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**Item No.**  
**Community Planning and Economic  
Development Committee**  
**July 28, 2016**

**TO:** Chair and Members of Community Planning and Economic Development

**SUBMITTED BY:** Original Signed by  

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Maggie MacDonald, Managing Director, Government  
Relations and External Affairs

**DATE:** July 18, 2016

**SUBJECT:** Red Tape Reduction Strategy

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**ORIGIN**

February 16, 2016: MOVED by Deputy Mayor Whitman, seconded by Councillor Nicoll that Halifax Regional Council request a staff report on the creation of a red tape reduction strategy for Halifax Regional Municipality. The report is to include consideration of a broad strategy inclusive of public engagement, stakeholder consultation to define red tape, best practices for its reduction, and an accountability framework inclusive of cost reductions and process enhancements. MOTION PUT AND PASSED UNANIMOUSLY.

**LEGISLATIVE AUTHORITY**

The Halifax Regional Municipality Charter provides Council with the power to make policies and by-laws for a variety of purposes, including the regulation of certain activities.

**RECOMMENDATION**

It is recommended that CPED recommend that:

- Regional Council authorize the CAO to commit a staff resource, reporting to the CAO, to work with the Nova Scotia Office of Regulatory Affairs and Service Effectiveness on red tape reduction for a period of six months with the possibility of extension of up to three years;
- prior to this report being forwarded to Regional Council, staff identify a funding source for Audit and Finance Standing Committee's recommendation to Regional Council; and,
- staff report to Regional Council on progress in six months.

**BACKGROUND**

Red Tape can be defined as rules, regulations, and/or bureaucratic procedures and processes that are excessively complex and which: impose unnecessary delay, inaction and/or costs; that exceed their benefits; and/or that are no longer effective in achieving the purpose for which they were originally created. Unnecessary red tape frustrates businesses and citizens by stifling business growth and broader economic development, as well as day to day service delivery.

A key objective of the Halifax Regional Municipality’s new economic strategy, the *Halifax Economic Growth Plan 2016-21*, is to make it easier to do business in Halifax. To this end, the economic strategy’s two-year action plan commits to developing a municipal red tape reduction strategy.

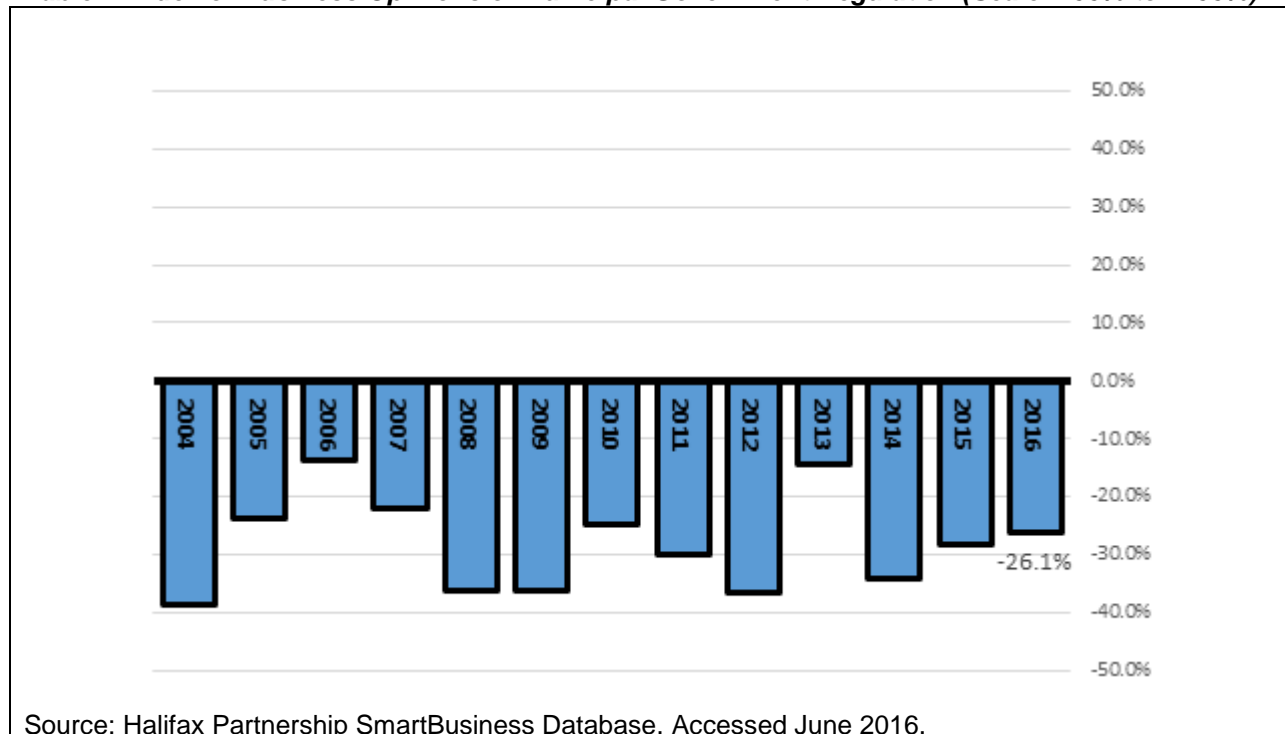
**DISCUSSION**

**HRM Regulatory Authorities and Local Business Sentiment on Municipal Regulation**

HRM regulates business and individuals in a number of areas including planning and development, traffic and right of way (including vending, encroachments, sidewalk cafes, signage), solid waste, and fire prevention.

The Halifax Partnership’s Business Retention and Expansion Program, SmartBusiness, provides insights into the business perceptions of, and specific issues with, government regulation in the municipality. Based on 3,037 company visitations between April 2014 and April 2016, the Partnership has found that businesses across Halifax express difficulties with regulation at all levels of government, particularly at the municipal and provincial levels.<sup>1</sup>

**Table 1. Index of Business Opinions of Municipal Government Regulation (Scale -100% to +100%)**



<sup>1</sup> SmartBusiness findings are representative of a broad range of businesses, but are not statistically significant.

Many more businesses rate regulatory systems Poor or Fair than those who rate them Good or Excellent. On an Index ranging from -100% (unanimously considered Poor) to +100% (unanimously considered Excellent), opinions of municipal regulation tend to vary between -25% and -40% depending on the type, size, and nature of the business interviewed.<sup>2</sup>

According to the Partnership, critiques of municipal regulation are fairly consistent from business to business and have been centred on three main themes: urgency, information, and support. More specifically, businesses have felt that regulatory enforcers lacked a sense of urgency. The overall process of working with regulators was considered difficult due to a lack of feedback mechanisms. Businesses often felt it was difficult to figure out exactly what their regulatory problems were, which created confusion when working with enforcement officers. Many businesses expressed the need for regulatory enforcers to act as coaches, proactively helping businesses identify and satisfy regulatory requirements. Furthermore, some SmartBusiness clients felt the regulatory burden placed on small business was onerous.

HRM is currently clarifying, streamlining and making more effective regulations by, among other things:

- re-structuring of, and increased capacity within, the Planning and Development Business Unit to better manage workloads and meet development approvals service demands;
- with the Province of Nova Scotia, reviewing the *Halifax Regional Municipality Charter* (Charter) to, among other things, identify and reduce barriers to effective regulation;
- engaging the development industry through a Development Liaison Group (DLG) to better set development approvals service delivery priorities (meetings held on a bi-monthly basis);
- developing the Centre Plan which will replace four community plans and four land use by-laws with a new Secondary Municipal Planning Strategy for the Regional Centre;
- implementing the By-law Review Project that updates and consolidates municipal By-laws and Administrative Orders;
- re-designing and re-building the Halifax.ca website and developing a service strategy that will identify and prioritize municipal services to be provided through online, mobile friendly options;
- reviewing procurement policy and processes; and,
- benchmarking and communicating approvals' standards and timelines to the public.

While these measures are aimed at easing specific regulatory burdens, HRM has not adopted an overarching approach to regulatory review, development, and implementation – one that outlines the principles guiding all regulation, includes specific tools to quantify regulatory impacts on citizens and businesses, and ensures alignment between municipal and provincial regulations.

### **Province of Nova Scotia's Efforts in Red Tape Reduction**

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<sup>2</sup> Data from 2013 should be interpreted carefully. During this year, SmartBusiness activity focused much more heavily on Head & Regional Offices, with most of the visitations focused on those companies. Therefore, the 2013 data should not be seen as consistent with the rest of the series. However, this does illuminate that Head & Regional Office companies may have significantly higher opinions of the current regulatory framework than a typical company. These are companies which operate offices overseeing and managing smaller offices throughout the region or even the rest of the world.

Recent red tape reduction efforts by the Province of Nova Scotia highlight some of best practices in red tape reduction and provide an opportunity for municipal-provincial collaboration.

In March 2015, the Joint Office of Regulatory Affairs and Service Effectiveness (the Office) was created between Nova Scotia and New Brunswick with a mandate to “reduce the regulatory burden on citizens and businesses while protecting public health and safety, the environment and employee and consumer interests.”<sup>3</sup>

Since then, Prince Edward Island has joined the Office. Together, all three provinces have:

- **Adopted a Charter of Governing Principles for Regulation.** Nationally and internationally, leading jurisdictions in regulatory reform adopt clear and straightforward principles to guide regulators on when and how to regulate and, as importantly, when not to regulate. The core themes of the Charter are:
  - regulation should be a public policy tool of last, not first, resort.
  - government should favour non-regulatory options like education, voluntary compliance, and incentives if they can do the job.
  - if regulation is enacted, it should be in the lightest form possible, and based on analysis of the costs and benefits to business and government as well as its overall economic impact.
  - the process of making regulations should be transparent, evidence-based, and consultative with affected parties.
- **Enacted the Regulatory Accountability and Reporting Act.** The Act refers to the Charter, establishes the Office, requires the Office to produce an annual report outlining progress and future goals and objectives; and, requires a review of the Office after three years to ensure that it provides value to its respective governments.
- **Committed to adopting a common model for measurement.** A regulatory assessment and costing tool is under development, soon to be piloted, as well as approaches to measuring the cumulative burden and the impact of initiatives and efforts to reduce the overall burden.
- **Identified immediate regulatory reforms to be undertaken.** These include aligning dates for minimum wage changes, aligning record-keeping requirements for employers, and moving to common procurement procedures and documents.<sup>4</sup>

HRM staff have had preliminary discussions with the Office on potential collaboration on regulatory reform.

### Proposed Red Tape Reduction Approach

#### *HRM Embedded Employee at the Province of Nova Scotia*

It is proposed that, in a concerted effort to reduce red tape, HRM commit a staff resource to work with the Nova Scotia Office of Regulatory Affairs and Service Effectiveness for a period of six months with the possibility of extension of up to three years. Reporting to the CAO, the resource will advise the municipality on:

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<sup>3</sup> Province of Nova Scotia new release, May 12, 2015. Accessed July 12, 2016, at: <http://novascotia.ca/news/release/?id=20150512004>.

<sup>4</sup> The Joint Office of Regulatory Affairs and Service Effectiveness 2015/16 Annual Report, accessed July 14, 2016 at: <http://novascotia.ca/regulatoryopportunity/report/documents/Annual-Report-2015-2016-Booklet.pdf>

- ways HRM can align its red tape reduction work with the Province of Nova Scotia and reduce regulatory burdens through changes to the Halifax Charter;
- principles Regional Council could adopt to guide all future regulation development and reform;
- regulatory “red tape” barriers to private sector job creation and business growth;
- strategic opportunities to reduce, streamline or eliminate regulatory red tape barriers and to improve customer service immediately and over the long term,
- methods to evaluate the economic impacts of existing and proposed regulations to HRM, the business community and citizens;
- how best to engage the public on red tape reduction;
- monitoring and reporting procedures to be used in the long-term; and,
- ways of ensuring a level playing field for businesses without compromising public policy objectives such as the environment, health and safety, and public protection.

In addition to working with the Office and external stakeholders, the employee will liaise with the Halifax Partnership, HRM staff, and report through the CAO’s Office. The primary focus of the exercise will be on business regulation. This is in order to focus on the five-year objective of making Halifax an easier place to do business, contained in the *Halifax Economic Growth Plan 2016-21*.

Activities will be reported back to Council after the employee has been embedded for six months and annually thereafter.

### **FINANCIAL IMPLICATIONS**

Full-time salary and benefits in the range of \$75,000-\$125,000 per year are required for this project. If the project is approved by CPED, staff will identify a funding source for 2016-17 for Audit and Finance Standing Committee’s recommendation to Regional Council. Funding in future years’ will be subject to annual budget approval by Regional Council.

### **RISK CONSIDERATION**

There are no significant risks associated with the recommendation in this report.

### **COMMUNITY ENGAGEMENT**

There was no community engagement in the preparation of this report.

### **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications stemming from this report.

### **ALTERNATIVES**

**Alternative 1: Status quo.**

This is not recommended as red tape reduction is an action identified in the *Halifax Economic Growth Plan 2016-21 Action Plan*.

**Alternative 2: Establish a Halifax Partnership-led Advisory Committee to develop a Red Tape Reduction Plan.**

A Halifax-Partnership-led Advisory Committee would be created to guide the development of a Red Tape Reduction Plan for the municipality. Its tasks would be the same as those of the proposed dedicated staff resource outlined above. The plan would build in close collaboration with the Office.

A small working group led by the CAO's Office that includes Partnership and HRM staff, as well as key stakeholders will undertake research and the targeted consultations, and synthesize feedback. It will draft all key documents for the Advisory Committee's input.

The plan's development would include six phases:

- *Project planning* – the Working Group will develop a detailed project plan;
- *Research* – a best practices review and contextual analysis will be undertaken;
- *Industry discussions* – targeted industry discussions will be held with representatives from the development, small and micro-business, restaurant, retail, and other industries.
- *Interim report* -- findings from research and industry consultations will be reported back to the CAO. At this point, findings will be reported on to Regional Council. The public consultation component of the plan will also be scoped.
- *Validation of findings* – internal and external engagement will be undertaken to gauge initial findings to inform the final report's recommendations.
- *Final report* – a final report will be produced for the CAO and reported back to Regional Council.

The first four phases of the project – project planning, research, industry discussions and the preparation of the interim report – would be undertaken within existing budgets. The interim report would address whether additional funding would be required to undertake the final stages of the project – validation of findings, the final report, and implementation.

This approach is not recommended since it would duplicate much of the research and stakeholder discussions already undertaken by the Joint Office of Regulatory Affairs and Service Effectiveness.

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