railway Company):** Good morning. I want to thank everyone for allowing me the opportunity to speak.

What I'm here to speak about today are some of the challenges we're encountering at our deepwater port in Port Windsor.

Morterm Limited is located in Windsor. It's located a stone's throw from North America's busiest international border with the U.S. Some of the challenges we're facing are with the movement of goods back and forth, first from Canada into the U.S. then back from the U.S. into Canada. Customers would like to simplify the regulatory process by cutting the unnecessary red tape to make cross-border trade easier.

We have identified challenges with moving product across borders once the shipments arrive at our warehouse and at the port of Windsor. Morterm customers would like the option of shipping product not only by truckload but also by the entire cargo that arrives at our terminal. Much of the product we handle at Morterm is steel, aluminum, steel plate, project cargo and those types of commodities. These could be moved as one lot as opposed to individual truckloads, which creates a lot of red tape and administrative work for the customers and Morterm.

If we could propose a few solutions to help streamline the process, they would include a trusted carrier and a fast-pass type of solution similar to what the auto carriers and other OEMs use in North America.

Another solution could be the development of a free trade zone in the Windsor area, where customers could land product or commodities in Windsor for further shipment into the U.S. Currently, Morterm has a bonded area in one of our warehouses, and customers take advantage of this for convenience and to move products back and forth. However, the area is limited and fairly small.

I would also like to talk about another possible solution: a sufferance warehouse. We are continually being asked by customers in Europe and the U.S. about moving product into the Windsor area or Canada and landing it in a sufferance warehouse, where product could be stored and then moved in and out of the sufferance warehouse under one bond or limited paperwork. There is a real need for a sufferance warehouse in our location. We believe it's a strategic location in North America that products could move to and from very easily and quickly.

We are a multimodal facility with rail connections to CPKC and CN. We also have a direct connection to CSX in the U.S. Customers are eagerly looking to bring cargo into Windsor because of the connections to the 400-series highways, North American highways and rail shipments.

We would love to be able to continue these discussions and look at some solutions that would make sense for Morterm and Canada.

• (1155)

**The Chair:** Thank you very much.

We'll now go to Mrs. Block for five minutes.

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** Thank you very much, Mr. Chair.

I echo my colleagues' comments in welcoming you all here today, albeit by Zoom for many of you. Mr. Girard, welcome to the room.

My first question will be for Ms. Furlong.

Firstly, congratulations on almost reaching 100 years. I'm sure you're busy preparing for that celebration.

In a previous meeting, we heard from witnesses that the carbon tax rebate in the amount of \$2.5 billion has been withheld by the current government from small and medium-sized businesses across Canada. Now, in budget 2024, they indicated that they plan to finally return the money to these small businesses.

The budget says:

Budget 2024 proposes to urgently return fuel charge proceeds from 2019-20 through 2023-24 to an estimated 600,000 businesses, with 499 or fewer employees

I'm wondering if you could comment on the impact—or any feedback you've received on the impact—of the carbon tax, whether or not your members are aware of this newfound urgency to return this money to them and the process for doing so.

**Ms. Shaena Furlong:** Thank you for the question, Mrs. Block.

The carbon tax works a bit differently in British Columbia than it does in other provinces in Canada. I would be very happy to reach out to my colleagues at the Canadian Chamber of Commerce and share their perspectives on the way this is affecting businesses in those provinces, but unfortunately, I can't provide much input on that question.

**Mrs. Kelly Block:** Okay. Thank you.

Have you heard from any of your members about a process for having that returned, or are you telling me that because of this difference with British Columbia, they would not be receiving any kind of rebate?

**Ms. Shaena Furlong:** The carbon tax is administered provincially in British Columbia, so we would not be under the same federal regime for rebates.

**Mrs. Kelly Block:** Okay. Thank you very much.

This question is for both you and Mr. De Thomas.

I am wondering if you are at all aware that Minister Anand, as President of the Treasury Board, is required to publish an annual report on federal regulatory management initiatives under the Red Tape Reduction Act. This act was introduced by the previous Conservative government, back in 2012.

Are you aware of this report? Have you or any of your members or customers had an opportunity to review this report?

I'll pass it over to Ms. Furlong first and then to Mr. De Thomasis.

**Ms. Shaena Furlong:** Thank you so much.

I have not read this report. I am aware of its requirements, but no, I have not seen it myself.

**Mr. Tony De Thomasis:** I haven't had a chance to review it. I was aware that there is a report, but I have not had a chance to review it in detail.

**Mrs. Kelly Block:** Okay. Thank you very much.

The current government tends to introduce either deeply flawed or deliberately vague proposed legislation, leaving the details to the bureaucrats through regulation.

Have you given any thought to the kind of advice you would provide to the next government, which will most likely be a Conservative government? What would you like to see implemented in the first 100 days following the next election?

• (1200)

**Ms. Shaena Furlong:** I'm sorry. Was that question directed to me?

**Mrs. Kelly Block:** It's for any one of you who would like to provide any advice on regulatory changes that need to be made.

**Ms. Shaena Furlong:** Thank you, Mrs. Block. I will jump in first.

Regardless of who forms the next government—and the Richmond Chamber of Commerce, like all chambers of commerce, is strictly non-partisan—we believe very strongly that introducing economic competitiveness mandates across all federal regulators would be an absolutely fantastic first step in ensuring that economic competitiveness is measured across regulators and that they are accountable to it.

**The Chair:** Thanks. That is our time.

Mr. Kusmierczyk is next.

**Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.):** Mr. Chair, I just want to ask Ms. Furlong a quick question.

Recently, in the National Post, the leader of the Conservative opposition wrote an opinion piece in which he stated:

At the most, the Chamber of Commerce, Business Council, and Canadian Federation of Independent Business hold pointless luncheons and meetings and write op-eds or record interviews that almost no one sees. As leader of the Conservative Party of Canada, I refuse to meet the aforementioned groups.

I wanted to ask you, Ms. Furlong, what your take is in response to hearing that comment, especially knowing that consultation and discussion are critical to making sure that we future-proof our regulations in Canada here.

**Ms. Shaena Furlong:** Thank you so much for the question.

Unfortunately, I haven't read that piece in the National Post, so thank you.

I would disagree very strongly. I think chambers of commerce across Canada are the grassroots non-profit organizations that serve

the widest sector of business groups and employers across our communities. I work with everyone, from small solopreneurs and non-profit social service agencies to major companies like MDA, which MP Bains referenced earlier.

I think the chamber network is absolutely critical for providing the voice for businesses across British Columbia, and we're able to do that because we're non-partisan to any government that is formed. I hope the leader will reverse his opinion if the Conservatives take office.

Thank you.

**Mr. Irek Kusmierczyk:** Thank you very much, Ms. Furlong.

I wholeheartedly agree. Listening to small businesses and supporting them are absolutely critical, because we know small businesses are the engines of our economy here in Canada. Thank you so much for your response.

Mr. De Thomasis, I wanted to say that I had the opportunity last year to join you at Morterm to announce over \$12.5 million in federal funding from the national trade corridors fund for Morterm and ETR.

This is part and parcel of investments that this Liberal government has been making in our ports. Just last week, we learned that the Canada Infrastructure Bank is investing in part of a \$750-million expansion of the port of Prince Rupert.

This is what this Liberal government is doing: investing in ports because we know that it is so important. It's so vital and critical.

To get it on record, how important is that investment that we made last year to Morterm? How important is that to the operations in Windsor?

**Mr. Tony De Thomasis:** Thank you, Mr. Kusmierczyk.

It's vitally important. As you know, infrastructure is key to the movement of goods. It's key to economic development and competitiveness in our space. Many of our assets at Morterm Limited were beyond 60 years old. Their useful life was at the very end. Without the federal assistance, I don't think we would have been able to replace the warehousing and the shorewalls that need major repair and reinvestment.

With that reinvestment, we were able to develop a new warehouse. We're going to be developing another warehouse to support trade and to support transloading and taking trucks off the road and moving to a green initiative, which is by rail, the greenest mode next to marine.

This is why I'm speaking today: It's because our customers are asking for further abilities to move commodities through our port into final destinations. With those requests comes some streamlining of older regulations, I'm going to call it, and of older administrative functions that are required to move these commodities. That's where we're willing and able to work with the federal government and the province to look at ways that we can be innovative in the way that we can move commodities into the U.S. and into Mexico to ensure we're competitive in this space.

• (1205)

**Mr. Irek Kusmierczyk:** Thank you very much, Mr. De Thomas.

Listening to our ports and listening to companies and businesses like yours is so critical. This year at Morterm, we met together with Minister Mary Ng, Minister of International Trade, and with Ambassador Hillman, to see the great work that's being done there and the amazing workers there.

You mentioned some of the regulatory irritants that you think could be fixed or addressed. Do you have an example of how eliminating some of those small administrative hurdles can create a big positive impact? Can you talk a bit about those?

**The Chair:** I'm afraid one of those hurdles is that the five-minute session is up. Perhaps I can get back to it in the next round, or perhaps, Mr. De Thomas, you can provide that in writing to us.

I will go to Mrs. Vignola for two and a half minutes, please.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

My question is for Mr. Girard, but the other witnesses are welcome to weigh in if there's any time left.

The subject of artificial intelligence came up earlier. I've been at meetings where people were saying that the leading AI players are very competitive, but they want structure, beyond Asimov's three laws.

If we regulate before we legislate, are we putting the cart before the horse? Would that be less democratic? Regulations are not passed, contrary to what some may say in the media, but legislation is.

Should we legislate first and regulate later, or is it okay to regulate without legislating?

**Mr. Michel Girard:** You have to establish the broad strokes first, and that means legislation. Laws set out what must be done and what must not be done to reduce risk. Regulations set out how all that is done.

Given that technology is changing rapidly and that we're always reacting to the deployment of new technologies, here's my solution. We need an approach whereby regulatory authorities can decide to set standards. It takes a year to create a standard. A standard can be modified frequently, and then the results can be assessed. Once the technologies mature, it makes sense to regulate them.

This approach could enable the government to react quickly to ensure that a piece of legislation is consistent with reality, without impeding innovation. It would be a middle-of-the-road approach. That's what the government has done for a lot of new technologies: set reasonable minimum standards for everyone. It can be done.

**Mrs. Julie Vignola:** Thank you.

Ms. Kozhaya, what do you think?

[*English*]

**The Chair:** Give a brief answer, please.

[*Translation*]

**Ms. Norma Kozhaya:** That's not my area of expertise, but, yes, there should be a general act, a framework of some sort, to which standards and regulations would be added.

[*English*]

**The Chair:** Thank you, Mrs. Vignola.

Next we have Mr. Bachrach and then Mr. Aboultaif.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

I'll ask Mr. Girard a question about regulatory capture and how to avoid it in the setting of standards.

One of the criticisms we hear—and we've had these conversations recently with members of the labour community—is that regulations get drawn up in close consultation with what government sees as being the key stakeholders, which is often the industry that is being regulated. They see them as being the key stakeholders because there's an entire industry around lobbying government, as anyone who works on the Hill knows.

Often the public, who are the beneficiaries of regulation, are left out of that initial conversation, and unions often feel the same. They're brought in to consult on something that has essentially been written without them.

How do we avoid that, both in the regulatory process and in the standards process you were talking about?

**Mr. Michel Girard:** It's about openness and transparency. You have to be open and transparent before you start, as you're doing it and after you're done.

If I can give you the standards track, committees have to be balanced. You can't have industry take all the seats. Industry has a quorum. Then consumers, academics and experts are also there, and they have a voice and a vote. Every time there's a comment made, it has to be disposed of, with everybody around the table agreeing.

I think that those kinds of rules work well when it comes to openness and transparency. I prefer an open and transparent process whereby everything has been looked at, rather than basically a black box.

• (1210)

**Mr. Taylor Bachrach:** Would you say that currently there is a difference between the standards-setting process, which is done by a committee with balanced representation, and the regulatory process, which is led by government, and government chooses with whom they consult, etc.?

**Mr. Michel Girard:** There was a mention of 66,000 to 77,000 regulations. It must be quite different, depending on the jurisdiction, the ministry or the department, but openness and transparency.... I mean, you could design an approach through which it becomes a norm.

I know that in my process for digital standards, everybody can become a member of a committee. You're not excluded. Everybody can take a look at everything that's being drafted. To me, that's the ultimate.

**Mr. Taylor Bachrach:** Thank you.

**The Chair:** Thank you very much, gentlemen.

Mr. Aboultaif, welcome back to OGGO. It's been a few years.

Go ahead, sir, for five minutes.

**Mr. Ziad Aboultaif (Edmonton Manning, CPC):** Thank you. That's super, Mr. Chair. Thank you.

Thanks to the witnesses.

I'll delve into the questions quickly.

Ms. Furlong, you mentioned that investments from Canada to outside of Canada are higher or are going up, while investments inside or into Canada are going down. That tells me, as a former businessman, that there's an issue of productivity and that there's an issue of regulations.

Are we over-regulated?

**Ms. Shaena Furlong:** That's a great question.

I think the business answer to that would be that, yes, we are. If we look at the numbers, we see that at the end of 2023, Canadian investment abroad had grown to \$2,171.3 billion, while foreign direct investment in Canada was about \$1,360.3 billion. That net direct investment position of \$811 billion is absolutely concerning.

There is a very good graph that shows the growth in that net direct investment position over the past 15 years. Really, we are seeing that exponential growth of money not being invested in Canada and foreign direct investment leaving Canada.

**Mr. Ziad Aboultaif:** Do you think that regulations are done at the government level solely with a lack of consultation with the stakeholders and the businesses and the main people doing the business? What can we do?

We do have a problem and we know it, and we're looking for solutions. Can you suggest something in this regard? Can you tell us if there's a lack of consultation with the main stakeholders?

**Ms. Shaena Furlong:** I don't think it's the case that it's being done, necessarily, with a lack of consultation. I think that there are many very well-meaning people looking at problems that are facing people and industries across many different aspects of regulation. Unfortunately, I think we are not reviewing our regulations frequently enough and we are not measuring how regulation is affecting our economic competitiveness.

When I spoke before, I said that we should introduce an economic competitiveness mandate across all regulators. Right now we're not accountable for the economic competitiveness of the impact of regulation. We're not measuring it, so it's not something that we're focusing on in all regulators. We would really like to see that.

**Mr. Ziad Aboultaif:** I'll take two G7 countries, Germany and the U.S., as examples. We are way behind these two countries with re-

gard to productivity. If there's any side to look at to learn from, it should be these two countries.

Are we doing enough to look outside the box to try to fix our problems, or not?

**Ms. Shaena Furlong:** I think that's a great point and a great question.

We have seen very novel regulatory tools to mobilize the private sector in financing massive construction of clean energy facilities in particular. In particular, in Germany they've provided an example of how feed-in tariffs can help accelerate the build-out of wind and solar facilities. These are all things that we should be looking at.

**Mr. Ziad Aboultaif:** Mr. De Thomasis, you presented three solutions. One of them is to set up a free trade zone in Windsor. This is an amazing idea. I know that Dubai did it 20 or 30 years back.

What are you doing to convince the government to be that creative?

• (1215)

**Mr. Tony De Thomasis:** It goes back to what you were saying about competitiveness. In order to stay competitive in a changing world, with a lot of the reshoring efforts that are happening in moving product back to North America, we need to look at new, innovative ways to become more compatible with our biggest trading partner, which is the U.S., and also with Mexico.

Infrastructure is key to moving that product. At Morterm in Windsor, we have connectivity with railways and highways. We're soon launching the new Gordie Howe international bridge. That will help to expedite the movement of goods.

I think that right now we're lagging on the administrative side, where it's the paperwork, the movement of paperwork and clearing quantities across the borders to allow this trade to happen.

**Mr. Ziad Aboultaif:** You also mentioned proposing a bonded warehouse or what you call a sufferance warehouse. That was a demand of U.S. and European clients. Can you talk about this a little bit more, please?

**The Chair:** You have about 15 seconds, I'm afraid.

**Mr. Tony De Thomasis:** A sufferance warehouse allows shippers to move product into Canada under one bond. That allows you to store product in a warehouse. You can trade the commodities without the movement of those goods, and they remain in that warehouse. It allows for faster, quicker, more efficient trade of commodities.

**Mr. Ziad Aboultaif:** Thank you.

**The Chair:** Thank you very much.

We'll go over to you, Mrs. Atwin, for five minutes, please.

**Mrs. Jenica Atwin:** Thank you very much, Mr. Chair, and thank you to our witnesses. I'm joining you from Fredericton, New Brunswick.

I'm going to follow up on that last line of questioning and go to De Thomasis.

Are there any drawbacks or risks to a potential free trade zone?

**Mr. Tony De Thomasis:** From our perspective, I think it encourages trade.

Positioned at the busiest international crossing in North America, I think it makes a lot of sense to have a free trade zone in our area, with the investments that the federal government has made in Windsor totalling almost \$36 million for warehousing and a new shorewall for the movement of goods from Europe into the North American continent. I think it's a great designation for Windsor to have to exemplify that trade route across the Detroit River by rail, by truck or by water.

As far as a drawback or negative consequence is concerned, I don't see much in the way of negatives if it's developed under the proper regulations and the proper structure. I think there are a lot of benefits, including job creation, streamlining of trade and movement of commodities. That helps both countries.

**Mrs. Jenica Atwin:** Great. Thank you very much.

Mr. Girard, we noticed the 2024 budget mentioned the words "regulatory sandbox".

Can you explain that to the folks at home, and to me? What is your opinion on this? Were you pleased to see that? Is it a useful tool? Is it a step in the right direction?

**Mr. Michel Girard:** Thank you. It's a good question.

It absolutely is, in my opinion, a step in the right direction, because you allow a conversation to take place between regulators and those impacted by future regulations. You allow them to play and try new things, so I think that's great.

The only recommendation I would make is in terms of the wording. I have seen a couple of papers from Treasury Board on regulatory sandboxes, and they seem to insist on being able to do this before new technologies are commercialized. I think we need to be realistic. We're takers when it comes to technology. If there is a new technology deployed—new social media, a new platform, a new generative AI—why don't we use the regulatory sandboxes after it's commercialized and try to adapt it or make some changes to it before it's too late?

Yes, it's a good idea, but let's use it after products are commercialized, because we have no control over that.

**Mrs. Jenica Atwin:** Have you met at all with Minister Anand since she became the Treasury Board president?

**Mr. Michel Girard:** I have, a couple of times.

**Mrs. Jenica Atwin:** Okay. Can you share with us any of the ideas or topics that may have been raised during those conversations?

**Mr. Michel Girard:** Minister Anand is very interested in the concept of standards. I think she's interested in the idea of incorporation by reference, of having standards incorporated by reference in regulations. She thinks it's a good idea. I think she's looking at innovative ideas with interest. I will leave it at that.

• (1220)

**Mrs. Jenica Atwin:** Incorporation by reference is in fact used by some departments today. Which ones do you see as perhaps leading the way, or which might be lagging behind?

**Mr. Michel Girard:** In the paper, I have a list of some of the regulations in which standards are incorporated by reference. Some departments will take the "as amended from time to time" method, which allows new standards to be accepted as is when they are being published, so you don't need to go back and redraft your regulation every time. That's a good thing.

There are some departments here that are going a step further. For example, Health Canada has a regulation on medical devices, but they also have a list on their website of recognized standards that allow compliance with the medical devices regulation. This means you don't need to change your regulation every time a new hip replacement part comes up in the marketplace. You just need to add the new standard to the list.

I think that's a great way of doing things. It would make life simpler for industry and it would make life simpler for regulators as well, and it does not impact accountability, in my opinion.

**Mrs. Jenica Atwin:** We know that some stakeholders are worried about incorporation by reference. They see it as not the most democratic way to oversee regulations, as perhaps giving too much power to government bureaucracy.

What do you make of that assessment?

**Mr. Michel Girard:** I completely disagree with that.

I was at the Standards Council of Canada for nine years. I was VP of policy there. I engaged with every single department and agency in Ottawa, and also the provinces. Regulators that are using standards are participating in standards development. There's no regulatory capture or industry capture. As a matter of fact, I think the biggest problem we have is that we don't know enough about it. Standards are invisible, and that's the biggest problem we're facing. We need to raise awareness about the merits of standardization in this country.

I'm sorry. I'm taking too long.

**The Chair:** That's okay. Thanks, Mr. Girard.

Mrs. Kusie, go ahead, please.

**Mrs. Stephanie Kusie:** Thank you, Mr. Chair.

Mr. De Thomasis, I will ask the same question of you that I asked another witness regarding the border officers at the CBSA voting last week in favour of strike action due to the lack of a contract for the last two years.

How concerned are you that this border disruption will cause a massive impact on Canadian businesses? You mentioned moving commodities into Mexico. I note that your short track is within Canadian borders, but a review of your railway mentions several interchanges where there would be commodities moving from the U.S. and, as you indicated, going into Mexico.

I'm wondering what the potential impact of a strike at CBSA would be on your railway company.

**Mr. Tony De Thomasis:** It would have significant impacts.

One part of our business is the movement of finished vehicles from Windsor into the U.S. and other markets, as well as the import of vehicles from the U.S. into Canada for further shipment within Canada. We do all those movements by rail. Any strike or interruption at the border would pose significant threats to that business.

We also move smaller volumes of steel and different commodities into the U.S. It would significantly impact that business as well.

**Mrs. Stephanie Kusie:** Right. Thank you. It's not surprising.

My colleague questioned the Richmond Chamber of Commerce relative to the carbon tax. We now understand that the regulation or administration of the carbon tax is different in British Columbia, but I thought I would also follow through on this question with you, Mr. De Thomasis: What effect does the carbon tax have on the operation of your railway company, please?

**Mr. Tony De Thomasis:** It does have an impact on our railway. I don't know if it's a significant impact or not.

I could provide a response to that question, because right now I'm not prepared to answer. I don't have the information in front of me.

• (1225)

**Mrs. Stephanie Kusie:** Okay. Thank you for that.

Going back to you, Monsieur Girard, I want to talk about the regulatory burdens on you from the CRA.

They currently do not require any cutbacks to their regulatory burdens, despite being the most significant burden to small businesses in Canada. Given your specialty in standardization, in your opinion, what regulation should the CRA focus on cutting to reduce their negative impacts on Canadian small businesses? Would you have any comments relative to the CRA?

**Mr. Michel Girard:** I am sorry. In my world, it's about tangible products or intangible products. Here we're talking about applying fiscal policy. I would not have any advice or recommendations to make on that front. I apologize.

**Mrs. Stephanie Kusie:** Okay. Thank you.

We recently saw the passing of standardizations within Bill S-6. My understanding, as shadow minister for the Treasury Board, is that this was going to be an annual occurrence, an evaluation of standardizations, with Bill S-6 being the most recent iteration after the pandemic. Of course, the first three or four iterations were focusing, I believe, on the low-hanging fruit.

In your opinion, is the government keeping to their commitment in Bill S-6 and beyond in completing the review of standardizations

and the further implementation of broader consultation as the regulation of standardizations for efficiencies continues?

**Mr. Michel Girard:** I think they're going in the right direction.

Obviously, if there were more resources, they would probably be able to do it in a more expeditious manner. What I'm seeing is that there are more and more standards added to regulations, whether it's at the federal level, provincial level or territorial level. That problem of reviewing standards in regulation will become bigger as you review your regulations going forward. We have to do something about this.

Sorry, Mr. Chair.

**Mrs. Stephanie Kusie:** Thank you to the witnesses.

**The Chair:** I'm getting into the habit of cutting you off, Mr. Girard. I do apologize.

Mr. Sousa, go ahead, please, and then in five minutes we'll cut off Mr. Girard again.

**Voices:** Oh, oh!

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you, Mr. Chair.

I think all of us are talking about trying to improve the competitiveness of our regulatory system, to improve the competitiveness of Canada versus other parts of the world and other jurisdictions and to lessen the cumulative burden of regulation.

You know that old adage about asking for forgiveness rather than permission? That's happening right now with AI and a lot of new ventures and the notion of sandboxes to try to permit the use of different sources before securities commissions and others take on regulatory matters relative to those issues.

I'll look at the 2008 financial crisis. Had it not been for some of the regulatory impediments, if we can call them that, that had been established in Canada, we wouldn't have weathered that tremendous world situation, in which Canada was somewhat protected, certainly in the banking sector, and hence in our business sector, to the extent that we were able to recover much more quickly in manufacturing and in real estate.



I appreciate your discussions around voluntary standards versus government regulations. I appreciate the notion of relieving regulatory authorities, permitting more, simplifying methods of accelerating some of the work we do and reducing the regulation. It promotes uniformity in some of those standards, improves responsiveness and encourages those very industries to participate in the establishment of those standards, thereby avoiding duplication, hopefully, as we go forward. This is all with the sense and the notion of facilitating and promoting competitiveness.

In my previous life, I worked very closely in a co-operative securities regulator to try to permit all parts of Canada to participate in a uniform system and to reduce some of the competitiveness and duplication and improve our overall costs. Those who held back were Quebec and Alberta primarily. We had a passport system to try to facilitate some of those engagements.

I have three questions.

My first one is for Shaena Furlong. This is in regard to foreign direct investment.

Canada is pretty much at the top. We've slid, it says, since 2019, but we still rank as one of the top destinations for foreign direct investment because of our low tax rate and our stability, our predictability, our legal system and our adaptability. Canada has been sourcing foreign direct investment of late, contrary to the opposition party, which is opposing some of those investments that are coming our way in the automotive sector specifically, but we need to improve scaling and monetization. We are certainly competing against the U.S. for some of this.

I want to understand. I know Michel Girard was asked this question, but I want to ask you specifically about the importance of having an arm's-length regulatory system, one in which you don't interfere with the Ontario Securities Commission or with the Bank of Canada or with any of these bodies that are there to protect all of us from interference.

Can you comment on that, please?

• (1230)

**Ms. Shaena Furlong:** Thank you for the question.

Absolutely I agree that a strong regulatory framework and a Canada that is relatively free of corruption are absolutely necessary for strong foreign direct investment.

We do get concerned when we see record sell-offs on the TSX. Even our own pension plans are invested largely in other jurisdictions. We need Canada to be attracting foreign direct investment, not just with public incentives but also because there's certainty in our business environment and investment is relatively safe.

We also need to see that growth in industry outside of real estate. Absolutely, housing is very necessary, but we have seen a lot of investment in Canada, and specifically in the Lower Mainland in British Columbia, centred on the real estate industry. We would like to see a lot of job creation.

**Mr. Charles Sousa:** Actually, that's a great point.

B.C. has established a lot of small cap business, and that's critical, especially in the formation of new ventures. Of course, we now

have a lot of innovation superclusters developing across Canada, which are putting us at the top.

Can you share with this committee the embedded costs of carbon pricing that have been established by international bodies? We have trading partners and we have trading agreements with many other jurisdictions. If we don't participate in a carbon price internally, we're going to face it externally. Can you share your thoughts on that?

**The Chair:** I'm afraid I have to cut you off because Mr. Sousa did not leave you any time, but perhaps we can get back to it in another round.

I'll just let everyone know that I know we've left a lot of questions hanging. I welcome you all to provide the answers in writing to our clerk, and he will make sure they go out to the committee.

We now go to Mrs. Vignola for two and a half minutes.

Go ahead, please.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

Mr. Girard, in my former life, I was a teacher. I taught economic issues and English. There are expressions in French and English that are not at all the same, but they are sometimes translated word for word. It sometimes seems like English is a translation of English. I'm sorry, but it had to be said.

When we talk about sandboxes, as in the expression "economical sandboxes", we're not talking about sandboxes or sand pits.

**Mr. Michel Girard:** Right, they're not sandboxes.

**Mrs. Julie Vignola:** Some of the people listening to us are business people. When they hear "sandbox", they have no idea what we're talking about.

In addition, "sandbox" can be defined in a number of ways. Can you comment on that?

**Mr. Michel Girard:** Thank you very much for that great question.

These are obviously not sandboxes where people throw things at each other. "Regulatory sandboxes" are places where people experiment. They experiment with various approaches to complying with an act. That's how it works for regulations. People try to figure out how to comply with legislation. That's what this is about. It allows regulatory authorities to start the conversation and invite people to experiment. Prototypes are developed and tested, and results are analyzed.

Is that explanation clear?

• (1235)

**Mrs. Julie Vignola:** It was already clear to me, but I wanted it to be crystal clear for everyone.

You've been talking about consultations and partnerships since the meeting started. Basically, you're saying that people should stop working in silos. When we talk about regulatory modernization, we sometimes get the sense that people want to return to a kind of pure economic liberalism.

I don't think that's what you're advocating. You're promoting a new economic-social-procedural paradigm. I'm not sure how to translate that.

Is that right?

**Mr. Michel Girard:** That's exactly right.

We're here today because we're concerned about the impact of digital technologies on people and on our democracies.

The reason we want to set standards to reduce these negative effects is that we don't want to go backward. We want these products and systems to be safe. In other words, we don't want them to endanger our physical and mental health.

[*English*]

**The Chair:** Thanks.

Mr. Bachrach is next.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

This is a question for Ms. Furlong.

I found the points around net direct foreign investment interesting, because there are two components here. There's the amount that Canadian firms are investing in other countries and there's the amount that firms from other countries are investing here in Canada.

There are two aspects to my question.

First of all, Canada is home to some 60% of the world's mining companies. I think that has to do with our unique treatment of those companies, either tax-wise or regulatory-wise, and it seems that skews the number quite significantly.

The second point is that you noted direct foreign investment in real estate, which I think has had, when it comes to residential real estate, a really detrimental effect on the price of housing and the housing crisis in the Lower Mainland. If we're to see more direct foreign investment in real estate through things like real estate investment trusts, in my mind, that would be something that runs counter to our national interest.

Should we be looking to other metrics to describe the health of our economy? It seems like these are two inherently problematic aspects of using net direct foreign investment.

**Ms. Shaena Furlong:** Thank you for the question, Mr. Bachrach.

As I mentioned, we would like to see that foreign direct investment occurring outside of real estate as well. We have seen quite a bit of money flocking to the real estate sector, especially in residen-

tial real estate, because returns have historically—in the past two decades—been very strong and more certain, with less regulatory oversight than, honestly, industries that are very job-creating.

We would like to see that investment in industries that are creating Canadian jobs and employing people and generating a greater GDP for the country.

I think foreign direct investment is one metric that we should be looking at, but if even Canadian pension plans are seeing greater returns from other jurisdictions, we would like Canada to be competitive and attract that investment here. We have quite a few companies that could be scaling and we may be able to attract more.

**Mr. Taylor Bachrach:** I have two seconds left here, but if I understand you correctly, if Canadian firms and Canadian pension plans were investing here in Canada, it would in fact increase our net direct foreign investment, the ratio, because fewer Canadian firms would be investing outside the country. To me, that seems like a much more beneficial approach to look at, as opposed to trying to encourage more foreign firms to be investing in our country, which comes with some of the drawbacks we've mentioned.

I know I'm out of time, Mr. Chair. Thanks for your forbearance.

**The Chair:** Thanks.

Again, Ms. Furlong, maybe you can provide us with a response in writing.

For the last two rounds, we'll go to Mrs. Block and then Mr. Kusmierczyk.

Mrs. Block, go ahead, please.

**Mrs. Kelly Block:** Thank you very much, Mr. Chair.

In my last intervention, I made an observation regarding the current government's propensity to introduce very vague or deeply flawed legislation, leaving a lot of the heavy lifting to the bureaucrats when it comes to introducing regulations that actually get less scrutiny by the public or by stakeholders than legislation does.

Ms. Furlong, I'm wondering if you are aware of the requirement for federal organizations to apply a small business lens to proposed regulations to identify and take into account the needs of small businesses when designing regulations. Are your members also aware of that requirement? Do they have the opportunity to provide to the federal government that small business lens?

• (1240)

**Ms. Shaena Furlong:** Thank you so much for that question. I was not aware of that requirement, but I will be doing more research on that and I look forward to learning more.

**Mrs. Kelly Block:** Thank you.

Mr. De Thomasis, I appreciated some of the suggestions or solutions you provided in your opening remarks, including not only the free trade zones but also the trusted carrier solution or the fast pass solution. Could you perhaps explain a little bit more about that and about whether there are other jurisdictions that do in fact have those solutions available to industry and businesses?

Can you also comment on the targeted regulatory reviews whereby the TBS and regulators are required to seek stakeholder input on a set of themes to develop regulatory road maps that propose changes to the legislative, regulatory and policy regime?

**Mr. Tony De Thomasis:** Sure. Thank you.

We're familiar with the trusted carrier program through our work with the automakers and different OEMs. They have a program through which the carriers are verified as digital carriers. They have all the verifications done on the front end so that they don't have to stop at customs or various points along the border for verification of their loads. They do this in the Windsor area on a daily basis for the movement of finished vehicles back and forth across the border.

We think there could be programs similar to this for other verified carriers. You could be pre-selected for the movement of goods back and forth across the border. It could be used for goods other than vehicles, such as steel, aluminum and steel coil. It would help to expedite the movement of these goods and increase our competitiveness in that space.

As far as the free trade zone is concerned, we do have a designation in the Windsor area as a free trade zone, but I don't believe it's being fully utilized. There are some significant challenges in terms of different types of commodities that we handle at Morterm, such as steel, aluminum and steel plate. We would like to have that designation looked at once again to see if we can incorporate some of the different commodities that we handle and how we can encourage the movement of those goods under that free trade zone.

With regard to your last question, I'm not aware of the regulations of the CBSA, I believe it was, or anything to that effect, so I couldn't answer that question. My apologies.

**Mrs. Kelly Block:** Thank you very much.

**The Chair:** You have a minute left.

**Mrs. Kelly Block:** I'm good.

**The Chair:** We'll go back to Mr. Kusmierczyk, please.

**Mr. Irek Kusmierczyk:** Thank you, Mr. Chair. I do appreciate that I get a chance to follow up on some of my previous questions and have a bit of extra time.

Speaking with our businesses, our small businesses and our cargo hubs is really important just to get feedback in terms of how we can improve things, make things more streamlined and take some of the administrative burdens off our small businesses.

A couple of months ago, we brought the trade minister, Mary Ng, and the ambassador of Canada to the U.S., Kirsten Hillman, down to Morterm to listen to some of the challenges that Morterm and other shipping hubs and transport hubs face. In that meeting, you mentioned some of the administrative hurdles that you face. Some of it is as simple as making some changes in some of the paperwork to free up that trade.

Can you expand a little bit on some of that low-hanging fruit, some of those small changes that could be made to help free up trade and reduce some of that red tape and those barriers for businesses?

• (1245)

**Mr. Tony De Thomasis:** Sure. I appreciate that.

We appreciated the visit by your group. I think it was a good exercise in showing them the benefits of doing trade in Windsor with our proximity to Detroit and the heartland of America from a manufacturing perspective.

The feedback that we're getting from customers is that they love to bring cargo into Windsor, but the administrative support that's required to move that cargo piece by piece back into the U.S. and the amount of paperwork that's required is prohibitive.

We've offered to perform those duties as an all-in-one service that Morterm could provide the customer. We would exercise that paperwork. However, when we attempted that, we understood their challenges and the difficulties associated with that because it was very laborious and very intensive.

What we would propose to do is customs-clear the entire cargo once it lands in Windsor. Then the movement of those goods through a verified carrier could move those goods back into the U.S. for final destination. I think it would just simplify paperwork, but it would still track the different commodities going across the border. This would alleviate all those administrative tasks and the challenges associated with the movement of those goods.

**Mr. Irek Kusmierczyk:** That's excellent. I really appreciate your answer.

Mr. De Thomasis, do you think that this would be something that would be a good candidate for the regulatory sandbox approach? In essence, could we maybe conduct a pilot project in Windsor to see if it could be expanded later on throughout? Do you think that this would be a good candidate for a regulatory sandbox approach?

**Mr. Tony De Thomasis:** I think it would be a great pilot project for Windsor, leveraging the new Gordie Howe international bridge with all of the different capacities that are going to be increased at the bridge through the CBSA. We would be a willing partner in any of those exercises to see how we could increase trade across the border.

**Mr. Irek Kusmierczyk:** Mr. De Thomasis, I would encourage and invite you to actually submit for this committee your thoughts in writing on some ideas to reduce some of that administrative burden and even on how we can incorporate a pilot project into a regulatory sandbox in terms of removing some of that paperwork, as you mentioned, that is onerous.

Minister Anand, the President of the Treasury Board, was in Chicago and Washington this month talking about reviving and strengthening the Regulatory Cooperation Council, which would help streamline and harmonize regulations that are cross-border. Of course, 3.3 billion dollars' worth of trade crosses our border every single day. This is important. About a quarter of that passes through our community in Windsor-Essex.

I want to ask you this: How important is it to revive the Regulatory Cooperation Council and make it robust, knowing that, again, cross-border trade between the U.S. and Canada is so important?

**Mr. Tony De Thomasis:** I think it's very, very important.

I would ask the committee to also look at other partners that bring trade into the Great Lakes and the St. Lawrence Seaway. Those are different organizations, such as Hwy H2O and the St. Lawrence Seaway Management Corporation. They would be more than willing partners to look at any type of pilot program that would increase trade through the Great Lakes.

**The Chair:** You're past your time.

**Mr. Irek Kusmierczyk:** Okay. Thank you.

**The Chair:** I'll let you do one more. You can take Mrs. Block's 45 seconds.

**Mr. Irek Kusmierczyk:** I appreciate that. Thank you very much. This is great.

I wanted to thank the chair again for bringing this issue to committee, because this is something that I think unites all of us here around the table. This is really a non-partisan issue. I just wanted to say thank you for bringing this issue here to this committee, because I really do think that it is central. It's very important. It is central to the work of this committee. I just wanted to say thank you, Chair, for bringing this forward.

I wanted to ask you, Mr. De Thomasis, this question as well. You mentioned that there already exists a foreign trade zone in Windsor. We know that there are many FTZs across Canada. Could you expound a little on where you think we could possibly expand the FTZ program?

In the same question, because you mentioned sufferance warehouses, and we know those already exist as well, can you speak to how we can build upon the existing sufferance warehouses and the foreign trade zones that exist?

• (1250)

**The Chair:** Just answer quickly, if you can, sir.

**Mr. Tony De Thomasis:** Sure. I'll make it quick.

I think there are opportunities there that could increase trade and our competitiveness. There are some challenges with the current structure of the sufferance warehouses. I think it's a worthwhile effort to look at those current regulations that are associated with sufferance warehouses and see how we can bring them up to date to meet the customers' needs as of today. With all of the reshoring efforts that are going on, there may need to be some changes made so that we can increase capacity and competitiveness.

That's about it. I think it needs to be looked at once again.

**The Chair:** Great. Thank you very much.

Members, thanks for your patience as we dealt with some of the IT issues, and we owe special thanks to our clerk for juggling all of that.

Witnesses, thank you very much. It was very informative. I'm sorry that we had to cut you off so much. I do encourage you, though, if you have any further responses that you want to expand on, to please send them in to the committee.

Mr. Girard sent in a report in advance, and if you do have any reports that you wish to share with us, please feel free to send them. We'll find them very interesting, especially around dealing with—we didn't get into it—federal-provincial issues. We are a federation, and I know that those make up a lot of our issues. If you have any comments, suggestions or reports on that, I would highly appreciate it if you'd send them to the clerk.

Thank you once again, everyone. With that, we are adjourned.







Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :  
<https://www.noscommunes.ca>