

Municipal Red Tape Reduction:

Policy Considerations for the Medicine Hat Chamber of Commerce Business Advocacy Committee

Issue(s): Currently many businesses in Medicine Hat perceive regulations at City Hall to be over burdensome, costly, unnecessary and frustrating. The business community would like to suggest ways to reduce the regulatory burden on businesses to ensure the City of Medicine Hat is viewed as 'Open for Business'.

Executive Summary

The Medicine Hat & District Chamber of Commerce is committed to working with community partners and government to create a business friendly environment. This commitment is in recognition that small and medium-sized enterprises (SMEs) are big business to the local, provincial and national economy. Having to satisfy regulations and policies, complete forms, and follow processes can be costly for business, resulting in limited opportunities and economic growth. An effort to nurture SMEs and minimize hurdles by eliminating unnecessary regulatory requirements makes good economic sense for everyone in the district. Currently, many of our members find processes and regulations in the City burdensome, costly and time consuming and there may be a variety of opportunities to minimize the perceived 'red tape'.

BACKGROUND

Red tape is a term used today in a figurative sense to describe efforts to expedite decision-making by large bureaucracies, such as government. Red Tape barriers can involve legislation, regulation, fees, permits, licenses, paperwork, standards, processing times, guidelines, filing and certification requirements, reporting, investigation, inspection and enforcement practices, and any procedures that affect the efficiency of government services for the clients served. These clients include individuals, organizations and businesses.

The regulatory and compliance burden poses a serious problem for small businesses, mainly due to the fact that SMEs lack the necessary resources to understand and respond to the myriad of regulations imposed by government. The disproportionate impact on small firms is especially important given that SMEs are a critical driver of our economy locally, provincially and nationally. The costs of complying with regulations represent a significant proportion of overhead expense and net margin for business.

Cumbersome red tape, lengthy processing times for approval and complex reporting obligations mean that companies must expend valuable time and resources on understanding and meeting technical requirements, and that many must even hire external consultants just to administer the associated paperwork. As a result, companies have fewer internal resources to finance investments in assets, knowledge and innovation. In other words, all of this adds up to less time and resources for investing in the business.

The lack of clarity, when it comes to accessing information and assistance, results in frustration for many companies as there is difficulty in identifying who does what in government, and finding the most appropriate individual(s) who can provide concrete answers. The problem is further compounded by the strict approach to compliance taken by some municipal representatives. We need to shift from zero

tolerance, process focused enforcement to an outcome sensitive approach. In enforcement there needs to be a clear accountability framework for regulators. At the moment, it is business which must absorb the costs in the process focused approach; and there is no down side for regulators when their actions create delay, confusion and/or contradictory instruction for a regulated company.

Reducing the compliance burden will require concerted action to pinpoint and eliminate existing irritants that have a clear detrimental effect on growth, competitiveness and innovation. To succeed, the commitment to cut red tape needs to be top of mind in government and needs to aim at working towards reducing the burden of regulatory requirements on business. It is an important initiative to follow through on in order to help ensure business can grow, prosper and create jobs without being continually impeded by unnecessary regulations.

We understand that Government plays an important and necessary role as a regulator in our society. It has a responsibility to protect the public interest. For example, we must be assured that food and water are safe for human consumption, houses and buildings are built to an acceptable standard, and that our environment is protected for current and future generations. As well, the regulatory environment plays a key role in competitiveness and economic prosperity. However, there currently seems to be no mechanism for a regular review of the relevance or effectiveness of regulatory requirements. The current situation must change to enhance efficiency for the residents and businesses of our community, which benefits the economy as a whole.

ANALYSIS

The Medicine Hat & District Chamber of Commerce is very interested in ensuring that established businesses which want to expand and grow their enterprises have the opportunities to do so in Southeast Alberta. Fledgling entrepreneurs and established enterprises need an appropriate climate in which to begin and continue business development. Business formation, growth and expansion are potential sources of new wealth in our economy. This activity benefits all residents, whether directly, as in the creation of employment opportunities or indirectly, such as through taxation.

The Medicine Hat & District Chamber of Commerce is determined to demonstrate leadership in regulatory reform. Underlying this determination is a desire to eliminate many of the obstacles faced by businesses and to increase the competitiveness and attractiveness of Southeast Alberta as a place to do business, live, work and visit.

A survey of our members resulted in frustrations expressed by the business community and citizens with the demands, expectations and inconsistencies within City hall. Additionally, a resounding 85% of respondents indicated that they have faced issues of regulatory burden or red tape within the City of Medicine Hat.

In order to be innovative and competitive, the businesses in our community need the support of government to provide an environment that can nurture innovation, facilitate growth and generate business opportunities within our region. It is in everyone's long-term economic interest to support

business growth as it contributes to job creation and the generation of wealth that benefits everyone in the district.

RECOMMENDATIONS

The Medicine Hat & District Chamber of Commerce recommends the City of Medicine Hat:

1. Provide a more efficient business to government process such as “one window” access to government services both online and within City Hall.
2. Streamline the permitting process to eliminate the need for an applicant to return several times to City Hall and reduce the amount of duplicate information that is currently required on a number of different applications for one project. One small example of this would be to have a “one step” process that allows an applicant to apply for one permit that covers more than one component of a project e.g. a commercial building development that includes signage on the building.
3. Ensure there is a cooperative, helpful environment in the administration of the bylaws, whereby municipal staff are encouraged to facilitate an outcome sensitive approach, rather than a zero tolerance, process focused approach.
4. Create management accountability relating to decisions made by staff in the planning and building department and create a culture of customer service and a supportive attitude towards applicants rather than a prescriptive, preventative attitude.
5. Encourage the concept of applicants discussing proposals with staff prior to submitting development permit applications. It is important that applicants be given:
 - (i) a clear communication strategy
 - (ii) easy to comprehend information guidelines and checklists,
 - (iii) access to decision makers in all applicable departments to explain the requirements for permits and waivers
 - (iv) clear timelines
6. Ensure applicants have access to knowledgeable and appropriate employees, including more senior staff, safety codes officers (building inspectors), etc., as needed. Encourage municipal staff to be more thorough and better prioritize projects so they are able to suggest requirements the first time an applicant meets with the City department. Applicants are often frustrated when new requirements are implemented with every new meeting at the City.
7. Provide an opportunity for applicants to receive occupancy permits in circumstances where a permit is issued following the signing of a waiver clause. As in the case of a development permit, should an appeal be launched and were successful, it would be understood that the applicant would be required to bear all responsibilities and associated costs.
8. Eliminate the ‘per customer’ provision in Home Based Business Licenses.

9. Provide the ability for one staff person to assist a business through a whole project to ensure consistency of the project and to reduce the back and forth of the applicant.
10. Provide the opportunity for one City inspector to be assigned to a project to ensure consistency in recommended changes, and timely approvals.
11. Ensure Change of Use permits are being enforced properly, that city staff are consistent in processes and procedures and permits are not too costly so as not to prohibit growth. If development plans are on file for a property (within 10 years) new tenants should not have to provide new plans (including parking studies, traffic studies, garbage bins placement, etc). This expense is unnecessary and is often very time prohibitive to a new tenant.
12. Reduce some of the costs involved in pre-planning for projects within the City. This is cost prohibitive to businesses who are interested in developing land or building new projects but have yet to be approved for a project. Consider pre-approvals with a modified and less costly plan.
13. Ensure that where information is already available within the administration, duplicate information should not be required for submission and approval process (except for updating purposes).
14. Implement a process for streamlining regulatory reviews whereby before a potential regulation is drafted, the process needs to be communicated, defining the objective, cost of compliance (to business and to the taxpayer), who is accountable and where feedback will be housed. A sunset clause should be considered on all regulations.
15. Ensure a consultative process is implemented in the introduction of new and revised regulations and bylaws, consulting with businesses /sectors impacted and that changes are not made without appropriate notice and consultation.
16. Determine reasoning for new and revised regulations. If a new regulation that aligns with one already in place, than the new regulation may not be required. Always test whether compliance is reasonable and define what happens if it is not.
17. Remove requirements for development extension fees for existing business where no further development has occurred since the original application.
18. Provide clear explanation of any changes to bylaws or processes to stakeholders, either by way of public notice, a summary brochure or “mark-up style” notation on any new draft policies/bylaws.

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