

Hon. Grant Hunter

Associate Minister of Red Tape Reduction
130 Legislature Building
10800 – 97 Avenue
Edmonton, AB T5K 2B6

July 29, 2019

RE: SUBMISSION TO THE ASSOCIATE MINISTER REGARDING RED TAPE REDUCTION INITIATIVES IN ALBERTA**DEAR ASSOCIATE MINISTER HUNTER,**

Thank you for the opportunity to provide a written submission about how the province can support the local business community by reducing the regulatory burden stifling Alberta's economic growth.

The Calgary Chamber is a member driven organization representing Calgary's business community. The Calgary Chamber of Commerce is a non-profit, non-partisan organization that has acted as our city's main connector of people, ideas, and business for 128 years. We bring together the brightest minds from Calgary and across the country to solve business challenges, debate critical issues of public policy and provide a united voice for the local business community.

In recent years, the Calgary Chamber of Commerce has advocated to encourage all levels of government to consider the effect of red tape. Regulations are necessary to protect workers and our environment. The Chamber acknowledges that proper regulations are needed to ensure high employment and environmental standards. However, to reduce the layered cost of doing business in our province, this must be done while reducing unnecessary regulatory burdens to increase government efficiency without compromising worker health and safety and our environment. The Chamber believes strongly that the roles of regulators must become better aligned with the interests of business in order to encourage growth and stability in our economy.

The Chamber has primarily provided its support to Calgary's municipal red tape reduction program. The City of Calgary's "Cut Red Tape" initiative was introduced in 2010 as a three-step plan to remove regulations and the program has been widely successful in removing regulatory barriers hampering local economic productivity. The Chamber has also advocated for Red Tape reduction at higher levels of government while developing our 2019 Provincial election platforms released this year.

Representing the voice of business in Calgary, the Chamber is in a strong position to act as an intermediary between industry and government. Through consultation with Calgary's business community, the Chamber has identified the key areas where the government can provide support to improving Alberta's business competitiveness through red tape reduction. The concerns and recommendations we've heard are separated by the industries from which we received feedback on:

- I. Manufacturing
- II. Technology
- III. Alcohol, Gaming, Liquor and Cannabis
- IV. Energy

The Chamber acknowledges and supports the government's efforts to address regulatory uncertainty since assuming office this year, including the assignment of an Associate Minister of Red Tape Reduction and the creation of an online red tape submission system. These are important and necessary steps in reducing the misalignment between regulators and business owners, and the Chamber has received optimistic feedback from our business community acknowledging the steps taken so far.

However, we remain concerned that a lack of communication and understanding between the government, regulators and industries prevents action from being taken in the areas which need it the most. We continue to urge the provincial government to take progressive action in removing the regulatory barriers preventing local industries from achieving maximum productivity.

We reached out to our members through an online survey to gain a better understanding of the specific regulatory issues currently harming their businesses. Below are the concerns and recommendations we have heard, laid out by industry.

MANUFACTURING

Manufacturing remains a critical sector of Alberta's economy by providing support to various other industries through technological innovation and development. The feedback received from our members in the manufacturing sector identified a general over-involvement of government in manufacturing approvals processes as the main barrier to growth.

Involvement in the regulatory processes of attaining business licenses and building permits prevents businesses from taking risks, which has implications for not only our manufacturing sector, but also the other industrial sectors which rely on manufacturing for their own production. Additionally, delays to building processes resulting from government involvement threatens to bankrupt new businesses before they are even established. A specific example of government over-involvement hampering business growth is the introduction of the Annual Emissions Inventory Report released in 2018,¹ which contains significant overlap with the Environment Canada National Pollutant Release Inventory reporting requirements.² Both reports aim to drive similar detailed emissions reporting by industry, but the reports are different enough that they require substantial effort to complete individually.

To improve the efficiency of approvals processes within our manufacturing industry, the government must be prepared to roll back their involvement in approvals processes that regulatory institutions are designed to control. The government should be prepared to take on a role as a supporter and facilitate communication between industry and regulatory bodies, instead of increasing the regulatory burden through its own involvement.

Manufacturing recommendations:

1. Re-examine the Annual Emissions Inventory report to reduce overlap with the Environment Canada National Pollutant Release Inventory reporting requirements.
2. Streamline the process of attaining business licenses and building permits to ensure competitive regulatory timelines.

TECHNOLOGY

Alberta's ongoing transition into technologically focused industries necessitates the creation of a regulatory system which encourages risk-taking and incentivizes innovation. Under the current system, innovation is being hindered by unclear and contradictory guidelines which exist primarily because regulators lack a comprehensive understanding of the new technology that is being developed and how it ought to be assessed.

Our province's innovation agenda is singularly focused and lacks a cross-sector lens. Grants and regulations in the province continue to reward and promote the status quo, adversely affecting the funding available for more innovative firms that are generally smaller. As a result, long-running credible institutions are supported over start-ups and non-profits geared towards providing the innovative ideas that our economy needs.

In order to effectively support the expansion of the tech-driven industries currently reshaping Alberta's economic landscape, regulatory standards must be introduced to encourage risk-taking and innovation through all sectors of our economy. Given the complexity and inventiveness of emerging technologies, the provincial government must be ready to support cooperation between industries and regulatory bodies to allow new technology industries to continue to grow.

Technology recommendations:

1. Provide tax incentives such as larger refundable tax credits for organizations that are actively developing and adopting innovations.
2. Create common regulatory standards across new technology industries to ensure government policies are aligned with innovators through mandates.
3. Support the establishment of a consultation network between regulators and innovators so regulators have a better understanding of the technology they are trying to assess.

ALCOHOL, GAMING, LIQUOR AND CANNABIS

A significant lack of communication between Gaming, Alcohol and Cannabis businesses and the Alberta Alcohol, Gaming and Liquor Commission (AGLC) is stifling the industry.

The 80/20 rule, which dictates that all distilleries are to ferment 80 per cent of their production on site, places an undue burden on local industries. Additionally, restrictions to volume discounts and the prevention of "cutting" hinders the capacity of distilleries to expand their businesses and meet local market demands. Our members also highlighted the frequent auditing of alcohol businesses every few months as being unfair compared to the regulations for other local industries.

In the Cannabis industry, the role of the AGLC acting as both a regulator and a retailer creates a conflict of interest and loss of opportunity for private businesses. Duplications of regulations between the AGLC and Health Canada creates confusion among businesses, prolonging approval processes.

For consumers, the inefficient application processes for special events and liquor/cannabis licences are the key area of concern.

Gaming, Alcohol and Cannabis recommendations:

1. Provide the opportunity for consultations between the Alberta Game and Liquor Commission and gaming, liquor, and cannabis industries' interest groups to improve regulator-industry communication.
2. Rework the online application process for licences to improve efficiency and ease.
3. Update the mandate for liquor and cannabis regulatory bodies to include considerations for the competitive interests of local industries.
4. Remove the AGLC from business and consumer sales of cannabis and ensure that the Health Canada and the AGLC regulations become better aligned.

ENERGY

With our energy industry accounting for 23 per cent of annual provincial GDP, supporting the competitiveness and productivity of Alberta's energy sector is essential to maintaining the economic prosperity of our province.³

Ongoing uncertainties about environmental regulations, high regulatory compliance costs and regulatory overlap across jurisdictions continues to deter investment from our energy sector, hampering our competitiveness in the global marketplace. Improving our energy industry's international competitiveness requires a focus on reforming the policies which deter investment from Alberta.

Another critical step to supporting our energy economy is removing the barriers to timely regulatory compliance. Excessive and old-fashioned approval processes continue to drive up the cost of energy, preventing businesses from meeting consumers' commercial needs. Relying on public opinion when creating industry regulations threatens regulators capacity to implement rules punctually. Regulatory bodies need to be educated about new technologies in order to understand how they can be effectively regulated and can help to provide incentives for technology adoption by promoting these new technologies in the market. Our members specifically highlighted inefficiencies with the Electronic Transfer System (ETS) and the ambiguity of the new proposed Public Involvement Directive as key areas of concern. Additionally, increasing misalignment between regulators and utilities companies is disincentivizing utilities companies from providing their services efficiently.

These regulatory issues damaging Alberta's energy economy require attention in order to ensure one of our main economic sectors continues to provide our province with the income and economic gains it relies on so heavily.

Energy recommendations:

1. Revise regulations to provide shorter approval periods.
2. Create a clear framework for decision-making timelines and approval processes.
3. Work with industry to ensure regulators understand and actively promote the adoption of new technologies
4. Improve the current ETS system so that it is more cohesive and less time-consuming.
5. Clarify the purpose and guidelines of the proposed Public Involvement Directive to industry.
6. Introduce a new Utilities Code of Practice to encourage innovation and efficiency.

The responses from our survey highlight the specific areas of industry that require immediate government support to relieve the ongoing regulatory burden. Regulatory certainty across all of Alberta's industries is essential to ensuring the long-term economic success of our local business community.

Thank you for the opportunity to submit our recommendations on how the provincial government can work with industry to implement red tape reduction strategies that will improve the competitiveness and productivity of Alberta's business environment. We hope these recommendations will prove useful to your efforts to streamline Alberta's current regulatory system.

Yours sincerely,



Dr. Sandip Lalli
President & CEO
Calgary Chamber of Commerce

¹ Government of Alberta, "Annual Emissions Inventory Report Standard and Guidance Document," August 2018, <https://open.alberta.ca/publications/9781460140536>

² Government of Canada, National Pollutant Release Inventory, <https://www.canada.ca/en/services/environment/pollution-waste-management/national-pollutant-release-inventory.html>

³ Brandon Gaille, "24 Alberta Energy Industry Statistics and Trends," March 2019, <https://brandongaille.com/24-alberta-energy-industry-statistics-and-trends/>