

## Charting a Path for Growth: Nova Scotia Tax and Regulatory Review

---

### Regulatory Reform Recommendations

#### Recommendation 2.1 — Put in place a proven structure to drive change

- Publicly commit to regulatory reform at the highest political level. Regulatory excellence must be a government-wide priority driven from the top, by the Premier.
- Name a minister responsible for regulatory modernization and create a single point of accountability with the authority to coordinate regulatory reform government-wide.
- Create a central unit (Office of Regulatory Modernization) to work across government, with oversight authority and responsibility to implement consistent regulatory management government-wide and to drive the sectoral agenda by working with line departments. Find and name champions of change in every department.

Central ownership and horizontal management of regulatory reform is the proven structure to drive change across government. Sustained regulatory reform requires strong political leadership. In fact, without such political support, regulatory initiatives are often reduced to a few sectors or one-time regulatory reductions that are easily reversed. Strong political leadership is absolutely essential to overcome resistance and bureaucratic inertia and to prevent a backlash from aggrieved interests.

#### Recommendation 2.2 — Create mechanisms, including legislation, to sustain the regulatory modernization agenda over the long term

- Enshrine in law a lasting commitment to regulatory modernization by introducing a “Regulatory Modernization and Accountability Act,” following the examples of BC, Saskatchewan, and Ontario. The bill will help focus departmental regulatory modernization efforts into a centralized process and structure.
- Build a centre of expertise in the Office of Regulatory Modernization.
- Develop and broaden in-house expertise in continuous improvement methodology and business mapping. Build on skills already housed in Service Nova Scotia.
- Adopt and apply “Lean practices” as a government-wide methodology to support a culture of continuous improvement. (Recommendation 2.13)
- Get assistance or create partnerships with the federal government and/or other provinces to train staff in essential skills, such as regulatory impact assessment, and draw on the best practices from across Canada and beyond.

#### Recommendation 2.3 — Know where you are going with regulatory modernization

- Set a target for regulatory reform; include a time frame and make it public. (BC’s was a 30 per cent reduction in regulatory requirements over three years.)
- Constrain the proliferation of regulations by committing to a zero net increase in regulatory burden, measured against a baseline to be established.
- Establish and launch a three-year plan to deregulate – eliminate ineffective, outdated, or inefficient existing regulations.

## **Recommendation 2.4 — Create a roadmap to drive change**

- Develop a revised Provincial Regulatory Policy, Regulatory Management Policy Guide, and Regulatory Management Training Program by updating and improving previous efforts and incorporating lessons learned from other jurisdictions, to help drive the reform agenda across government.
- Establish a Regulatory Policy Checklist – the federal government and British Columbia provide good examples.
- Adopt a Regulator’s Code of Practice to promote a consistent level of service excellence. Ontario’s Code of Practice could be modified for Nova Scotia and would provide a good starting point.
- Create cross-departmental/sector teams to identify priority regulatory issues, which if resolved would strengthen each economic sector’s success. Create an inventory of regulations to be eliminated or simplified. Determine which regulations should be changed, which can be discarded, which are unenforceable and outdated. Establish a short time frame and expedite this work.
- Mandate departmental engagement with affected citizens and businesses during the development of new regulations rather than conducting consultations after the initial work is completed by departments.

## **Recommendation 2.5 — Measure progress**

- Develop meaningful measures of the overall regulatory burden.
- Establish the baseline from which to measure success. Where is the province today? Create an inventory of active regulations.
- Regularly expand and update measures of regulatory burden and incorporate a regulatory impact analysis into the regulatory process.

Jurisdictions at the leading edge of regulatory reform – the United Kingdom, Australia, Ontario, and BC – have moved well beyond counting proxy indicators of regulatory efficiency, and now measure direct financial and other burden reductions on business. This example must be followed by Nova Scotia.

## **Recommendation 2.6 — Give regulatory reform a public profile, report progress**

- Produce an annual report detailing the regulatory state in Nova Scotia.
- Create an online registry to ensure that regulatory proposals are published and posted for comment for a minimum of 45 days prior to becoming effective. Encourage business to participate in the regulatory development process and ask for public comment on existing and proposed regulations.
- Make regulation predictable. In addition to seeking advance input and collecting evidence to support evaluation and re-evaluation, the province should enact new regulations on a regular, predetermined schedule, such as twice annually – January 1 and July 1, or two other equally appropriate dates.

## **Recommendation 2.7 — Make information gathering and government forms simple**

Public institutions at every level require people to fill out complex forms before they receive service, benefits, licences, permits, etc. The question must be asked whether all of this information and all of these forms are really necessary?

- The government should direct all departments, agencies, boards, and authorities to test any new forms to gauge the burden they will impose in the real world, and then figure out how to make them simpler. Existing forms should be subjected to the same process as they are renewed.
- Nova Scotia should establish an inventory of information burden. Departments need to work together so businesses and individuals are not asked for the same information, in a variety of forms, many times.
- There should be consistent training on how to simplify forms. Use technology to auto-populate and combine forms where it makes sense.
- The province should move to a true one-window service for all businesses. It needs to redesign web architecture to simplify access to online services for business.
- Nova Scotia should fully adopt the National Business Number program as the standard identifier in order to simplify access to information, permits, etc. The province should provide business with a “tell us once” approach to government interactions. The one-stop-shop service offerings should include directions on how to meet regulatory requirements.
- The province should reinstate the measurement of turnaround times for licences,

## **Recommendation 2.8 — Better coordinate inspections**

Better coordination of provincial inspection activities and improved information sharing among departments with inspectors will reduce administrative costs and business disruptions.

- Shift the primary initial focus of inspection from enforcement to education, and escalate enforcement for repeat offenders.
- Inspections and compliance audits should be risk-based. The focus of regulators and inspectors should be greatest in those areas where the risks to society are the greatest, and licensing requirements in low-risk areas should be simplified.

## **Recommendation 2.9 — Do some spring cleaning**

- The government should commit to tabling legislation to repeal outdated or inefficient regulations, streamline regulations for more effective enforcement and compliance, and reduce regulatory overlap and redundancies. The target for this legislation should be the spring of 2015 – a regulatory “spring cleaning” – in the form of a multi-departmental omnibus bill that would focus on the efforts of departments. During the development of this legislation, each department would work with stakeholders to identify priority areas of reform that can be undertaken immediately.

### **Recommendation 2.10 — Drive ongoing reform**

- Establish a mandatory review policy that gives structure to, and defines a process for, the regular and ongoing review of legislation and regulations.

For example, in Ontario high-impact regulations undergo mandatory review every 10 years and low-impact regulations every 15 years.

### **Recommendation 2.11 — Consider alternatives to regulation**

- In all cases, as regulations are considered, assess the effectiveness and appropriateness of alternative, non-regulatory, non-mandatory measures.

Nova Scotians, whether the general public, advocates for particular causes, or elected representatives, need to be better informed about regulations, regulatory changes and, in particular, alternatives to regulation that can be used to protect the public.

### **Recommendation 2.12 — Make evidence-based decisions**

Regulatory decisions must be based on the best available data, analysis, and testing rather than ideological inclination or emotional reaction to events or incidents.

- Regulations must be monitored for their impact in the real world, and unforeseen problems or onerous compliance issues corrected.
- The province should consider field testing regulations before enactment.
- The province should investigate partnering with the university sector to discover sophisticated and reliable methodology to collect regulatory evidence and perform assessments.

### **Recommendation 2.13 — Adopt a “Lean Practices” continuous improvement process**

- The government needs a program of continuous improvement, essential to the provision of quality public services – including effective and efficient regulation – as well as cost containment. Lean practices are proven to promote continuous improvement. A core central group and key senior officials across government should be trained in “lean.”

### **Recommendation 2.14 — Take advantage of new information technology, an engaged citizenry, and public service**

E-government and regulatory reform are a natural fit. In fact, technology is a significant enabler of a great deal of regulatory reform and simplification and can be an essential tool in engaging and motivating citizens in the process.

- Provincial departments, agencies, and regulatory authorities should immediately harmonize reporting obligations and definitions related to the information demands placed on businesses. The province can significantly improve its access to reliable information and alleviate a significant burden on businesses through better internal information sharing.
- The province should use information technology as the foundation for vastly increased efforts at engaging and empowering citizens to participate in the regulatory or broader governance processes. It should also reach out to public sector employees beyond the senior management level for input and advice.

### **Recommendation 2.15 — Recognize the burden on small business**

- Small business is more heavily burdened than larger organizations by regulatory compliance costs. Accordingly, government must make additional, specific efforts to lift the regulatory burden from small business.
- The province should minimize the number of businesses affected by broad-reaching regulations by increasing the threshold to exclude small business as well as any sectors for which the regulations are redundant, unnecessary, or inappropriate.
- The province should ensure proportionality in procedural requirements so that the process requirements are proportional to the impact of the regulation.

Nova Scotia should examine and adapt an approach similar to the BC Small Business Accord, which sets out principles, actions, and best practices with regard to small business.

### **Recommendation 2.16 — Pursue regional regulatory harmonization as well as multilevel government coordination**

- Nova Scotia should seek agreement among the Maritime provinces to establish a joint secretariat and provincial negotiating teams with clear goals, guidelines, and timelines to negotiate a New East Partnership Agreement modelled after the New West Partnership Agreement. Regulatory and standards harmonization should be the priority, with an early focus on transportation, securities, agriculture, and business regulation. A firm deadline for the successful conclusion, or termination, of this effort should be established.
- The province should establish a working group with federal and municipal representatives and affected stakeholders in specific sectors to identify overlap in regulatory and information demands across the three levels of government and propose remedies that eliminate that burden on citizens and businesses.