STIFLED BY RED TAPE

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Business Council of Canada

Acknowledgment
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About the Business Council of Canada
Founded in 1976, the Business Council of Canada is a not-for-profit, non-partisan organization representing business leaders in every region and sector of the country. The Council's member companies employ more than two million Canadians, contribute the largest share of federal corporate taxes, and are responsible for most of Canada's exports, corporate philanthropy, and private-sector investments in research and development. Through supply chain partnerships, service contracts and mentoring programs, Business Council members also support many hundreds of thousands of small businesses and entrepreneurs in communities of all sizes, in every part of Canada.

Canada is falling behind. Businesses face one of the heaviest regulatory burdens in the developed world, with more than 321,000 requirements — up 37% since 2006. The result: fewer jobs, reduced investment, and slower growth.

This report highlights how excessive and duplicative rules are discouraging investment, delaying major projects, and undermining Canada's competitiveness.

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CONTEXT

Deregulation is having a moment. From Elon Musk's promises to light a "bonfire of nonsense regulations"[1] in the name of freedom, to Argentina's less bombastic but more successful commitment to take a "deep chainsaw"[2] to government rules, political and business leaders around the world have piled on the campaign to have government regulators back off.

In Canada, the discussion around excessive regulation is far from a passing fad. The frustration of dealing with competing jurisdictions, vague wording and unending piles of forms has been mounting persistently to the point where Canada's reputation as a steady and reliable place to invest is in question.

But the call for a smoother system in Canada is not a call for outright deregulation à la Musk or Javier Milei. Generally, there is a recognition that reasonable rules applied in a predictable fashion serve to protect the public interest and enable social license for businesses to do the very work that propels the country's economy, jobs and decent wages.

Regulators and lawmakers always need to walk the fine line between protecting the public interest and allowing legitimate business to flourish. There is a delicate balance between safeguarding and stifling citizens' wellbeing. Regulations come with a cost, and in Canada's case, the cost is our economic growth and future.

Now, more than ever, as our economy faces the imperative to become more autonomous and efficient, that fine line is of utmost importance. Companies and investors in a broad range of sectors say they are deterred by the burden of regulation. As a country, we are on the wrong side of that line when we can least afford it. The Organization for Economic Cooperation and Development routinely places Canada's regulatory burden as among the heaviest in its membership.[3] S&P Global notes that Canada has taken about 20 years on average to approve a mine, far longer than elsewhere.[4] The Economist has singled out Canada as being an "accountants' paradise" for its increasingly complex tax code.[5]

"The economic cost is undeniable," says National Bank chief economist Stefane Marion, who dug into the numbers.[6]

The Business Council of Canada regularly surveys its members – the leaders of Canada's largest companies, from every sector of the economy and every region of the country. Time after time, they place the regulatory burden at the very top of the list of factors that influence future investment decisions.[7]

Indeed, concerns about regulation surpass even concerns about the trade relationship with the United States. Unlike foreign tariffs, Canada has control over its laws and regulations.

Furthermore, when CEOs are asked what one thing they would change to improve the Canadian business environment, reducing the regulatory burden is by far the most common answer.

Whether it be cumbersome tax rules, excessive paperwork, federal-provincial overlap, vague wording, or outdated forms meant to deal with risks of the past, the accumulation of small things slows down companies in a big way.

When it comes to timeliness, the delays many sectors experience in seeking regulatory approvals are well known, especially in sectors that are key to driving future growth, such as natural resources, infrastructure and transportation. They discourage investment and hurt Canada's reputation internationally.

The problems beg for solutions that go well beyond a collective cry to cut red tape or get government out of the way of business.

However, solutions are not obvious when the problem is made up of tens of thousands of requirements that interact with each other in myriad ways, and in different ways for each sector of the economy.

Repeated attempts by government and business alike to streamline Canada's regulatory burden often falter because there is no one-stop shop or singular fix. A declaration to eliminate red tape is meaningless unless it is accompanied by sustained, detailed analysis of the problem and an equivalent determination to design more efficient approaches.

A single regulation that is poorly designed is annoying. Thousands of regulations that miss the mark are a macro-economic event.

In this short report, we will describe the problem as we see it, set out a process to repair, and offer a top 10 list of the most irksome obstacles. Because we have to start somewhere.

THE PROBLEM

Canadian businesses put a maple-flavoured name to the tangle of red tape they encounters: pancaking. One regulation is stacked upon another, and another, layered into a convoluted smorgasbord of process that takes a room full of lawyers and millions of dollars to sort through.

The regulatory burden on natural resource development in Canada is well documented – but the reality is that the challenge affects every sector and industry in our economy. After years of heated discussion, provincial and federal leaders have now publicly recognized that incoherence and overlap slow everyone down, and they have vowed to streamline processes and reduce the burden of interprovincial barriers. But that's only part of the story.

The sheer number of regulations — whether they are rational or not – is, in itself, a major impediment to a smooth-functioning and growing economy.

If you ask Google's artificial intelligence to determine the number of regulations in Canada, it won't give a precise answer, settling instead with the description "vast array."

And good luck finding a master list within the federal bureaucracy.

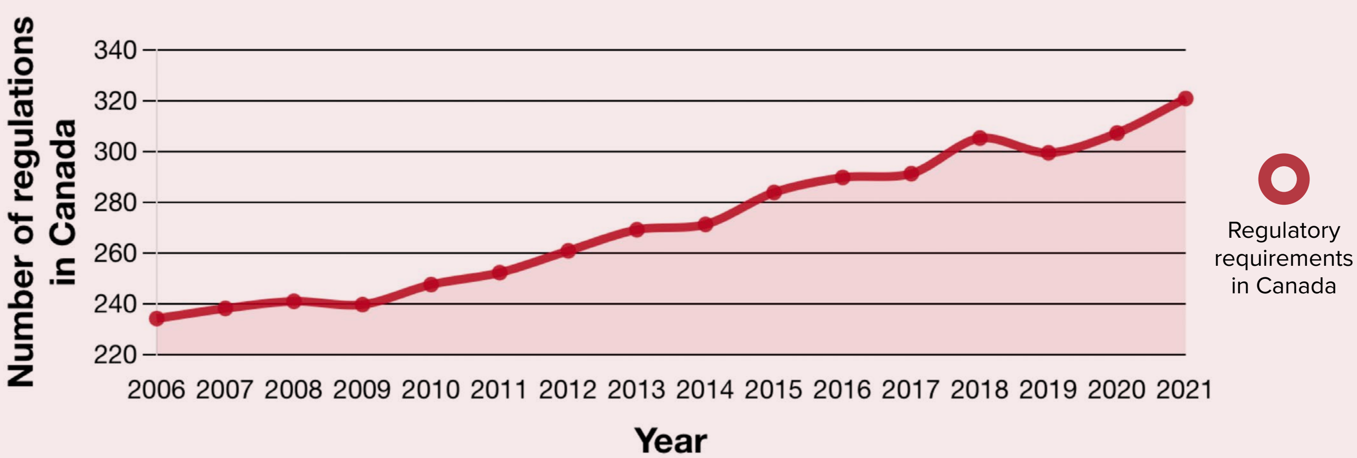
The Canadian Federation of Independent Business, which issues regular reports tackling red tape, has pegged the number at 170,000 at a minimum.[8]

A recent paper from Statistics Canada is probably the most thorough. It put the total number of regulatory requirements in Canada at 321,000 in 2021.[9]

For sure, some of those requirements protect Canadians, may actually serve to improve the economy, and some of them actually create jobs – especially in company compliance departments where more employees are needed to address an increasing number of regulatory documents.

But as that paper points out markedly, it's the fact that the number of regulations accumulates relentlessly that is the cause of the concern. The number of regulatory requirements in 2021 was 37 per cent higher than in 2006. In the manufacturing sector, regulatory requirements rose 41 per cent during that time period.

Regulatory requirements in Canada



Source: Statistics Canada, Chart 1 [10]

As a result, the Statistics Canada analysis blames the regulatory burden for the size of the economy being 1.7 per cent smaller, employment 1.3 per cent lower, and business investment a full 9 per cent lower than it otherwise would have been.

Pancaking is endemic – and growing at a time when Canada can least afford it.

Our productivity is sagging, business investment is lackluster, and Canada's most valuable trade relationship – with the United States – is in crisis. The most effective way to counter trade instability is to ensure our economy is as efficient and competitive as it can possibly be.

Trimming back cumbersome, costly regulation is the best place to start. It costs little, and if done with precision, can have immediate returns for companies and the broader economy.

BUT HOW?

In a recent economic outlook, policy analysts at law firm Bennett Jones wrote with clarity about the urgency to curtail the regulatory burden as the federal government pursues its ambition to advance the Canadian economy:[11]

"It is largely the market, not governments, that will drive the development of trade corridors, expand and diversify markets, or develop the best AI applications," they write. "The first task of governments is to establish a predictable, competitive environment for investment and to remove the regulatory obstacles that serve no demonstrable and compelling policy interest."

There is a broad consensus among business leaders, investors and policy experts alike that Canada has too many regulations, some of them are poorly designed, and investment prospects will improve if the worst of the worst are removed or fixed.

But how? Every sector and every region have a laundry list of irritants that pertain only to their particular sliver of the economy.

Some analyses group the complaints into themes, which is useful for understanding the overarching reasons for cumbersome regulation but not quite as useful in prioritizing which rules to chop or edit.

The list includes:

- convoluted taxes,
- vague or ambiguous requirements,
- long delays in processing paperwork,
- overlap and duplication between governments, and between government departments
- contradictions between jurisdictions,
- permits for minor adjustments,
- risk-averse regulators and rules that may have made sense in another era but are no longer relevant,
- and many more.

Technology can help us be more precise in finding regulatory grains of sand in the wheels.

In 2018, the University of Ottawa used artificial intelligence to scan through the text of 3,196 regulations to detect archaic language, overlap and convoluted rules. The analysis was led by Prof. Wolfgang Alschner from the Faculty of Law and prepared for the Canada School of Public Service.

Rules that contained the word "facsimile" or "microfiche", for example, were red-flagged for being old. Rules that contained thousands of words and clauses were marked for being convoluted (the Aeronautics Act wins the prize). They also scanned for "textual overlap" across regulations and found that 1,116 regulations are 70 per cent similar in wording to other regulations. They also sorted for complexity, flexibility and rigidity.

The result was a ranking of regulations by variable – which could be useful for slashers of red tape if the work were done across all regulations in all jurisdictions in real time.[12]

In Parliament, Nova Scotia Senator Colin Deacon proposes a different technique. He has pushed hard for a standards-based approach to rule-making, which favours a focus on outcomes rather than process-oriented regulatory interference in the minutiae of business practices.[13]

Ironically, government regulations for government regulation may help.

At the federal level, the Treasury Board Secretariat houses an assistant deputy minister and team whose job it is to implement the Red Tape Reduction Act, which was passed in April 2015 to require the government to eliminate one regulation for every regulation it adds.

The 2024 Fall Economic Statement (FES) proposed standing up a Red Tape Reduction Office using $28 million in existing Treasury Board funds.[14] The FES stated that the new office would accelerate the cutting of red tape, track their work, and engage more closely with businesses – especially in telecommunications, transportation, power generation, innovation, medicine and health.

But the new office is still a work in progress.

More recently, National Bank CEO Laurent Ferreira, a member of the board of the Business Council of Canada, has called for a non-partisan head of deregulation to identify and recommend removal of counter-productive red tape, as a pre-requisite to building up Canada's competitive advantages.[15]

And this summer, Treasury Board President Shafqat Ali gave federal regulators and ministers 60 days to come up with a list of regulations that are ripe for pruning.[16]

For our part, Business Council of Canada, we asked our members – those whose companies are directly impacted by red tape — for their lists of most burdensome regulations.

As expected, each sector had a dramatically different list. And the economic impact of each recommendation is beyond the scope of this paper. But we need to move beyond general themes and longstanding complaints and instead move on to a more precise targeting of egregious rules that stand in the way of efficient and responsible commerce.

WHAT WE HEARD:

1) Permitting for infrastructure projects:

This area is the poster-child for Canada's red tape. The federal government requires certain projects to get a blessing from the Impact Assessment Agency, and provinces have their own regulators as well.

Canada has struggled for decades to efficiently approve major projects vital to the country's economic success. Successive governments have put forward well intentioned policies designed to expedite approvals that maintain high levels of environmental integrity and address the interests of local and Indigenous communities. However, permitting remains overly complex, time consuming and is a major impediment for attracting investment in Canada.[17] A recent report by S&P Global found that Canada's process for mining projects – from discovery to production – ranks amongst the longest in the world at roughly 20 years.[18]

Since coming into force in 2019, the federal Impact Assessment Act remains controversial and was determined to be unconstitutional by the Supreme Court of Canada in 2023. While amendments have been brought forward, more can and should be done to approve projects to the benefit of Canada's economic and national interests. In particular, the Physical Activities Regulations under the Act require careful review to ensure that projects listed under the regulations legitimately fall under federal rather than provincial jurisdiction. Doing so will ensure that proponents are not subject to expensive, time-consuming and duplicative approval processes. Amendments can also be made to expedite approvals for projects in locations where a supportive decision and environmental permits have already been obtained, such as an existing right of way or brownfield.

Much work can also be done to issue environmental permits after a project approval has been made. New timelines issued in the Cabinet Directive on Regulatory and Permitting Efficiency for Clean Growth Projects and the creation of a federal permitting coordinator within the Privy Council Office are important developments in addressing the private sector's longstanding concerns.[19]

2) Financial services complexity:

Banks and insurance companies answer to several different regulators – the Office of the Superintendent of Financial Institutions, the Department of Finance, the Financial Consumer Agency of Canada, the Canadian Deposit Insurance Corp, Fintrac and in some cases provincial overseers and securities regulators. The Bank of Canada keeps a close watch on financial stability.

The Bank Act and other legislation are reviewed regularly, and regulations are in constant flux to reflect global standards on capital requirements, climate disclosure, changing technology, cybersecurity and risk management.

Ironically, the constant flux is both too slow to allow firms to keep up with global competition and trends, and too cumbersome and convoluted for compliance staff to stay on top of. While companies in the sector see value in regulators maintaining high standards, compliance with rigid rules and overlapping agencies slows down the pace of business and can inhibit modernization.

3) Package labels:

There are multiple and increasing requirements for labels on packaged goods, and every change creates a cascade of compliance costs. Setting up teams to test and execute new requirements is especially costly for food and cosmetic companies.

In addition, packaging has become political, and changes caught up in partisanship risk being repealed or changed yet again as the political winds change.

While Liberals have introduced multiple packaging label proposals, the Conservative platform of 2025 promised to remove labelling requirements on natural health products. For companies, adapting to these changes is extremely costly, in the millions of dollars.[20]

One recent example is the Front of Packaging (FOP) labelling regulations which require companies to add a FOP nutrition symbol on the label's main display panel to indicate that the food is high in one or more of fat, sodium and/or sugar.[21] [22] The regulation will come into force on January 1, 2026. After pushback and controversy, Health Canada authorized exemptions for certain products including ground beef, alcohol and other foods.[23]

Presently, the Competition Act, the Consumer Packaging and Labelling Act, the Food and Drugs Act and Regulations as well as provincial laws and regulations like Quebec's Charter of the French Language dictate regulations on labelling.[24] Both the Competition and Consumer Packaging and Labelling Acts are used to enforce and regulate misleading label claims.

Another example is the Federal Plastics Registry introduced in April 2024 and entering into force in September 2025.[25] Phase 1 of the registry involves having yearly reports on the quantity and types of plastic involved in manufacturing, importing and/or placing in the market; the amount of plastics generated and their use.[26] This is in addition to provincial reporting required for packaging materials. Phase 2 will include reporting from most sectors of the economy, not just retailers.[27]

Internationally, this is one of the most onerous plastic regulations anywhere, with fines of up to C$1 million and vast compliance costs. And the lack of timely consultation, guidance and clarity creates business uncertainty.[28] Overall, the registry duplicates reporting systems, without demonstrating how it will support better environmental outcomes.[29]

4) Global minimum tax:

Global minimum taxes (GMT) aim to ensure that global corporations pay a minimum level of tax regardless of where they operate, aiming to dissuade companies from shifting to low-tax jurisdictions to evade payments. The Organization for Economic Co-operation and Development (OECD) has led efforts to harmonize global minimum taxes, with mixed results.

The most recent proposal included two pillars. The first pillar re-allocates the profits from the largest multinationals from where they earn income to where they sell their products and services. The second pillar imposes a 15 per cent tax on global corporate profits in each jurisdiction in which they operate. There has not been a consensus on Pillar One given disagreements on tax revenue, technical details and concerns with treatment of U.S. companies.[30] The lack of consensus on Pillar One has motivated certain countries to pursue Digital Services Taxes (DSTs) including Canada, the European Union and India.

In 2024, the Government of Canada introduced the Global Minimum Tax Act (GMTA) to implement Pillar Two of the OECD framework. Rather than adjusting Canada's Corporate Income Tax (CIT), the GMTA is an additional system of taxation on corporate income.[31] One of the difficulties includes differences in terminology; some terms in the GMTA are not equivalent to the CIT, giving way to interpretation issues.[32] Ambiguity can lead to litigation, delays, and potential fines on top of the extra costs of compliance.

More recently, Canada is being put at a disadvantage by implementing the GMTA even as the G7 agreed to exempt American companies from global minimum taxes.[33] The discrepancy effectively gives American companies a large advantage at the expense of Canadian and international multinationals — all while our economy suffers from underinvestment.[34] The Business Council of Canada has maintained that cooperation with the United States in any matters related to international taxation is key to Canada's competitiveness and investment.[35]

5) Regulatory impact statements:

If federally regulated companies want to ask for a tweak to an existing rule, the Treasury Board frequently requires them to contribute to a formal proposal that must eventually work its way through cabinet.[36] The process often takes 18 months, even for the most mundane of changes.

Such regulatory impact analysis statements (RIAS) are required for new rules and regulations, as well as variances to existing regulations. They are usually published in the Canada Gazette, Part 1 to lay out the rationale, public consultation and expected costs and benefits. The statements are meant to provide transparency and support evidence-based decision-making.

But companies often find that the process is a rubber-stamping exercise that merely confirms, over the course of many months, a policy direction that was already entrenched.

For example, when Health Canada recently moved to require front-of-packaging labels, industry groups found that their input fell on deaf ears and had very limited influence on the policy discussion. Similarly, government consultations on how to improve meaningful engagement on regulation exposed a deep frustration among stakeholders around the process being perfunctory.[37]

For federally regulated companies, especially those in financial services or telecommunications, the RIAS timelines can overlap with other regulatory processes, making for a convoluted process.

6) Foreign worker permits:

Canadian businesses often use the Temporary Foreign Worker Program (TFWP) to fill labour shortages in their operations. However, the regulations around the program have not kept pace with changing circumstances. More specifically, the length of processing is increasing with some migrants already in Canada losing status due to backlogs.[38] There are significant delays at Service Canada which have extended the processing times for Labour Market Impact Assessments (LMIAs) required for the renewal of most temporary foreign worker permits.[39] Processing times for LMIAs have surged: the average processing time is 60 business days in 2025 compared to 31-34 business days in 2021.[40 41]

Then, once the LMIA has been processed, companies apply for work permits – another process that can take weeks or months depending on the country of origin.[42] By the time the worker can begin his or her job, business conditions may be different. Already, Immigration, Refugees and Citizenship Canada (IRCC) is experiencing significant backlogs in work permits. At the same time, the Government announced the cut of 3,300 jobs at IRCC, sparking concerns about further delays.[43] Reuters reported that due to the delays, many migrants have lost access to services, and some are working illegally.[44] Recently, a group of Quebec businesses sued the federal government for C$300 million over significant changes to the temporary foreign worker program last fall.[45] These businesses claim Ottawa's policy reversal resulted in increased costs, putting some of them at risk of insolvency.

Equally important are the bureaucratic costs to businesses engaging in the program. For many, taking part in the program requires a level of expertise in immigration policy that some companies and industries simply do not have.[46]

7) Privacy patchwork:

In 2019, the Government of Canada created a Digital Charter to protect digital information.[47] However, the Charter was not legally binding and was not enshrined in legislation. Since then, there have been attempts to modernize privacy laws at the federal and provincial levels without cohesive policy coordination.

At the federal level, the Trudeau government proposed two bills (Bill C-26 on cyber-crimes and C-27 on private-sector digital behaviour). Although neither became law, these bills can inform future expectations of privacy law. If passed, both bills would add complexity, duplication, and workload to businesses; and invertedly could limit opportunities for Canadian businesses in the data-based economy.[48]

Meanwhile, provinces have moved forward with their own privacy legislation. In some cases, these measures apply to the private sector instead of federal laws, including in Alberta, British Columbia and Quebec.[49] Other provinces have health-related privacy laws similar to federal ones; these include Ontario, New Brunswick, Newfoundland and Labrador, and Nova Scotia. Alberta and British Columbia also have specific privacy laws related to employment.

Having both federal and provincial privacy regulations increases the costs of operating and expanding operations in Canada. Firms must choose between maintaining different privacy policies for individual provinces or picking one policy that meets the highest standard.[50] This patchwork of policies incentivizes companies to leave smaller jurisdictions with tighter regulations.

It is also unclear what would happen with the regulations that differ federally and provincially; do businesses have to comply with both? This is especially the case with artificial intelligence where British Columbia and Alberta do not have AI-specific provisions, but Quebec does. There are also sector-specific laws that compound the overlap of laws and regulations; these include the Bank Act, laws concerning credit unions, and consumer credit reporting.

The solution, of course, is to create one comprehensive framework for privacy. Some lessons learned from previous federal privacy law proposals include providing clarity in reporting requirements, interoperability with international standards, and flexibility for companies to adapt to privacy standards.

8) Paid leave days:

We all want to support people to stay home from work when they are sick, but federal paid sick days were mandated in a rush during the pandemic, and don't always make sense for every sector.[51]

The rules from legislation passed in December 2022 stipulate that any continuously employed worker in a federal regulated workplace must have access to 10 days of annual paid leave to deal with illness, injury, organ donation, medical appointments or quarantine. Employers foot the bill.

Employers may request a doctor's note after five days of absence, with the request made no later than 15 days after the employee's return to work.

Some employers find that the rules are too rigid. Some companies say they don't take into account HR systems that combine sick leave, personal days and vacation nor do they allow for the nuances of demand for labour.

To add to the complexity, the federal rules often don't align with provincial requirements. British Columbia mandates five days, for example, and Ontario requires three days.

9) Building permits:

It takes nearly 250 days on average to get a building permit in Canada – three times longer than in the U.S., despite widespread consensus on the need to build faster across the country.[52]

A study published by the Canadian Federation of Independent Business evaluated the permitting process of renovating a bathroom in 12 different municipalities.[53] On average, seven documents are required for a $20,000 bathroom renovation project. The long lead times for permits (often measured in years rather than weeks or months) increase housing costs at a time when housing affordability is a national concern.[54]

In Toronto, the shortage of staffing and outdated processes have contributed to a backlog in building permits that has grown from 21 months in 2020 to a weighted average approval time of 32 months in 2022.

The costs of permitting are a major barrier to building more housing. The combined cost associated with permitting required for a simple renovation (such as building, plumbing, and electrical permits) ranges from C$180 in Charlottetown to C$2,029 in Vancouver. Homes in the Toronto area now cost buyers C$350,000 extra over the cost to build, or about one-third of the total cost.

And then there's building codes. While building codes were created with the intention of setting minimum standards,[55] there are 374 proposed code changes for the National Model Construction Codes for 2025, and 186 out of 1200 standard references are being updated this year.[56] Even when businesses comply with baseline compliance codes, they often demand the latest—and most expensive—technologies.

There are demands to reform the National Building Code to enable more housing construction.[57] Standardizing building codes across jurisdictions would reduce complexity and risks for developers and potentially enable homebuilders to operate at larger scales.[58]

Development charges and delays further deter housing supply. A study by the Canadian Homebuilder's Association found that in 2024 municipal fees on new residential developments went up by an average of C$3,000 for a high-rise home since 2022, raising the new average in Canada at the time of the 2024 study to $35,000.[59]

Overall, the extra costs and delays discourage investment in housing. From March to April 2025, the total value of building permits issued in Canada decreased by C$829.6 million (-6.6%) to C$11.7 billion.[60]

10) Different regimes for ESG reporting:

There are multiple and overlapping Environment, Social and Governance (ESG) frameworks in Canada including provincial, federal and sectoral. We identified six federal regimes for ESG in Canada compared to four in the United States and five in the EU. While many of these standards are voluntary, many of the regulators mention these guidelines as a pathway to mandatory reporting.[61]

ESG standards are beneficial; some studies show implementing ESG correlated with increased profitability in Canadian businesses.[62] However, complying with multiple and overlapping ESG requirements is not efficient nor is it cheap, with companies often obliged to staff up and contract specialists, external experts and auditors to meet requirements driven by numerous reporting requirements.

- **The Canadian Securities Administrators** (CSA) Corporate Governance Diversity Reporting Rule was incorporated in 2020. The rule requires companies to disclose female representation on boards and in senior executive roles.[63] The objective is to disclose diverse information and encourage more diverse leadership teams. This rule was enacted at the federal level.[64] While mandatory, it is unclear what the penalty is for failure to comply. The CSA intended to add[65] new mandatory[66] climate-related disclosures and broaden[67] diversity reporting beyond women but paused[68] after U.S. President Donald Trump's attacks[69] on DEI and ESG policies.
- **The Canadian Sustainability Standards Board** (CSSB) released its Canadian Sustainability Disclosure Standards (CSDS) in December 2024.[70] Importantly the standards are based on the IFRS Sustainability Standards issued by the International Sustainability Standards Board and constitute an important development in the international consolidation of ESG frameworks. Canada's standards are split in two.[71] First, CSDS1 focuses on financial information and sustainability-related risks and opportunities; second, CSDS2 discloses information about its climate-related risks and opportunities, including physical and transition risks. Both are voluntary however, the standards could become a permanent feature under Canadian securities legislation if adopted by the CSA in the future.

- **The Office of the Superintendent of Financial Institutions** (OSFI) introduced new Climate Disclosure Rules for regulated financial institutions (FRFIs) which went into effect in 2024.[72] The rules mandate FRFIs to track and report climate-related metrics including disclosures, GHG Scope 1 and Scope 2 emissions, risks, and mitigation strategies. This major task requires businesses to develop extra capacity and infrastructure to collect and present the required information.[73] Several industry groups flagged challenges with accurate measurement, lack of data and insufficient direction and specificity.[74] They also asked for further cooperation between the Canadian Sustainability Standards Board (CSSB) and the CSA on rules.

- **Bill C-59** was introduced in the Fall Economic Statement in 2023; it included an amendment to combat greenwashing claims and enforce the credibility of environmental benefits.[75] However, businesses already faced litigation risk for alleged greenwashing under existing federal and provincial laws, including section 74.01 of the Competition Act.[76] The greenwashing amendment was heavily criticized as it mandated that companies prove environmental assertions based on "international recognized methodology" without specifying which methodology it is referring to.[77] Other criticism includes reversing the onus of proof, enabling "rights of private action" and increasing the purview of the Competition Bureau to regulate business activities. Importantly, the provisions add another layer of complexity to corporate reporting in Canada.

- **Modern Slavery Act:** By May 31 of each year, companies with more than $40 million in assets or $20 million in revenue must file a report with Public Safety proving that their supply chains don't use forced labour or child labour. A valiant aim but with cumbersome instructions. To comply, big companies set up codes of conduct with all their suppliers, ask the suppliers to detail their labour practices, and then validate all the information. The bill came into effect in January 2024 and the deadline for the first submission was May 31, 2024. The tight timeline and lack of clarity on what was required meant that only about 5,650 companies filed reports for Bill S-211 by the deadline. Companies are required to put considerable effort into gathering data to produce the report, progress through an approval and attestation process, and then complete a long online questionnaire. The government took no enforcement action in 2024, acknowledged the challenges and looked for input to update the guidance offered to companies.[78] For 2025, the reports were due by May 31, 2025, and new guidance is expected by the fall.

- Canada also established the **Canadian Ombudsperson for Responsible Enterprise** (CORE), which has a mandate to encourage companies to follow certain international standards relating to supply chain human rights, and to receive and investigate complaints regarding the conduct by Canadian companies operating abroad.[79] However, the initial assessment reports of complaints brought before the Ombudsperson were not issued until nearly four years after its establishment.[80]

- **The Climate Investment Taxonomy** was introduced by the Department of Finance in October 2024, and it defines which investments contribute to a Net Zero economy by defining "green" or "transition" activities.[81] Companies must also assess a project against the new "do no significant harm" criteria set out in the guidelines.[82] The guidelines do not include all sectors; they focus on electricity, transportation, buildings, agriculture and forestry, manufacturing, and extractives, including mineral extraction and processing, and natural gas. The Investment Taxonomy was created to encourage climate financing from different institutions like banks, pensions funds and asset management companies. It is not mandatory but is expected to become mandatory in the near future.[83]

CONCLUSION

To be clear, Canadian businesses recognize and support the need to protect people, communities and the environment. Health, safety and public trust are essential for the smooth functioning of the economy. But rules and regulations that frequently conflict, change, or are unclear are not serving their intended purpose.

The list identified here is not meant to be exhaustive, nor is it intended to question the underlying policy goals of the regulations. Rather, it's meant to expose just some of the compliance cost involved in following rules that far too often overreach or compound so that they no longer make sense. In our view the list is where government should start if wants to provide immediate, impactful relief from the worst effects of regulatory burden.

As Canada navigates an unprecedented period of uncertainty, policymakers are uniquely positioned to review the existing suite of regulatory requirements and identify ways for capital to be deployed into the economy rather than on redundant or outdated regulatory requirements.

However, innovative researchers armed with the right AI tools could indeed compile comprehensive lists of regulations, track interactions with overlapping rules and conflicting jurisdictions, and then put price tags at every point of contact with business.

Regulators and different levels of government need to sort out who does what, and delegate accordingly in order streamline and ensure economic growth and the public interest can coexist — and even flourish — together.

Until then, we hope we have given those tasked with weeding out the regulatory burden a place to start. Canada cannot afford to wait.

ENDNOTES

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