



Certified General  
Accountants  
Comptables généraux  
accrédités

**Certified General Accountants Association of Canada**

**Remarks to the Red Tape Reduction Commission  
Round Table Consultation Session**

**March 2011**

**Check against Delivery**

100-4200 North Fraser Way, Burnaby, BC V5J 5K7 Telephone: 604 669-3555 Fax: 604 689-5845  
1201 – 350 Sparks Street, Ottawa, ON K1R 7S8 Telephone: 613 789-7771 Fax: 613 789-7772

[www.cga-canada.org](http://www.cga-canada.org)

Mr. Chairman and members:

Thank you for the invitation to participate in this round table session. I am Carole Presseault, Vice-President of Government and Regulatory Affairs for CGA-Canada, the Certified General Accountants Association of Canada.

I am honoured to be here today to deliver comments on regulatory requirements and the compliance burden on Canada's SMEs. We want to leave you with two key messages: First, the job ahead of you is not an easy one. Second, we need meaningful action and permanent solutions, not mere exercises that pick away at some of the low-hanging fruit.

CGA-Canada has long demonstrated a deep-rooted interest and concern in the SME sector. Our research has found that SMEs are hindered by a regulatory structure that is redundant, complex, costly and confusing. This regulatory burden puts a strangle-hold on entrepreneurship, business growth and job creation – costing valuable time and money.

A 2010 survey of more than 1,500 CGAs who work with or for SMEs across Canada revealed that those CGAs in business or public practice believe the climate for entrepreneurship has deteriorated over the past 18 months. Much blame has been directed towards the excessive compliance requirements placed on SMEs. An earlier survey of publicly-listed SMEs found that the "cumulative effect" of regulations is a real source of anxiety for SMEs.

We welcome the creation of this Commission as a step in the right direction towards addressing the burden of red tape on SMEs.

Political leadership, vision and will – at all levels – is required to forge ahead in reducing the regulatory burden in a measurable, accountable, transparent and sustainable manner.

But, what exactly does all that mean?

- First, to CGA-Canada, it means a pan-Canadian approach – looking beyond *federal* regulatory requirements. Our members tell us the federal government should take a lead role and work with the various regulatory players – ranging from federal, provincial, territorial and municipal authorities – to clarify and streamline areas of jurisdictional duplication or overlap. Canada's governments could turn to the Council of Australian Governments (COAG), where all levels of Australian governments discuss and agree on approaches to reduce regulatory overlap between jurisdictions. COAG demonstrates that forging multi-level inter-governmental relationships can be crucial in moving the regulatory reform agenda ahead. A pan-Canadian arrangement or formalized structure of collaboration among the levels of government to tackle this cumulative regulatory burden would likely bring lasting economic benefits on a national scale to this country.
- Second, it also means tax simplification. We're not talking about tax rates here. We're talking about the complexity of the tax system that translates into a heavy burden of compliance. On an international scale, Canada's tax system is among the most complex in the world – this hurts our economy and imposes a formidable challenge to industry and especially to Canada's SMEs. We've said it before and believe now is the time – we need tax reform. Other countries are taking concrete steps towards making their tax systems simpler, fairer and more efficient – including Australia, the United States and the U.K. for example. There's consensus – tax simplification is good for the economy. Canada cannot afford to fall behind.
- Third, it means measuring, benchmarking and reporting. If we're serious about reducing red tape, we need to create a simple, standard means of measuring red tape –

one that accurately captures the extent of regulatory burden at any given point in time. This measure could then serve as a benchmark for evaluating the progress of any regulatory reduction initiative over time. Next, we need to establish a national reduction target that is reasonable, achievable and has the greatest impact on economic growth and competitiveness. Finally, a public reporting mechanism or process has to be put in place to document progress towards the prescribed reduction target. Measuring, benchmarking and reporting ensure both accountability and transparency – two key objectives of the federal government.

- Fourth and final, in this Year of the Entrepreneur, we must put the needs of SMEs first. Businesses represent the group most directly affected by regulatory activity – and the smaller entities bear the disproportionate brunt of the regulatory burden. In turn, Canada's SME sector is also the backbone of the economy – the engine of job creation and economic recovery. CGA-Canada submits that before any changes are made or any new policies are adopted, that it be done through a lens that assesses the costs, benefits and effects on businesses.

To reiterate: Pan-Canadian, tax simplification, measuring/benchmarking/reporting and putting SMEs first. CGA-Canada believes these four approaches will bring success to this red tape reduction initiative, providing a boost to growth, competitiveness and innovation.

Mr. Chairman and members, thank you for your time. I wish you well in your deliberations, and I would be pleased to respond to any comments or questions.