

**Canadian Free Trade Agreement's  
Regulatory Reconciliation and Cooperation Table**

**2019 Annual Report**



**CANADIAN  
FREE TRADE  
AGREEMENT**

**ACCORD DE  
LIBRE-ÉCHANGE  
CANADIEN**

June 9, 2020

## **Message from the Chair**

The Government of Newfoundland and Labrador is proud to be the Chair of the Regulatory Reconciliation and Cooperation Table for 2020 and to present this RCT Annual Report for 2019. We would like to thank the 2019 Chair, the Government of Nova Scotia, for its leadership in moving forward the various RCT work plan items outlined in this report. I would like to also thank the other RCT members and the numerous government officials who worked on all of the work plan items. Lastly, I would like to thank those stakeholders who provided input to the RCT to aid in the development of the 2019-2020 work plan.

## Introduction

The *Canadian Free Trade Agreement* (CFTA) entered into force on July 1, 2017 with the objective of reducing and eliminating, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada and establishing an open, efficient, and stable domestic market. The CFTA commits all Canadian provinces, territories and the federal government to a comprehensive set of rules that will help achieve a modern and competitive economic union for all Canadians.

An important aspect of the CFTA is the creation of the Regulatory Reconciliation and Cooperation Table (RCT). The RCT has a mandate to reduce barriers to trade, investment, and labour mobility within Canada by leading:

- 1) the reconciliation efforts of existing regulatory measures; and
- 2) the cooperation efforts in the development of future regulatory measures.

The RCT develops an annual work plan with a goal of reducing regulatory differences between jurisdictions. The work plan, developed by the Parties, takes into consideration input from stakeholders and is publicly available on the [RCT website](#).

## RCT 2019-2020 Work Plan

The RCT's second annual (2019-2020) [work plan](#) was released publicly on June 4, 2019. This work plan included the original 24 items from the 2018-2019 work plan and added five new items which seek to address ways in which the RCT can contribute to the reduction in barriers to interprovincial trade, investment, and labour mobility.

The new items for reconciliation are:

1. Requirements for Upholstered and Stuffed Articles  
Some provinces maintain regulatory measures relating to upholstered and stuffed articles, while others adhere to the Government of Canada's measures. Industry groups have raised concerns regarding the coexistence of differing measures, which can create a regulatory burden on businesses. Specific concerns relate to labelling, registration requirements, and safety requirements.
2. Gasfitter/Gas Technician Licensing/Certification  
Differences exist among provinces and territories in the licensing, training, qualifications and certification of gasfitters/gas technicians. These result in labour mobility and other issues that need addressing in order to facilitate the ability of gasfitters/gas technicians from one jurisdiction to provide efficient, cost-effective services in another.

The new items for cooperation are:

3. Prompt Payment Legislation and Regulation in the Construction Industry  
Prompt payment legislation sets timelines by which construction contracts need to be paid in an effort to improve the financial stability within the construction industry. As most Canadian jurisdictions do not have such legislation, aligning approaches will provide consistency for the industry and will reduce unnecessary administrative burdens.

4. Truck Driver Certification (Mandatory Entry-Level Training)  
To improve safety on Canada's roads and highways, jurisdictions agree that commercial truck drivers should undertake Mandatory Entry-Level Training (MELT). A national approach would ensure consistency and improve commercial vehicle safety.
5. Autonomous Vehicles Testing  
Canadian provinces and territories have varying levels of enabling statutes to support the testing of autonomous vehicles. Regulatory cooperation would work towards the adoption of one set of guidelines for the testing of these vehicles across the country.

These are the first regulatory cooperation items to be added to an RCT work plan. Encouraging the co-development of regulations or standards means jurisdictions are working toward one set of requirements and are avoiding the costly implementation of duplicative requirements.

## **RCT Achievements in 2019**

Under the 2019-2020 work plan, the RCT's efforts were focused on completing the negotiations on five reconciliation agreements by the end of 2019. The initiatives listed here have not been ratified nor implemented in the participating jurisdictions, unless stated otherwise.

### 1. Construction Codes

#### *Issue:*

Currently, provinces and territories adopt these national codes at different times and technical requirements/standards can vary by jurisdiction. This is problematic for businesses because it has resulted in many thousands of differences in provincial and territorial code requirements. This results in high compliance costs due to the multitude of variations in the building, fire, plumbing, and energy efficiency codes, as well as additional costs and red tape for companies wishing to sell their goods and services, or construct buildings in different locations in Canada. The scope of the reconciliation initiative extends to all construction codes applicable to building, plumbing, fire, energy efficiency, and farm buildings.

#### *Solution:*

The agreement requires jurisdictions to reduce or eliminate variations between their construction codes and the National Codes by 2025, and to avoid creating new ones. It will provide suppliers and builders with more consistent rules across Canada.

#### *Status:*

The Parties completed the negotiations and sent the agreement to the RCT for endorsement in December 2019, after which each Party will submit the agreement for formal approvals. The technical working group is currently identifying variances to the National Construction Codes, in effort to begin planning for the implementation of new administrative processes for the development and adoption of new construction codes.

#### *Anticipated Benefit:*

The economic benefit to Canada attributable to the harmonization and timely adoption of Construction Codes has been estimated at \$750 million to \$1 billion by 2028.

## 2. Energy Efficiency Standards for Household Appliances

### *Issue:*

Discrepancies between federal and provincial energy efficiency measures for household appliances can impose an unnecessary regulatory burden on industry.

### *Solution:*

The reconciliation agreement outlines the process and timeframe for the alignment of provincial and federal energy efficiency measures. The agreement pertains to federal regulations and those of provinces where energy efficiency measures exist (British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, and Québec). Regulatory changes will only take place in those provinces where a discrepancy exists (British Columbia, New Brunswick, and Nova Scotia). Each province has chosen to implement the agreement according to their preference. This could include repealing the measures in favour of federal regulations, amending their measures to align with federal standards, or incorporating the federal regulation into their existing measures.

### *Status:*

The agreement was negotiated and provided to the RCT for endorsement in December 2019.

### *Anticipated Benefit:*

Implementation of the agreement will provide clarity and certainty to household appliance manufacturers who sell products in the Canadian market by ensuring that a single set of requirements apply across regulating jurisdictions.

## 3. Aquaculture Site Marking

### *Issue:*

The federal government requires perimeters of aquaculture sites to be marked in a specified manner for the safety of navigation. Both Nova Scotia and Newfoundland and Labrador have the ability to make measures to mark sites for industry-related purposes. These markings can differ from the federal measures, leading to confusion and duplicative inspections.

### *Solution:*

The goal is to align the rules between Nova Scotia and Newfoundland and Labrador and the federal government where site marking requirements differ in order to reduce the confusion being experienced by aquaculturalists.

### *Status:*

Participating Parties completed negotiations and this agreement was sent to the RCT for endorsement in December 2019.

### *Anticipated Benefit:*

Having aligned site marking requirements will make it easier for aquaculturalists to operate across jurisdictions. It may also reduce duplicative inspections required on aquaculture sites.

#### 4. Corporate Registries

*Issue:*

Businesses face substantial red tape when they seek to expand operations to other provinces across Canada. They are required to register and file reports in each jurisdiction in which they operate, providing similar information in a different format to each jurisdiction.

*Solution:*

Parties are participating in the development of an integrated digital service for extra-provincial and territorial corporate registration and reporting called the Multi-Jurisdictional Registry Access Service (MRAS). MRAS will be a single, shared solution that will allow businesses, through a single window, to register with the same information and file the same corporate reports in another participating jurisdiction.

*Status:*

Participating Parties completed negotiations and the agreement was sent to the RCT for endorsement in December 2019. The integration of registries will begin with the four western provinces in June 2020 and other governments will be on-boarded to the system over time.

*Anticipated Benefit:*

By eliminating the need for businesses to provide similar information to many governments across Canada, the MRAS will reduce the duplication of effort when registering and reporting, thereby improving the efficiency of the process and reducing the red tape faced by businesses.

#### 5. Upholstered and Stuffed Articles Regulation

*Issue:*

Some provinces (Manitoba, Ontario and Québec) have regulatory requirements for upholstered and stuffed articles in efforts to protect the public from potential hazards associated with manufacturers using unclean or unsafe filling materials. All other provinces and territories rely on federal legislation and regulations (the *Canada Consumer Product Safety Act* and the Toys Regulation under that Act; and the Textile Labelling and Advertising Regulations under the *Textile Labelling Act*) to address consumer product safety. These duplicative requirements have been identified by industry groups as a regulatory burden on business and as a barrier to interprovincial trade.

*Solution:*

Both Ontario and Manitoba have agreed to revoke/repeal their measures. Québec has agreed to undertake a comparative analysis between their measures and the federal measures to determine if material differences exist. Once the analysis is completed, Québec will determine whether it intends to eliminate, modify or maintain the requirements set out in its measures.

*Status:*

Participating Parties finalized the agreement and it was sent to the RCT for endorsement in December 2019. Since January 1, 2020, Ontario and Manitoba have revoked/repealed measures. Québec continues to analyze how to achieve the objectives of the agreement.

*Anticipated benefit:*

By reducing the number of overlapping requirements for upholstered and stuffed articles, manufacturers can get their products to market faster, easier, and with less compliance costs.

## Signed Reconciliation Agreements

As of December 31, 2019, five reconciliation agreements have been signed by Participating Parties. Those agreements are:

1. Inspection Requirements for Produce Reconciliation Agreement
  - Upon the coming into force of the *Safe Food for Canadians Act* and Regulations in January 2019, the implementation of this reconciliation agreement is complete.
2. Occupational Health and Safety Reconciliation Agreement
  - The reconciliation agreement requires some jurisdictions to make regulatory or legislative changes and is expected to be implemented by most jurisdictions by spring 2020.
3. Organic Labelling for Aquaculture Products Reconciliation Agreement
  - Upon the coming into force of the *Safe Food for Canadians Act* and Regulations in January 2019, the implementation of this reconciliation agreement is complete.
4. Canadian Registration Numbers for Pressure Equipment Reconciliation Agreement
  - The reconciliation agreement entered into force on January 1, 2020 in British Columbia, Manitoba, Northwest Territories, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan, and Yukon.
5. Wide Base Single Tires Reconciliation Agreement
  - This reconciliation agreement has been implemented, as every jurisdiction now has a process in place to allow for the use of wide base single tires.

### Stakeholder Engagement

In 2019, the RCT committed to improving its practices related to stakeholder communication and transparency. In addition to this annual report, the RCT also publishes summaries of reconciliation agreements on its website after a draft agreement is negotiated.

The RCT also made efforts to increase stakeholder engagement. There was active outreach to the business community and other organizations as part of the development of the 2019-2020 work plan. Early in 2019, the RCT Chair sent a request for input on the 2019-2020 work plan to several national stakeholders and provided progress updates throughout the year. This coordinated outreach by the RCT Chair was in addition to consultations undertaken by individual jurisdictions.

### **National Stakeholders the RCT Contacted**

Business Council of Canada  
Canada West Foundation  
Canadian Centre for Policy Alternatives  
Canadian Chamber of Commerce  
Canadian Federation of Independent Businesses  
Canadian Manufacturers and Exporters  
Canadian Trucking Alliance  
C.D. Howe Institute  
Conference Board of Canada  
Consumer Choice Centre  
Consumer Health Products Canada  
Engineers Canada  
Insurance Bureau of Canada  
Macdonald-Laurier Institute  
MEI (Montreal Economic Institute)  
Retail Council of Canada

## **Lessons Learned by the RCT**

The 14 jurisdictions have come together to develop processes to reconcile and cooperate in the development of regulatory measures across Canada. The RCT has adopted new practices to achieve success and continues to refine its internal processes and external communications.

### Complexity

The RCT is addressing complex issues that have been known and worked on, in some instances, for decades. Many of these issues are large and multi-dimensional; getting all jurisdictions to a common objective or solution takes time, focus, and discipline.

### Communications and Parties' Administrative Processes

Stakeholders have expressed concerns about the delay between the announced endorsement of reconciliation agreements and the posting of signed agreements on the RCT website.

While the RCT is a collaborative body of representatives from all jurisdictions in Canada, the ratification of reconciliation agreements needs to occur within each separate jurisdiction. The reconciliation agreements are binding, therefore each Party must do its due diligence to review the agreement and get formal approval before signing. The process is time consuming, but necessary to ensure that the objectives of regulatory reconciliation are met in a meaningful way.

## **Plans for 2020**

The RCT plans to develop an updated work plan for 2020-2021 and will continue to engage with national and local stakeholders to understand the regulatory issues that affect their ability to trade, invest or support labour mobility across Canada.



However, the impact of the coronavirus disease (COVID-19) and its transmission in Canada and across the world has strained the resources of governments and their stakeholders. This has affected the progress of the technical working groups tasked with the reconciliation and cooperation efforts under the current RCT 2019-2020 work plan and has also delayed the development of the RCT's 2020-2021 work plan. There are 11 items on the current work plan that are scheduled for completion by the end of 2020:

- Occupational Health and Safety
  1. Workplace First Aid Training
  2. Fall Protection
  3. Occupational Exposure Limits
  
- Transportation
  4. Size and Weight Restrictions (Except Spring Weight Restrictions)
  5. Electronic Logging Devices
  6. Truck Driver Certification - Mandatory Entry-Level Training (MELT) for Commercial Drivers
  7. Autonomous Vehicles Testing
  
- Agriculture / Agri-Food / Aquaculture
  8. Food Inspection
  9. Meat Inspection
  
- Registration Requirements
  10. Workers' Compensation Board
  
- Technical Safety
  11. Gasfitter/Gas Technician Licensing/Certification

The RCT has been advised by some technical working groups that the timelines for completion will need to be reevaluated. For those items, the RCT and the technical working groups will work together to set new dates. This information will be reflected in the RCT 2020-2021 work plan. However, while certain reconciliation and cooperation agreements will be delayed, the RCT is focusing on improving its administrative processes.

## **Conclusion**

In 2019, the RCT has built off the successes of the first year of its work by: following up on the implementation of previously ratified agreements, ensuring that successes and challenges are appropriately communicated with stakeholders, as well as continuing to ensure that technical working groups are supported in the valuable work they are doing for the RCT. While there are a number of challenges facing Parties today, we continue to collaborate our efforts to reduce and eliminate barriers to trade, investment and labour mobility, thereby promoting an open, efficient, and stable market for long-term job creation, economic growth, and stability in Canada.

## Key Links

For further information on the RCT and its initiatives, please visit our website at:

<https://www.cfta-alec.ca/regulatory-reconciliation-cooperation/>

2019-2020 RCT Work Plan:

<https://www.cfta-alec.ca/wp-content/uploads/2019/06/RCT-2019-2020-Workplan-List-of-Measures-Final-May-29-2019.pdf>

Regulatory Reconciliation and Cooperation Table Representatives:

<https://www.cfta-alec.ca/contact-us/rct-representatives/>