HOW TO TRUST TECH
Regulatory Principles for the New Economy

The Toronto Region is a centre of innovation, but it is often too hard to commercialize technology locally. The lack of up to date regulation that adequately meets the needs of the “New Economy” – one that is heavily integrated with tech – is often cited as an important contributing factor to the low rates of adoption of advanced technology by Canadian businesses and consumers.¹

New types of regulations and approaches are needed to unleash technology’s economic potential and provide reassurance to the public that these tools are safe for use in their homes and workplaces. This is now more pressing than ever because of the COVID-19 pandemic. Growth has turned negative and Canadian innovators are amongst the hardest hit globally. If we want to come out of this pandemic in a position to use technologies to drive growth and employment, then we can’t be held back by regulation built for the 20th century.

Informed by our members, and by the work of Canadian and international organizations on good tech regulation², the Toronto Region Board of Trade has designed a set of Regulatory Principles for the New Economy. These can form a starting point for how we build new regulatory systems to enable Canadian businesses to compete.

The principles outlined below should apply to federal, provincial and municipal regulations. Whether it is Canada’s Digital Charter, Ontario’s Data Strategy or Toronto’s Digital Infrastructure Plan, Canadian digital businesses are faced with a range of pending regulatory initiatives. Adopting these principles is going to be crucial in helping establish our region become not only somewhere where great innovations are created, but also somewhere to commercialize and deploy new tech. This will be essential to making sure we continue to attract jobs and investments after this pandemic has passed.

HUMAN-CENTRIC
• Design regulations to both protect and actively promote the rights and best interests of Canadians, including their health, safety, security, social and economic well-being.
• Facilitate responsible and ethical innovation that is conscious of its impacts and consequences for people and the environment.

INCLUSIVE
• Endeavour to approach regulations in a way inclusive of all stakeholders (including government, industry, civic society, academia, Indigenous peoples and underrepresented groups) and engage these groups early on through open and transparent processes.
• Be accessible to people and provide best practice guides to ease compliance, especially for small businesses as they try to navigate the regulatory landscape.

COMPATIBLE
• Make regulation unified and non-siloed, based on a whole-of-government approach that ensures all relevant government departments and agencies are involved.
• Work across municipal, provincial and federal divides to avoid duplication and prevent regulatory divergence that would harm internal Canadian trade.
• Collaborate with international partners to ensure compatibility of Canadian regulation and to share best practices.

ADAPTIVE
• Adopt a proactive approach that is not “regulate and forget.” Instead, understand the changing landscape, for example through regular horizon scanning exercises.
• Engage with innovators early to identify risks in emerging technologies and business models and take action to mitigate them.
• Regulatory reviews should be mandatory, planned and funded from the start and include evidence-based evaluations of how effective regulations are in achieving their objectives.

EXPERIMENTAL
• Try new methods and techniques to meet the goals of regulation.
• Sandboxes, testbeds or innovation zones are examples of forums that work with innovators to understand the implications of emerging technologies.

OUTCOME-BASED
• Support and validate the development of industry-led standards to meet the principles of regulation rather than relying on retroactive enforcement and punishment.
• Make regulations both technology and platform neutral and focused on effects rather than technical specifications.

PROPORTIONAL
• Enforce proportionally and don’t place undue compliance burdens particularly on low-risk small and medium-sized businesses.
• Weigh regulations by the risks to Canadians and focus enforcement on the highest risk cases based on data and evidence.

EMBED CAPACITY
• Sufficiently fund and staff regulators to ensure the timely processing and enforcement of cases. This will provide businesses certainty, incentivize good business practices and foster public trust in regulation’s effectiveness.
• Fund training, learning and capacity building, including secondments to other regulators within Canada and internationally.
• Provide the technological resources to be able to analyze data effectively.
• Create predictable mechanisms for democratic accountability for regulators while maintaining autonomy from day-to-day political influence.

VALUE-FOR-SOCIETY PROCUREMENT
• Governments who help establish the boundaries of the regulatory system, also have immense powers of procurement. While ensuring value-for-money, governments must implement a balanced set of criteria that favour vendors embodying best practice in the design and use of their technologies and business practices.