

29. Vernon Smith commented that product standards are often set by private industry (though they may subsequently receive regulatory sanction) as a competitive strategy: to gain market position for a product by establishing the standards which allow that product to be sold in that market (13:5-7). The Retail Council of Canada argued that product or commodity standards can be a useful means of providing customers with quality assurance, particularly where safety is an issue or quality determination by the customer is difficult or expensive. But the Retail Council also noted that commodity standards:

... can be a two-edged sword. By their nature they may inhibit development and improvement; they may lessen the rewards of the truly innovative and entrepreneurial, to the extent they require disclosure of ingredients or manufacturing practices; they may deny access to a new product or an improvement altogether. (Brief pp. 7-8) Generally... [the determination of package sizes] should be left to the marketplace (17:11).

30. While standards may be every bit as effective as regulations, they may also have virtually all the drawbacks of regulations. Furthermore, where no legislative authority is given to the standard, it appears to lack most of the procedural safeguards of formal regulations. As the Auditor General pointed out in his testimony before the Sub-committee:

Unlike formal regulations, there is no requirement for such [voluntary] agreements between government and industry or among the interested parties to be disclosed to Parliament, or in the government's annual regulatory plan or in the *Canada Gazette* or for the agreements to undergo an impact assessment (7:6).

31. To lessen the negative impact of standards, the Consumers' Association of Canada indicated that standards

should be developed pursuant to a balanced public participation process and should be reviewed on an on-going basis to assess their current need, conformity with other jurisdictions and enforcement (19:21 and Brief, p. 14-15).

32. The consensus-standard system appears to meet the requirements cited by the Consumers' Association of Canada.

## 2. Flexibility, Quality and Funding Considerations

33. The perspective that, where public interest may be affected, government should be involved and can best serve that interest, was disputed by many witnesses. Rather there was a pronounced preference among many of our witnesses for the use of voluntary standards as an alternative to regulation. For example, the CSA strongly endorsed the use of this alternative to regulation, stressing the advantages of flexibility and consensus that is offered in contrast to the rigid and coercive nature of regulations (10:28 and Brief, p. 2).

34. Officials from Consumer and Corporate Affairs Canada (CCAC) stated that the department relies on voluntary codes for the achievement of its objectives, in preference to mandatory regulation, whenever practical (4:5). The Canadian Chemical Producers Association stated that regulation making is time-consuming, rigid and costly. The government ought to encourage voluntary approaches to risk containment, such as the Responsible Care initiative originated in the Canadian chemical manufacturing industry (Brief pp. 5-11). The National Dairy Council of Canada stated that wherever possible, reliance should be placed on a voluntary approach to good manufacturing practices, rather than regulation (12:5).