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Item No. 6
Halifax Regional Council
July 20, 2021

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Kelly Denty, Acting Chief Administrative Officer

DATE: June 1, 2021

SUBJECT: Regulatory Modernization Phase II Results and Future Work

INFORMATION REPORT

ORIGIN

On November 13, 2018, Regional Council passed the following motion:

THAT Halifax Regional Council extend the Regulatory Modernization Joint Project collaboration with the Province of Nova Scotia and Business Advisory Panel for a period of two (2) years, to December 31, 2020.

On October 4, 2016, Regional Council passed the following motion:

THAT Halifax Regional Council:

1. 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;
2. Approve funding in the amount of up to \$65,000 in 2016/17 to be allocated to the project, as per the Financial Implications section of the supplementary staff report dated September 19, 2016; and,
3. Have staff report to Regional Council on progress in six months.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, R.S.N.S. 2008, c. 39

Subsection 59(3)

In addition to matters specified in this Act or another Act of the Legislature, the Council may adopt policies on any matter that the Council considers conducive to the effective management of the Municipality.

Subsection 71 (1) The Municipality may

- (a) solicit and encourage the establishment and development of new, and the establishment, development and expansion of existing institutions, industries and businesses in and around the Municipality;
- (b) publicize the advantages of the Municipality or any part of the Municipality and the surrounding areas as a location for the establishment and expansion of institutions, industries and businesses;

Subsection 79A(1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if

- (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;

BACKGROUND

In 2017, HRM began working with the Province to reduce regulatory red tape for business and to align the two orders of government around regulatory modernization approaches. The goal of the Joint Project for Regulatory Modernization (Joint Project) is to make it easier to do business in the Region by removing regulatory compliance and administrative red tape barriers that are costly for businesses and government. Core to regulatory modernization is the understanding that regulation is a necessary and effective method of governing but should only be used when it is the right tool and designed with the lightest touch possible. This requires greater scrutiny for why and when new regulation or processes are added, continuously removing and avoiding red-tape, and adopting a customer-focused approach to regulatory compliance and service delivery.

A Business Advisory Panel comprised of economic development and business sector organizations works with HRM and Provincial Regulatory Modernization staff to identify priorities and ensure that the voice of businesses is heard. Both HRM and the Province have adopted a Charter of Governing Principles for Regulation as well as Regulatory Impact Assessment (RIA) and Business Impact Assessment (BIA) tools to improve regulatory decision-making. These tools provide overarching policy and technical guidance to hold regulators accountable for designing regulation that responds reasonably to market and public needs. This approach is rooted in regulatory reform best practice which favors non-regulatory solutions to public policy issues, wherever possible. HRM's Charter of Governing Principles for Regulation can be viewed here: <https://www.halifax.ca/business/doing-business-halifax/reducing-red-tape>

The Joint Project grew from a broader partnership between the Provinces of Nova Scotia and New Brunswick to reduce red tape for business to help grow the regional economy. That work created an opportunity for Halifax and the Province to work together to reduce red-tape for business in Halifax. This working partnership is the first of its kind in Canada and was awarded national recognition by the Canadian Federation of Independent Business (CFIB) in 2018.

Through the Joint Project work, HRM has established a strong foundation to continue improving the quality of the Municipality's regulatory environment and has developed better working relationships with the Province and business community. Three years into the work, HRM has established strategic initiatives and key deliverables through the multi-year business plan to develop an organization-wide Regulatory Modernization initiative that builds on the work of the Joint Project.

The following Goals shape HRM's Regulatory Modernization initiative:

1. To reduce regulatory "red-tape" caused by unnecessary standards, processes, and compliance rules that do not deliver what they intend; and
2. To improve the quality and impact of regulation as a public policy instrument.

The Joint Project is the main driver for regulatory modernization in HRM and is being incorporated across the organization, including alignment between red tape reduction and organizational performance excellence principles. Red tape reduction is accomplished through continuous improvement activities that create more effective and efficient operational processes and better customer service. However, Goal #2 above requires a specialized practice of Regulatory Impact Assessment (RIA) and a fundamental shift toward actively implementing regulatory modernization principles. The Corporate commitment to both goals, and Council's adoption of a forward-thinking Charter of Governing Principles for Regulation, has been key to HRM's Regulatory Modernization progress to date. Furthermore, the recent move of Regulatory Modernization into the CAO Business Unit under Government Relations and External Affairs and recent addition of a new position has boosted the work for greater success.

Regulatory Modernization is implemented collectively through multiple Business Units such as: Planning and Development and Transportation and Public Works who lead the development and implementation of municipal policy and regulation; Legal Services who craft regulation and oversee HRM's risk management work; and GREA who manage Regulatory Modernization corporately along with economic development, social policy, public safety, and intergovernmental affairs. HRM Financial Services provides specialized service to business units through the Business Impact Assessment process, adapted from the Province's BIA in 2018 to calculate the costs or savings to business from a proposed regulatory decision.

DISCUSSION

The purpose of this report is to provide Council with an overview of the Phase II Regulatory Modernization results and the key focus areas that will shape the next Phase of work.

Phase II Joint Project Results:

HRM and the Province worked together in 2019 with business advisors to identify priority actions for Phase II of the Joint Project. A set of objectives was established to guide the work including:

- Focussing on a limited number of actions to ensure successful closure of the projects;
- Ensuring the Charter of Governing Principles for Regulation is built into regulatory decision-making;
- Advancing regulatory modernization with steady and consistent progress that businesses can see;
- Continuously building a positive working relationship between the two governments;
- Focussing on specific areas of regulation that should be updated;
- Continuously emphasizing administrative simplification and customer service.

Attachment 1 to this report lists the specific actions and deliverables that have been implemented in Phase II, from July 2019 to May 2021. Staff are currently closing the Phase II work plan while conducting action planning for Phase III.

A description of Phase II results is provided in the attached table which demonstrates that 90%+/- of the deliverables have been completed. Projects that are incomplete, like customer service training for inspectors and RIA training for staff, will be addressed either through the Phase III Joint Project action plan or through HRM's broader Regulatory Modernization work program for 2021/22. The measurement work has not advanced as planned, but Council can expect a more detailed report this fall on red-tape reduction results including findings from an HRM Business Satisfaction and Red-Tape Reduction Survey launched May 2021. This survey will provide necessary baseline data for measuring red-tape reduction progress.

There were some interruptions to projects and shifts in operational priorities due to the impacts of the COVID-19 pandemic. However, both HRM and the Province stayed focussed on keeping the joint project actions moving where possible, and Council advanced multiple regulatory changes that positively impact businesses. These included amendments to the Streets By-law and improvements realized by creating staff approval processes under both the Encroachment By-law (E-200) and the Noise By-law (N-200). Deliverables like staff training were challenging to advance due to limitations in engaging in-person or collaborating across programs and organizations. However, incomplete projects will be advanced through the 2021/22 Regulatory Modernization work-plan.

COVID-19 and Economic Recovery:

In 2020, the pandemic put operating pressures on the Municipality but business units and Council shifted gears quickly to make necessary changes to service delivery such as putting Planning and Development applications on-line via a temporary portal and adjusting roadways and sidewalks to accommodate physical distancing and business activities. In addition, sidewalk café fees were waived to help support businesses. Although these changes were not part of the Phase II Regulatory Modernization action plan, they have had a measurable impact on HRM'S regulatory modernization outcomes by visibly reducing red tape for business.

Moving forward, it will be important for HRM's Regulatory Modernization work to align where possible with economic recovery and economic planning efforts including identifying regulatory change actions as part of the 2022-2027 Economic Growth Plan. Many of the proposed ideas below for Phase III align with HRM's economic development objectives.

Future Work:

The next phase of HRM's Regulatory Modernization work includes three core components:

1. Implementing Phase III of the Joint Project for Regulatory Modernization with the Province;
2. Developing and implementing a strategic framework to improve HRM's regulatory environment for all Municipal customers; and
3. Implementing performance measurement and continuous improvement action to consistently reduce red-tape from HRM's by-laws and processes.

Phase III of the Joint Project for Regulatory Modernization:

Phases I and II focussed on the adoption and early implementation of regulatory impact assessment tools, making visible regulatory changes in areas of priority for business, and developing a stronger customer-focussed approach to regulatory service delivery. The implementation of each of these areas will continue as improvements are being made across the organization to boost red-tape reduction and ensure regulatory modernization investments are working.

Phase III builds on three years of increasing collaboration between HRM and the Province and consistent participation by business advisors. The proposed focus areas below reflect the evolution of this partnership and address some of the priorities that have emerged through the pandemic.

The following objectives will shape Phase III of the Joint Project:

- To deepen the working relationship between the two orders of government;
- To build and support an environment where policy, regulation and processes are designed and implemented according to each governments Charter of Governing Principals for Regulation;

- To use Regulatory Modernization action as a lever to implement economic development and recovery objectives; and
- To build on red-tape reduction efforts but also move toward broader, strategic Regulatory Modernization impact.

Proposed Phase III Focus Areas Include:

1. Modify the Joint “Regulatory Priority Table” model developed in Phase II to improve how the two governments work collaboratively to develop regulation in areas of shared interest. For example, assess what has worked with the first attempt at Regulatory Priorities Tables, focused on Traffic Safety Act regulations and E-Scooters, and adjust the approach for the next Priority Table (to be selected by both parties with input from the business advisory panel).
2. Review and align related (and potentially over-lapping) HRM and Provincial regulation in an area that impacts business and that would benefit from a focussed “housekeeping” review. For example, provincial legislation and related HRM bylaw(s) could be chosen to pilot a red-tape reduction review for a specific business sector, or sectors. Regulations that impact restaurants have been discussed, given the impact of the COVID-19 pandemic on the industry.
3. Pilot Joint HRM/Provincial permitting in a specific area to streamline regulatory review and approval, with priority on areas that support economic recovery. For example, areas like (i) events and festival permits to safely bring people back to business districts and public outdoor areas, (ii) sidewalk/outdoor cafes and/or vending, or (iii) the restaurant or service Industry more broadly.
4. Conduct a joint internal engagement exercise and best practice research to improve intergovernmental collaboration around regulatory alignment. For example, the parties could jointly fund research on best practices for how the two governments could improve their working relationship.

In addition to the Joint Project, HRM will complete the other key Regulatory Modernization deliverables outlined in the CAO’s 2021/2022 Business Plan including developing a multi-year regulatory modernization strategy and implementing continuous red-tape reduction and performance measurement activities.

A detailed action plan for Phase III will be finalized this summer.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the information in this report.

COMMUNITY ENGAGEMENT

Community engagement was not necessary for the preparation of this report. However, staff have engaged with the Joint Project for Regulatory Modernization Business Advisory Panel to select the actions and priority focus areas for each phase of work. Currently, the Panel is advising on the Phase III priorities and will continue to be consulted as the work is implemented.

ATTACHMENTS

Attachment 1: Joint Project for Regulatory Modernization Phase II Actions

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Joint Project for Regulatory Modernization Phase II Actions

In July 2019 HRM and the Province began Phase II of the Joint Project for Regulatory Modernization. The table below is a summary of the actions and results.

Joint Project for Regulatory Modernization Phase II Results		
Focus Areas	Actions	Results to Date
Red Tape Reduction Priorities	<p><u>HRM:</u></p> <p>Action 1: Amended the HRM Streets By-law to update regulations and processes for businesses needing to occupy the Municipal right-of-way to complete routine maintenance work including:</p> <ul style="list-style-type: none"> ○ An annual permit option to replace individual licenses, and ○ Simple updates completed to the By-law ahead of a complete review targeted for 2022. 	<p>Since the adoption of the amendments in September 2020, 1 annual permit has been issued. Actual reduction of individual licences to be determined.</p> <p>A higher number of businesses taking out annual permits is expected in 2021 as the new rules roll out.</p>
	<p>Action 2: Streamlined planning and development processes to improve wait times and customer service including:</p> <ul style="list-style-type: none"> ○ Reduced time for application intake and internal review by streamlining the processing of high-volume, routine permits ○ Shifted time and focus to major planning applications ○ Identified efficiencies for planning applications mapped in Phase I of the Joint Project¹ 	<p>Much focus in the past year has been centralized on the creation of entirely new intake methods for both planning applications as well as permits as a necessary response to COVID-19. This has been successfully implemented since early 2020. Future efficiencies are expected to be realized as the use of the new Permitting and Licensing software expands, and when current planning staff are centralized in a single office location early in 2022.</p>
	<p>Action 3: Implemented Phase I of HRM's Planning, Permit, Licensing and Compliance (PPL&C) Software including:</p> <ul style="list-style-type: none"> ○ Self-serve customer portal and on-line payment with cost estimates and shopping cart style check-out ○ Better application tracking ○ Electronic Plan submission, revision, & review ○ Better document and work-flow management to decrease wait times ○ Automation of HRM's administrative functions ○ Faster & more accurate electronic approvals 	<p>Since the launch of the new PPL&C on-line service in December 2020 Planning & Development and its partners have accepted over 4,000 permit applications and issued over 2,700 permits.</p> <p>As part of Phase 1 Implementation, over 250 external customers were trained on the new system. The project team has also provided ongoing virtual support.</p>

¹ Process maps for five types of planning applications were updated as an Action in Phase I of the Joint Project including: Development Agreement, Secondary Municipal Planning Strategy + Development Agreement, Land-Use By-Law Amendment, Development Agreement Substantive Amendment, and Development Agreement Non Substantive Amendment.

Joint Project for Regulatory Modernization Phase II Actions

<p>Red Tape Reduction Priorities</p>	<hr/> <p>Province of NS:</p> <p>Action 4: Removed the requirement for ministerial approval for contracts over \$500,000 in the HRM Charter shaving weeks from HRM’s contract approval process.</p> <p>Action 5: Focused HRM/PNS engagement to ensure that changes to the Halifax Regional Municipality Charter under Bill 58 (mandatory land-use planning regulations for all municipalities) reflect HRM’s context.</p>	<p>Proficiency with the PPL&C solution is increasing and in return, P&D expects efficiency to slowly be gained.</p> <p>Phase 2 - Licensing & Enforcement is expected in early winter 2021-22.</p> <p>Phase 3 – Planning Applications is expected in late 2022.</p> <hr/> <p>For Action 4, Subsection 111(5) of the HRM Charter was amended in March 2020.</p> <p>For Action 5, after consultation with HRM Planning Staff and Legal Counsel it was determined that HRM didn’t require different regulations than other municipalities as the proposed regulations are flexible enough to work in the context of a large regional municipality and a small town.</p>
<p>Joint Customer Service Improvements</p>	<p>Action 6: Implement customer service improvements to help businesses understand and comply with regulation including:</p> <ul style="list-style-type: none"> ○ HRM has provided the Province’s Business Navigator staff with information on Municipal approval processes, service standards, organizational service structure, and inspections to help the Navigators improve the regulatory process for businesses. <hr/> <p>Action 7: Develop a joint inspection plan to determine an approach to improve inspection service for business including:</p> <ul style="list-style-type: none"> ○ A training pilot with HRM Fire Inspectors and select provincial inspectors² to pilot a customer focussed approach to inspection service. ○ Education and communication tools to engage with building inspectors and businesses to improve enforcement and compliance. ○ An approach to streamline inspection information making it easier for businesses to comply with multiple inspection processes. 	<p>This is an ongoing action to improve communication flow and data-sharing across the two governments.</p> <p>In early 2021, the Navigators were updated on the new PPL&C solution and provided information to share with our shared customers.</p> <hr/> <p>As of May 2021, this action had not been completed.</p> <p>Although some progress has been made in developing the training module, the training has not been rolled out to inspectors due to COVID-19. Inspector training and other deliverables related to this action should be addressed post-pandemic.</p>

² Potential partners include Occupational Health and Safety and Alcohol and Gaming.

Joint Project for Regulatory Modernization Phase II Actions

<p>Strengthening government to government collaboration</p>	<p>Action 8: Establish “Regulatory Priorities Tables” to align HRM and provincial regulation in Areas that impact business including:</p> <ul style="list-style-type: none"> ○ A priority table/working group has been convened to collaborate on a regulatory solution to manage E-Scooter use in the Halifax Region. 	<p>The Province is engaging with HRM (and other Municipalities) on potential legislative amendments to enable municipalities to effectively regulate E-Scooter use. The regulatory priority table is a working venue for HRM and Provincial staff to engage early in the process to develop a joint regulatory solution with direction from Executive management to work collaboratively.</p>
<p>Measurement & Regulatory Impact Assessment (RIA)</p>	<p>Action 9: Develop an action plan to assess regulatory impact and monitor and measure red-tape reduction in priority areas including:</p> <ul style="list-style-type: none"> ○ Developing operational tools to implement the Charter of Governing Principles for Regulation ○ Customize the Business Impact Assessment (BIA) tool to calculate the internal cost of regulation and begin measuring red tape impact (Provincial and Municipal). ○ Using the BIA tool and other potential methods, begin calculating HRM red-tape reduction for business. ○ Develop RIA/BIA training for staff and provide ongoing support ○ Set targets to reduce processing times for select permits & licenses and measure results 	<p>Progress was made in the following areas of measurement and RIA:</p> <ul style="list-style-type: none"> ○ An estimated \$410,000 in red-tape savings for business has been calculated using the BIA tool since its adoption in 2019. This amount is anticipated to increase as the tool is used more. ○ Other continuous red tape reduction across HRM business units is not reflected in this number. ○ 9 registered RIAs were completed between 2018 and May 2021. ○ The total number of BIA’s completed is: BIA = 3 Jan. 2019 to Dec. 2019 BIA = 6 Jan. 2020 to Dec. 2021 BIA = 3 Jan. 2021 to May 2021 ○ An internal Regulatory Modernization website was created in 2020 ○ An HRM Performance Measurement Framework for Red Tape Reduction was developed with KPI’s, metrics and measurement priorities. ○ An HRM Business Satisfaction and Red Tape Reduction Survey was launched May 11th ○ HRM and the Province began developing a method to measure internal red tape. ○ A Regulatory Modernization Analyst position was created in HRM’s 2021/22 budget ○ Staff training has been established as a deliverable for

Joint Project for Regulatory Modernization Phase II Actions

		<p>2021/22 to help improve RIA process and results³</p> <ul style="list-style-type: none"> ○ Setting targets for any processing times wasn't possible during COVID-19 interruptions. However, moving forward, once HRM's new online permitting, planning, licensing, and compliance solution is fully implemented, it will provide HRM the opportunity to better report on processing statistics. As part of the next 2 phases of the project, HRM plans to analyze the updated data and set realistic service targets and create processes to measure against those results.
<p>Communication and Reporting</p>	<p>Action 10: Improve internal and external stakeholder communication including:</p> <ul style="list-style-type: none"> ○ Improving the HRM "Reducing Red-Tape" Webpage to communicate phase II work and to promote regulatory modernization efforts ○ Preparing Regulatory Modernization briefings and updates ○ Annual Joint Project Progress Reporting (e.g., Advisory Panel Chair to Mayor and Premier, Advisory Panel Chair to business stakeholders, Staff to Council, etc.) 	<p>HRM participates in CFIB's Annual Red Tape Awareness Week by communicating red tape reduction.</p> <p>Regular updates are also provided on the HRM web site at: https://www.halifax.ca/business/doing-business-halifax/reducing-red-tape</p> <p>Public briefings have not been initiated but options are being considered for Phase III.</p>

Updated June 1st, 2021

³ Partnership with a University or HRM partner organization will be considered for developing RIA training.