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A REPORT TO ALBERTA CHAMBERS OF COMMERCE

ALBERTA PERSPECTIVES SURVEY

Municipal Red Tape and Business Supports

December 2022

ABOUT THE RESEARCH

Background and Methodology

- The ACC has engaged The Strategic Counsel, a national market research advisory firm with an office in Alberta, to develop a research program that include surveys of Chamber members and the public at regular intervals.
- The ACC makes use of these surveys in a number of ways:
 - To reinforce ongoing advocacy efforts by undertaking regular province-wide efforts to gather, prioritize, and articulate perspectives of the business community on core economic and policy issues of relevance to municipal and provincial government leaders; and
 - Make the research available to individual Chambers for their own use with local municipalities.
- This is the fourth survey in the Alberta Perspectives Series to focus on the issue of red tape and business supports. The specific issues covered in the research are outlined in the following slide.



- This survey was sent by ACC to members via the province's 115 local Chambers. It was fielded on the Alida platform. In all 539 people responded to the survey.



- In addition, further questions were asked to Alberta Perspectives Hub Members and are also reported.
- Surveying was undertaken between October 1st and 31st, 2022.

Issues Explored

- Many of the questions included in this survey on municipal red tape and business supports have been tracked since 2019, while other were added in subsequent years including 2022. The list of issues explored includes:
 - Contact with/support from government agencies on issues related to sustaining or growing their business;
 - Contact from elected officials, and not just agencies or government departments, on these issues;
 - Levies/taxes/fees and their impact on business;
 - Renovation or expansion projects and views of the municipal permit process;
 - By-law and zoning compliance, and their impact on businesses;
 - Perceptions of their municipality as a place to do business;
 - Concerns related to energy costs;
 - Increases in municipal franchise fees; and
 - Quality of municipal customer service.

KEY FINDINGS

Key Findings

1

LONG-TERM FUTURE OF ALBERTA

Businesses outlook regarding the province's long-term prospects has seen a dramatic shift upwards this year.

In the last year, the proportion of businesses with a positive outlook has gone from less than half (43%) to over two thirds (68%). A shift upwards of 25%.

And those with a negative outlook has subsequently declined from over half (55%) to just under three-in-ten (29%).

While smaller businesses continue to be somewhat less positive than businesses of 50 or more staff, the views of all businesses, irrespective of size, has increased substantially. As an example, among businesses of less than 50 staff, 66% have a positive attitude about the long-term future of the province.

Regionally, all parts of the province are positive about the long-term future of the province.

2

BARRIERS TO GROWTH

Despite the disruptions caused by the pandemic, views of the barriers and benefits to the growth of their business remain fairly stable over time.

Businesses continue to cite a wide variety of payments they believe negatively affect competitiveness and/or growth. Most notably: the insurance premium tax, municipal franchise fees (the number citing this fee has increased by 11% since 2021), corporate, small business and mill rate taxes, and municipal utilities; continue to be cited most frequently.

As in previous years, few (34%) identify a fee, tax, or levy they believe positively impacts their business. However those with businesses of 50 or more staff are significantly more likely to cite a benefit than smaller businesses (47% to 31%).

The implication here is that smaller businesses feel the burden of municipal fees/taxes, as well as fees and taxes from other levels of government, more than businesses with 50 or more staff.

Key Findings

3 RENOVATION AND EXPANSION PROJECTS

One-fifth of businesses report undertaking a renovation or expansion project in the last year that required a permit. This reflects a continued downward trend over recent years.

This has declined from 30% in 2019 to just 20% in 2022. As in 2021, perceptions of the future of the province do not seem to be a strong factor in undertaking renovations. It is possible there is a lag time here and the upswing in business prospects may show an upswing in renovation/expansion activity in 2023.

It is also likely that the pandemic, in terms of its impact on the province's economic activity, played a negative role in development/ expansion decision making and is no longer a deterrent and this again may lead to increased development in 2023.

The size of the business continues to be a determinant in expansion with businesses of 50 or more staff being the most likely to report a renovation/expansion (28%).

4 PERMITS AND BYLAWS CONTINUE TO BE IDENTIFIED AS BARRIERS TO RENOVATION AND EXPANSION

Almost all businesses undertaking an expansion or renovation cite a problem with both the permit process and with bylaw and zoning compliance.

While the proportion citing a variety of barriers increased significantly in 2020 and for many in 2021, the proportion citing specific problems has declined (in many cases) to 2019 levels. Presumably, the return to "normal" levels of complaint is a function of municipalities returning to "normal" service levels following the ending of the pandemic.

The areas of greatest frustration, in terms of barriers to the development process, continue to be timelines, the quality/timeliness of communications and subjectivity in guidelines.

In terms of barriers to bylaw and zoning compliance, discretionary decisions by development officers and bylaw complexity remain the two most frequently cited barriers.

Key Findings

5 ENERGY COSTS

Concern over the cost of electricity and natural gas continue to rise; the level of high concern has gone up by 31% for natural gas and 28% for electricity since 2020.

In 2022, a majority of businesses say they are very concerned (a five on the five-point concern scale) about the cost to their business of electricity (59%) and of natural gas (51%).

Further, almost half (49%; excluding don't know responses) say electricity prices have risen by 20% or more relative to their monthly operating costs and 44% say this of natural gas costs.

Related to this issue, few (less than three-in-ten) businesses appear aware that their municipality has increased franchise fees for electricity and/or natural gas in the last two years and near majorities do not know the situation with respect to any increases.

6 SUPPORT FROM ELECTED AND NON-ELECTED OFFICIALS

Communication from elected and non-elected officials or agencies continues to be minimal for most businesses, but this varies by the size of the business.

Two thirds of businesses report that they have not been contacted by either elected representatives or non-elected officials/organizations/agencies over the last year to assist with their business.

The size of the business continues to be a significant determinant of contact. Smaller businesses are much less likely than those with 50 or more staff to report contact with elected or non-elected officials/agencies.

As in 2021, one implication is that smaller businesses may have more limited access to elected and non-elected officials and may have a more difficult time getting their needs and issues heard.

Key Findings

7

VIEWS OF MUNICIPALITIES

Businesses continue to have generally negative attitudes toward their local municipality both in terms of declining NPS scores and a low customer service orientation.

Similar to 2021, over two thirds (69%) of businesses continue to believe the level of customer service they receive from their municipality falls short of the service they provide to their clients or customers.

This dissatisfaction aligns with business operators recommending their municipality as a place to set up a business or invest in a business. In fact, since 2019 the NPS score has gone from -32 to -45. This is a slight improvement in 2022 over 2021 (-48). One possible factor at work may be the lack of contact with elected officials. Those reporting no recent contact give lower NPS ratings than those reporting contact.

Again, as in previous years, the feeling persists that many believe their municipality is simply not business friendly and is imposing red tape while offering little benefit or support.

8

LOCAL CHAMBER MEMBERSHIP

NPS scores for recommending their local chamber of commerce increased this year to +22.

For those members reporting positively about their local Chamber, the most frequent reasons for this are the level of support received, networking opportunities, and the business resources their chamber provides.

However, there continues to be a substantial minority of detractors (those giving a score of 0 - 6 on the 10 point scale. In 2022, 24% of members fell into this group. Many in this group feel that their Chamber was not business friendly, creates too much red tape, or was not doing enough to provide benefits.

However, the analysis also shows, as it did in 2021, that views of the local chamber are strongly correlated with views of the future of the province. This negativity regarding the future of the province (and possibly their own business) appears to carry over into views of the local chamber.

Key Findings

9

A CHALLENGE FOR SMALL BUSINESSES

As noted in 2021, there are a number of indicators that those businesses with fewer than 50 staff have a more negative outlook across a range of issues than larger enterprises.

This includes perceptions of the future of the province, contact with elected and non-elected officials, energy prices and lower NPS scores for municipalities and for local chambers.

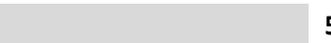
As noted in 2021, this suggests that smaller businesses may continue to struggle more than larger enterprises and that local chambers may want to consider ways to better support their smaller business members.

DETAILED FINDINGS

The last year has seen a dramatic increase amongst Alberta businesses that have a positive view of the long-term future of the province. In fact, the proportion now saying they feel at least somewhat positive about the long term future of the province is at the highest level recorded since tracking started in July 2019.

- As in previous surveys, businesses of 50 or more employees tend to be more positive about the long-term future of the province compared with fewer than 50 employees (73% to 66%).
- There are no major regional breaks of note with the exception of those in Edmonton and the northern part of the province being slightly more positive than others (72%).
- Those who have had contact with elected officials of some kind tend to be more positive about the future of the province compared with those reporting no contact (73% to 65%).
- Of interest, chamber members tend to be more positive than non-members (71% to 52%).

View on the Long-term Future of Province

| | Jul 2019 | Nov 2019 | Mar 2020 | Nov 2020 | Nov 2021 | July 2022 | Nov 2022 | NET Change (Nov 2021 – Nov 2022) |
|-----------------------|----------|----------|----------|----------|----------|-----------|---|--|
| TOTAL POSITIVE | 62% | 42% | 42% | 41% | 43% | 59% |  68% | +25↑ |
| Very positive | 10% | 6% | 6% | 5% | 7% | 10% |  13% | +6↑ |
| Somewhat positive | 52% | 36% | 37% | 36% | 36% | 49% |  55% | +19↑ |
| Somewhat negative | 27% | 36% | 35% | 37% | 32% | 29% |  22% | -10↓ |
| Very negative | 6% | 18% | 17% | 20% | 23% | 9% |  7% | -16↓ |
| TOTAL NEGATIVE | 33% | 54% | 53% | 57% | 55% | 39% |  29% | -26↓ |
| Don't know/not sure | 5% | 4% | 5% | 2% | 2% | 3% |  4% | +2↑ |

Q1. Overall, how do you feel about the long-term future of the province?
 Base: Total sample (Nov 2022 n= 539; Nov 2021 n=359; Nov 2020 n=847; Nov 2019 n=1028; Jul 2019 n=714)

Businesses continue to cite a wide variety of fees/taxes (and in many cases with more frequency than in 2020 and 2021) that they believe negatively affect competitiveness and/or growth.

- In particular, citations of municipal franchise fees have increased by 9% since 2021 and are above the level of increase for most other fees/taxes.
- Edmonton businesses are especially likely to cite the municipal franchise fee (42%).

Barriers to Growth of Business

| | Nov 2022 | Nov 2021* | Nov 2020* | Nov 2019 |
|------------------------------------|----------|-----------|-----------|----------|
| Insurance premiums tax | 38 | 34 | 30 | 69 |
| Municipal franchise fees | 36 | 27 | 25 | 54 |
| Corporate income tax | 36 | 32 | 25 | 57 |
| Small business tax | 35 | 29 | 26 | 58 |
| Municipal utilities | 34 | 28 | 25 | 31 |
| Municipal business tax (mill rate) | 30 | 28 | 24 | 51 |
| Licensing fees | 23 | 14 | 19 | 43 |
| Permitting fees | 22 | 15 | 21 | 45 |
| Redevelopment levies | 12 | 6 | 10 | 39 |
| Business license | 12 | 7 | 15 | 23 |
| Off-site levies | 10 | 8 | 7 | 36 |
| Machine and equipment tax | 9 | 5 | 4 | - |
| Tourism levy | 9 | 8 | 9 | 29 |
| Community revitalization levies | 9 | 8 | 7 | 30 |
| Linear infrastructure tax | 8 | 3 | 5 | 30 |
| Airport tax | 7 | 2 | 5 | 29 |
| COVID-19 Health Restrictions | - | 67 | - | - |
| None of the above | - | - | 21 | - |
| Don't know/not sure | 21 | 9 | 8 | - |

*Responses are not comparable with 2019; since 2020 the question has been asked in two parts in order to more clearly delineate barriers and benefits separately. The 2019 results are included for completeness.

Q2. Which of the following, if any, do you feel negatively impacts the growth or competitiveness of your business? Previous phrasing: Which of the following, if any, do you feel negatively impacts the competitiveness and/or growth of your business? [[2019: Q7. For each of the following, do you believe they provide a benefit or barrier to the growth or sustainability of your business?]

Base: Total sample (Nov 2022 n=539; Nov 2021 n=359; Nov 2020 n=330; Nov 2019 n=1028)

When asked to identify the one factor that most negatively impacts their business, corporate income tax was the most frequently cited barrier to growth or competitiveness.

- The large increases over 2021 are entirely due to the dropping of COVID-19 restrictions and which in 2021 businesses identified as easily having the greatest negative impact.

Option that Most Negatively Impacts Competitiveness and/or Growth

(selected more than one option at Q2 for negative impacts on business)

| | Nov 2022 | Nov 2021 |
|--|----------|----------|
| Corporate income tax | 25 | 12 |
| Municipal business tax (mill rate) | 13 | 9 |
| Municipal franchise fees on utilities (gas or electric) | 13 | 5 |
| Insurance premiums tax | 13 | 4 |
| Municipal utilities (ex. water, sewer, garbage, recycling) | 12 | 4 |
| Small business tax | 10 | 3 |
| Permitting fees | 5 | 1 |
| Off-site levies | 2 | 1 |
| Licensing fees | 1 | 1 |
| Re-development levies | 1 | - |
| Business license | 1 | 1 |
| Tourism levy | 1 | 1 |
| Machine and equipment tax | 1 | - |
| Community revitalization levies | 1 | 1 |
| Airport tax | <1 | - |
| Linear infrastructure tax | <1 | - |
| COVID-19 health restrictions | - | 58 |

Q4. Of the items you selected, which most negatively impacts the growth or competitiveness of your business? Previous phrasing: Of those you selected, which most negatively impacts the competitiveness and/or growth of your business? (Please select only one option)

Base: More than one option selected at Q2 (Nov 2022 n=424; Nov 2021 n=328)

BENEFITS OF FEES, TAXES AND LEVIES FOR BUSINESS

As in previous years, few (34%) identified a fee, tax, or levy that positively impacted their business. With the lack of a ‘none of the above’ option, 66% (62% last year) indicated they were unsure or did not identify any benefits.

- Those with businesses of 50 or more staff were slightly more likely than others (47% to 31%) to identify fees, taxes or levies that benefited their business.
- Businesses of 50 or more staff were well above average in identifying community revitalization levies (16%) and municipal utilities (15%) as benefits.

Benefits for Business

| | Nov 2022 | Nov 2021 | Nov 2020* | Nov 2019 |
|------------------------------------|----------|----------|-----------|----------|
| Business license | 10 | 9 | 14 | 22 |
| Community revitalization levies | 9 | 8 | 9 | 15 |
| Municipal utilities | 7 | 6 | 13 | 24 |
| Tourism levy | 6 | 8 | 6 | 12 |
| Corporate income tax | 5 | 5 | 6 | 12 |
| Small business tax | 4 | 6 | 7 | 9 |
| Municipal business tax (mill rate) | 3 | 4 | 7 | 10 |
| Licensing fees | 3 | 4 | 6 | 10 |
| Redevelopment levies | 3 | 2 | 5 | 7 |
| Permitting fees | 2 | 3 | 5 | 8 |
| Municipal franchise fees | 2 | 2 | 4 | 5 |
| Insurance premiums tax | 2 | 3 | 2 | 3 |
| Airport tax | 1 | 1 | 2 | 5 |
| Off-site levies | 1 | 2 | 2 | 5 |
| Linear infrastructure tax | 1 | 1 | 4 | 7 |
| Machine and equipment tax | <1 | 1 | 2 | 0 |
| COVID-19 Health Restrictions | - | 10 | - | - |
| None of the above | - | - | 45 | - |
| Don't know/not sure | 66 | 62 | 22 | - |

*Responses are not comparable with 2019; since 2020 the question has been asked in two parts in order to more clearly delineate barriers and benefits separately. The 2019 results are included for completeness.

Q3. Which of the following, if any, do you feel benefits your business? [2019: Q7. For each of the following, do you believe they provide a benefit or barrier to the growth or sustainability of your business?]

Base: Total sample (Nov 2022 n=539; Nov 2021 n=359; Nov 2020 n=330; Nov 2019 n=1028)

When asked to identify the one factor that has most benefitted their business, the business license and community revitalization levy were most frequently cited.

Option that Contributes the Most and Most Benefits the Competitiveness and/or Growth
(selected more than one option at Q3 for benefits to business)

| | Nov 2022 | Nov 2021 |
|--|----------|----------|
| Business license | 22 | 16 |
| Community revitalization levies | 19 | 7 |
| Tourism levy | 14 | 16 |
| Municipal utilities (ex. water, sewer, garbage, recycling) | 12 | 10 |
| Corporate income tax | 10 | 7 |
| Small business tax | 5 | 10 |
| Municipal business tax (mill rate) | 4 | 4 |
| Licensing fees | 4 | 1 |
| Municipal franchise fees on utilities (gas or electric) | 2 | - |
| Permitting fees | 2 | 1 |
| Insurance premiums tax | 2 | - |
| Airport tax | 1 | 1 |
| Redevelopment levies | 1 | 3 |
| Off-site levies | 1 | 1 |
| Machine and equipment tax | 1 | - |
| Linear infrastructure tax | - | 2 |
| COVID-19 health restrictions | - | 20 |

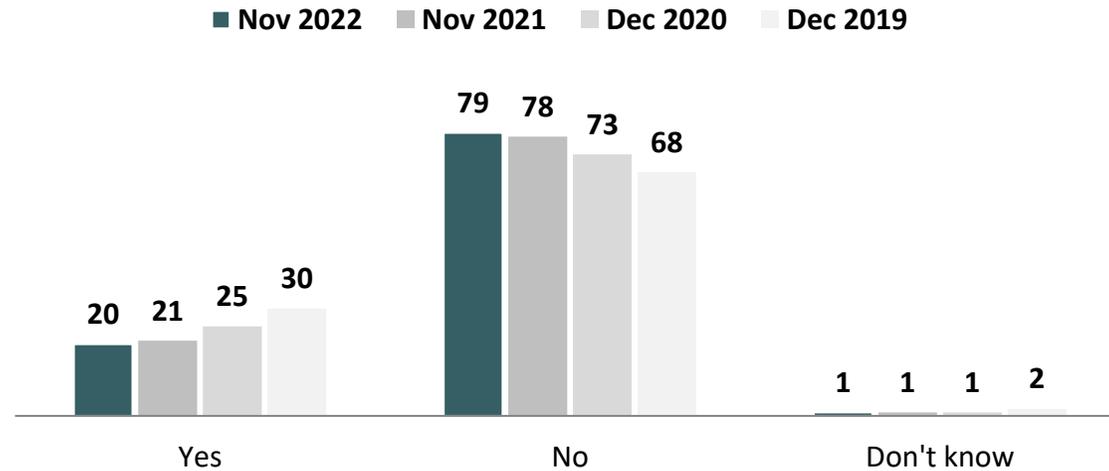
Q5. Of the items you selected, which most benefits the growth or competitiveness of your business? Previous phrasing: Of those you selected, which contributes the most to most benefits the competitiveness and/or growth of your business? **(Please select only one option)**

Base: More than one option selected at Q3 (Nov 2022 n=182; Nov 2021 n=136)

One-in-five businesses reported undertaking a renovation or expansion project in the last year that required a permit. This is on par with the 2021 results, but down from the two previous years.

- Businesses with 50 or more staff are the most likely to report undergoing a renovation or expansion in the last year (28%).

Business Undertaken Renovation or Expansion Project requiring a Building or Development Permit



Q6. (previously Q4) Has your business undertaken a renovation or expansion project requiring a building or development permit in the last year? [2019: Q17. Has your business in the last 5-7 years undertaken a renovation or expansion project requiring a building or development permit?]

Base: (Nov 2022 n=539 among all respondents; Nov 2021 n=359 among all respondents; Nov 2020 n=330 among all respondents; Nov 2019 n=860 and asked only of a non developer and business has not undertaken a capital development project)

No one barrier to the permit process was identified, but timelines, quality/timeliness of communications, subjectivity of guidelines, development officer inexperience and general uncertainty were the top barriers.

- Only 14% did not identify a barrier; presumably this means this group encountered no difficulties and 3% did not know, which implies that 83% did experience some form of barrier.
- After spiking in 2020 and/or 2021 a number of barriers, including timelines, witnessed a significant drop back to 2019 levels. This suggests that disruptions caused by the pandemic on “normal” municipal functioning have returned to more “normal” levels.

Significant Barriers in Development Process
(among those who have Undertaken Renovation/Expansion Project)

| | Nov 2022 | Nov 2021 | Nov 2020 | Nov 2019 |
|---|----------|----------|----------|----------|
| Timelines | 37 | 47 | 50 | 34 |
| Quality/timeliness of communication | 37 | 32 | 39 | 31 |
| Subjectivity in guidelines | 33 | 28 | 44 | 29 |
| Inexperience of the development officer | 31 | 39 | 37 | 23 |
| Uncertainty | 27 | 38 | 35 | 30 |
| Discretionary control of elected officials | 21 | 26 | 36 | 17 |
| Information requests | 20 | 12 | 23 | 17 |
| Community consultations | 11 | 16 | 17 | 10 |
| Complexity/Nonsense requirements/Too many regulations/Restrictive | 7 | 7 | - | - |
| Off-site levies | 7 | 9 | 14 | 5 |
| Overall costs | 5 | 1 | - | - |
| Community revitalization levies (CRL) | 4 | 7 | 5 | 3 |
| Redevelopment levies | - | 11 | 24 | 11 |
| Other, specify | 1 | 3 | 6 | 10 |
| Don't know/not sure | 3 | - | 1 | 20 |
| None of the above | 14 | 20 | 15 | n/a |

Q7. (previously Q5) In undertaking a project requiring a development or building permit, which, of the following factors (if any) in the permit process have been significant barriers to your project(s)? [2019: Q18. Which, if any, of the following factors in the development process were significant barriers to the project you undertook?]

Base: Have undertaken renovation/expansion project (Nov 2022 n=107; Nov 2021 n=74; Nov 2020 n=84; Nov 2019 n=260)

As in 2021, ‘timelines,’ was most frequently cited as the largest barrier to complying with bylaws and zoning in the development process among respondents selecting more than one barrier.

Largest Barrier in the Development Process
(selected more than one factor in permit process as a significant barrier to projects)

| | Nov 2022 | Nov 2021 |
|---|----------|----------|
| Timelines | 22 | 27 |
| Subjectivity in guidelines | 15 | 17 |
| Quality/timeliness of communication | 13 | 8 |
| Inexperience of the development officer | 11 | 10 |
| Discretionary control of elected officials | 11 | 8 |
| Uncertainty | 10 | 15 |
| Complexity/Nonsense requirements/Too many regulations/Restrictive | 6 | 3 |
| Redevelopment levies | 3 | 5 |
| Information requests | 2 | - |
| Off-site levies | 2 | 2 |
| Overall costs | 2 | 2 |
| Community consultations | 1 | 2 |

Q9. Of the items you selected, which is the largest barrier in the development process? (Please select only one response)

Base: More than one selection at Q7 (Nov 2022 n=89; Nov 2021 n=59)

Regarding specific bylaws and zoning barriers to business growth and/or sustainability, discretionary development officer decisions (and related to this development officer inexperience), bylaw complexity and outdated bylaws remain a burden to many when undertaking capital projects.

Barriers from Complying with Bylaws/Zoning
(among those who have Undertaken a Renovation/Expansion Project)

| | Nov 2022 | Nov 2021 | Nov 2020 | Nov 2019 |
|---|----------|----------|----------|----------|
| Discretionary decisions by development officers | 40 | 41 | 50 | 39 |
| Bylaw complexity | 38 | 35 | 42 | 42 |
| Outdated bylaws | 28 | 22 | 27 | 26 |
| Inexperience of development officers | 28 | 31 | 36 | 31 |
| Development process doesn't match (municipal) growth mandates | 27 | 23 | 33 | 38 |
| Discretionary decisions by elected officials | 25 | 23 | 33 | 35 |
| Outdated zoning | 19 | 23 | 30 | 29 |
| Multiple overlays | 18 | 11 | 19 | 20 |
| Outdated Area Redevelopment Plans (ARP's) | 17 | 14 | 23 | 14 |
| Addressing incomplete applications | 16 | 7 | 12 | 7 |
| Outdated Area Structure Plans (ASP's) | 10 | 18 | 19 | 19 |
| Inaccurate survey documentation | 10 | 5 | 15 | 8 |
| Restrictions/Needs more flexibility | 6 | 4 | - | - |
| Timelines/Delays | 1 | 4 | - | - |
| Costs/Increased costs for little benefit | 1 | 4 | - | - |
| Other | 1 | 5 | 12 | - |
| None of these | 14 | 16 | 18 | 11 |
| Don't know/not sure | 6 | 5 | 4 | 8 |

Q8. Which of the following factors (if any) of complying with bylaws and zoning are barriers to the growth or sustainability of your business? Previous phrasing: (previously Q6) Which, if any, of the following factors of complying with bylaws and zoning are barriers to the growth or sustainability of your business? [2019: Q15. Which, if any, of the following factors of complying with bylaws and zoning are barriers to the growth or sustainability of your business?]

Base: Developers or have undertaken capital project (Nov 2022 n=107; Nov 2021 n=74; Nov 2020 n=84; Nov 2019 n=154)

Among those citing more than one compliance factor, the largest and most frequently cited barriers were bylaw complexity and discretionary powers of development officers.

Factors Complying with Bylaws/Zoning is Largest Barrier to Growth and Sustainability
(more than one selection of barriers)

| | Nov 2022 | Nov 2021 |
|---|----------|----------|
| Discretionary decisions by development officers | 21 | 19 |
| Bylaw complexity | 20 | 21 |
| Development process doesn't match the growth mandates | 10 | 16 |
| Outdated bylaws | 9 | 5 |
| Discretionary decisions by elected officials | 8 | 9 |
| Inexperience of development officers | 8 | 5 |
| Multiple overlays | 6 | 5 |
| Addressing incomplete applications | 5 | - |
| Outdated zoning | 3 | 7 |
| Outdated area redevelopment plans | 2 | 2 |
| Inaccurate survey documentation | 2 | - |
| Restrictions/Needs more flexibility | 2 | - |
| Outdated area structure plans | 1 | 2 |
| Costs/Increased costs for little benefit | 1 | 2 |
| Timelines/Delays | - | 3 |
| Other | - | 5 |

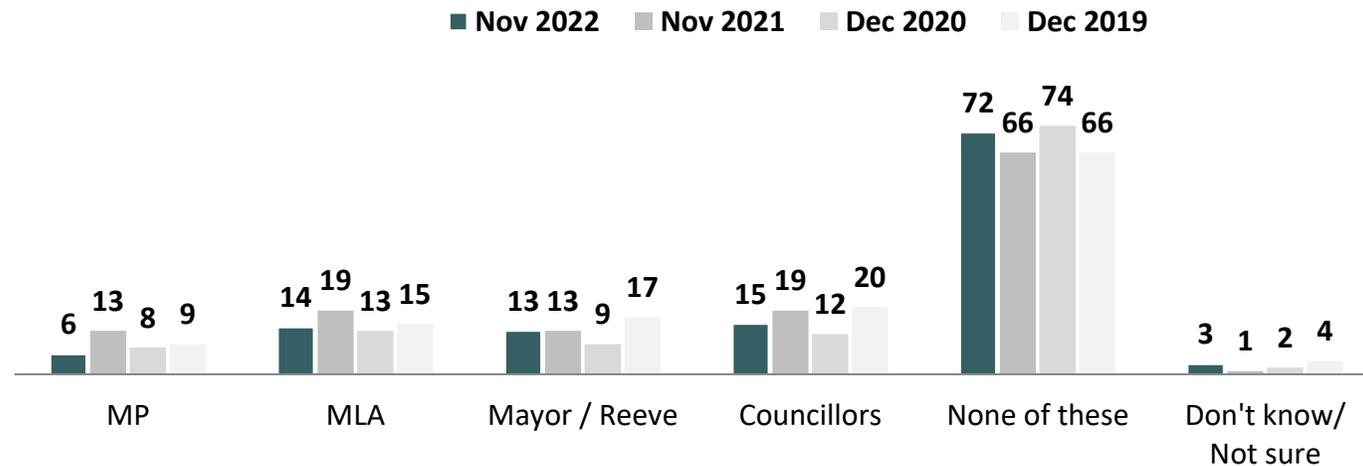
Q10. Of the items you selected, which of the factors in complying with bylaws and zoning is the largest barrier to the growth or sustainability of your business? (Please select only one response)

Base: More than one selection at Q8 (Nov 2022 n=86; Nov 2021 n=58)

Over seven-in-ten businesses say that they have not been contacted by elected representatives over the last year to assist with their business.

- Consistent with previous years, those business with fewer than 10 employees are the most likely to report no contact from elected officials (83%).

Business Contacted by to Sustain or Grow Business
(Total sample)



Q11. In the last year, which of the following have you or your business been contacted by with respect to sustaining or growing your business? Previous phrasing: To the best of your knowledge, in the last year, which of the following have you or your business been contacted by with respect any of the following to discuss to sustaining or growing your business? (Please check all that apply) (previously Q8) To the best of your knowledge, in the last year, which of the following have you or your business been contacted by with respect to sustaining or growing your business? [2019: Q6. To the best of your knowledge, in the last 5 years, which of the following have you or your business been contacted by with respect to sustaining or growing your business?]

Base: Total sample (Nov 2022 n=539; Nov 2021 n=359; Nov 2020 n=372; Nov 2019 n=1028)

Among Alberta Perspective Hub Members, two thirds report having had no contact with government agencies responsible for economic development (excluding don't know responses, 36% report contact).

- Where there has been contact, a wide range of organizations are cited with local economic development offices being most frequently cited (9%).
- There are major differences in contact by size of firm (see box below).
- Much the same pattern of limited contact is apparent when compared with the 2019 responses from all respondents.

Contacted by the following with respect to growing business . . .

| | Nov 2022 | Nov 2019 |
|--|----------|----------|
| Local economic development agency or officer | 9 | 14 |
| Alberta Jobs, Economy and Innovation (formerly Economic Development Trade and Tourism) | 6 | 8 |
| Local tourism body (e.g. Tourism Calgary) | 6 | 5 |
| Export Development Canada | 5 | 3 |
| Alberta Innovates | 5 | 4 |
| Regional Economic Development Alliance (REDA) or agency (e.g. Edmonton Global) | 3 | 4 |
| Global Affairs Canada | 1 | 1 |
| Other (e.g. Community Futures, Business Link) please indicate which organization(s) | 10 | 9 |
| None of these | 66 | 66 |
| Don't know/not sure | 5 | 6 |

Citing contact by size of firm (excluding don't know responses):
 1 – 9 21%; 10 – 49 38%; 50+ 65%.
 Caution is advised in interpreting these differences due to the small sample size.

Q12. Have you or your business been contacted by any of the following with respect to growing your business?

Base: Hub members only (Nov 2022, n=145)

Q2. (2019 question) Have you contacted, or has your business been contacted by, any of the following with respect to growing your business? (Please check all that apply)

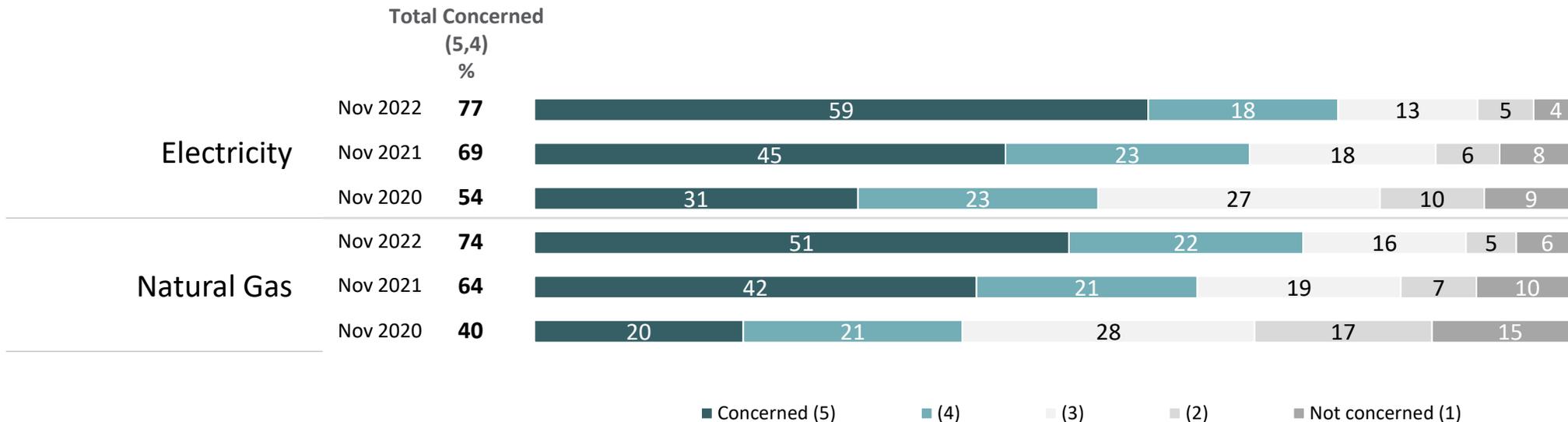
Base: Total sample n=1028

CONCERNS ABOUT THE COSTS OF ENERGY

Concerns surrounding the rising costs of energy have escalated greatly over the past two years and continue to mount. This year, almost six-in-ten (59%) selected five out of five on the scale, indicating they are very concerned about the cost of electricity.

- In the case of electricity costs to their business, in the last two years those giving a five, the highest level of concern, has doubled from 31% to 59% and for natural gas concern has increased two and a half times over what it was in 2020 (21% to 51%).
- The rising price of energy is a concern for businesses of all sizes, but there are some regional differences with Edmonton area businesses expressing among the highest levels of concern (62% and 53% giving a 5 for concerns over electricity and gas costs, respectively).

Concern about Costs of Utility Services (Total Sample)



Q13. A) On a scale of 1 to 5, how concerned are you about the costs to your business of the electricity? B) On a scale of 1 to 5, how concerned are you about the costs to your business of the natural gas? Q12 Previous phrasing: (previously Q11) On a scale of 1 to 5, how concerned are you about the costs to your business of the following utility services?

Base: Total sample (Nov 2022 n=539; Nov 2021 n=359; Nov 2020 n=243)

Almost half (49%, excluding don't know responses) say electricity prices have risen 20% or more relative to their monthly operating costs compared with the six months before.

When “don't know” responses are excluded from the percentages, those saying increases are 20% or more are as follows:
 Electricity: 2022 49% and 2021 42%;
 Gas: 2022 44% and 2021 41%.

Electricity and Gas Costs have Increased
 (Increased as a percentage of monthly operating costs)

| | Nov 2022 | Nov 2022 | Nov 2021 | Nov 2021 | Nov 2020 |
|---------------------|--------------------|------------|--------------------|------------|----------------------------|
| | <i>Electricity</i> | <i>Gas</i> | <i>Electricity</i> | <i>Gas</i> | <i>Electricity and Gas</i> |
| Less than 5% | 4 | 6 | 4 | 8 | 13 |
| 5%-9% | 6 | 9 | 12 | 12 | 28 |
| 10%-14% | 15 | 16 | 17 | 19 | 26 |
| 15%-19% | 16 | 15 | 14 | 12 | 15 |
| 20%-24% | 14 | 12 | 13 | 10 | 3 |
| 25% or more | 28 | 24 | 22 | 19 | 4 |
| Don't know/not sure | 16 | 18 | 18 | 21 | 10 |

Q14. A) How much do you estimate electricity costs for your business have increased relative to your monthly operating costs for August 2022 compared to March 2022? B) How much do you estimate gas costs for your business have increased relative to your monthly operating costs for August 2022 compared to March 2022? Previous phrasing: Q13 How much do you estimate electricity and gas utility costs for your business has have increased as a percentage of your monthly operating costs for August 2021 compared to August 2020? (previously Q4) How much would you estimate they have increased as a percentage of monthly operating costs?

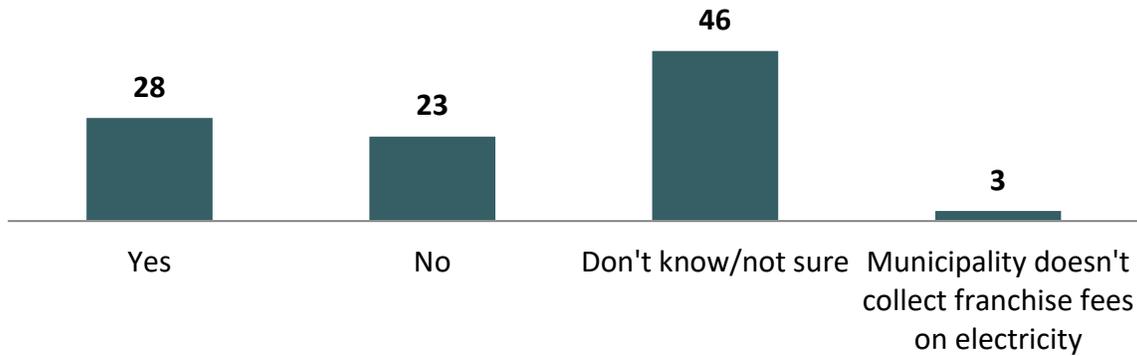
Base: “Concerned” at Q13 (Nov 2022 n=433; Nov 2021 n=258; Nov 2020 Increased at Q3 (n=134)

Just over a quarter of business are aware of any increase in energy franchise fee increases.

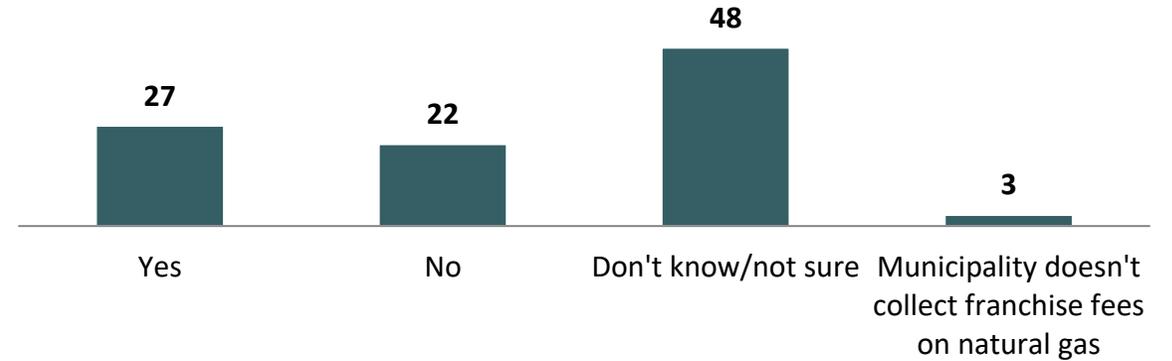
- There are no notable regional or organization size differences in responses.

Aware that municipality has increased franchise fees in last two years

Electricity
■ Nov 2022



Natural Gas
■ Nov 2022



Q15. Are you aware of the municipality(s) your business operates in increasing municipal franchise fees on electricity in the last two years?

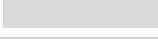
Q16. Are you aware of the municipality(s) your business operates in increasing municipal franchise fees on natural gas in the last two years?

Base: Total sample (Nov 2022 n=539)

Over two thirds (69%) continue to believe the level of customer service they receive from their municipality falls short of the service they provide to their clients or customers, and almost half (47% and unchanged over last year) believe the quality of the services provided compares “not at all” with their own.

- Both public sector/not for profit/NGO organizations (65%) and the private sector (72%) feel the level of customer service they receive from their municipality does not reflect the customer service they provide to their own clients/customers.
- As in 2021, smaller business (less than 50 staff) compared with those with 50 or more staff are more likely to believe the level of service their municipality provides does ‘not closely’ resemble their own level of customer service (72% to 54%, respectively).

**Level of customer service received from the municipality vs.
Level of customer service you provide to your clients/customers**
(Total Sample)

| | Nov 2022 | Nov 2021 | Nov 2020 |
|--------------------------|--|----------|----------|
| TOTAL CLOSELY |  23% | 20% | 25% |
| Very closely |  6% | 3% | 6% |
| Somewhat closely |  17% | 17% | 20% |
| Not too closely |  22% | 25% | 30% |
| Not at all closely |  47% | 47% | 39% |
| TOTAL NOT CLOSELY |  69% | 71% | 69% |
| Don't know/not sure |  8% | 9% | 6% |

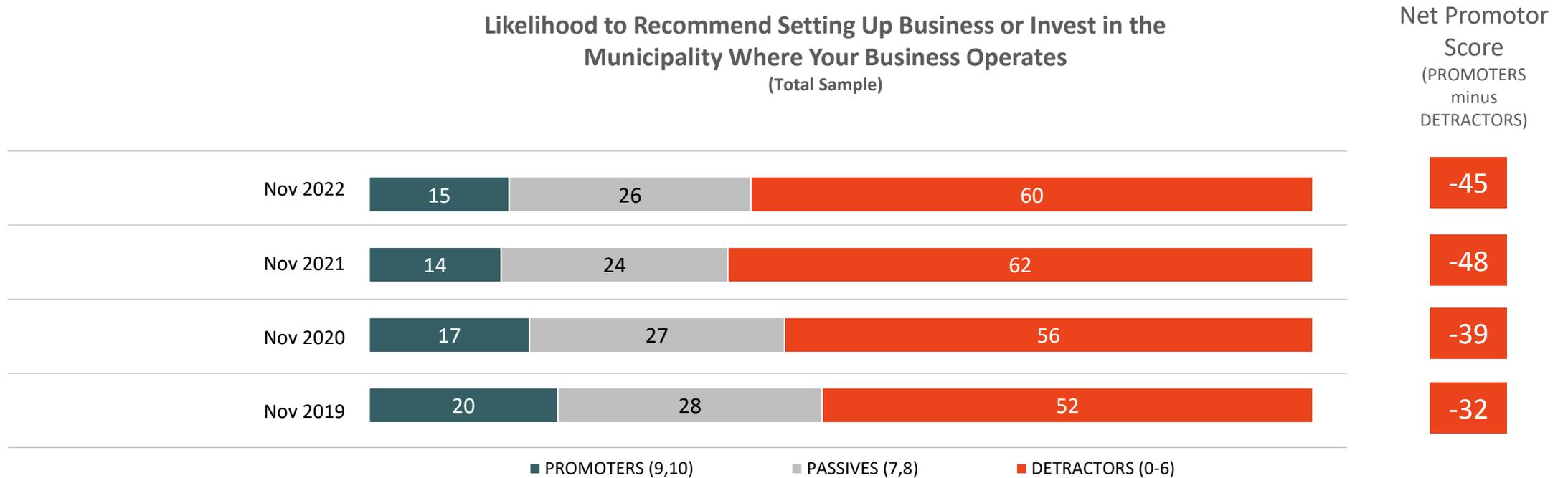
Q17. How does the level of customer service your business receives from the municipality you operate in compare to the level of customer service you provide your clients or customers? Previous phrasing: Q15 How does the level of customer service your business receives from the municipality or county you operate in compare to the level of customer service you provide your clients or customers? (previously Q13) How does the level of customer service your business receives from the municipality you operate in compare to the level of customer service you provide your clients or customers?

Base: Total sample (Nov 2022 n=539; Nov 2021 n=359; Nov 2020 n=283)

NET PROMOTOR SCORE (NPS) FOR MUNICIPALITIES

The NPS for recommending their municipality remains low (-45) although slightly up from 2021, but remains well below the -32 recorded in 2019 (prior to COVID-19).

- As in 2021, size of business is strongly associated with views on the municipality, those with staff of 50+ are far less negative (-15) than smaller businesses (-50)
- Similarly, the private sector (-51) is much more likely to rate municipalities poorly than public sector/not for profit/NGO organizations (-30).
- It also appears that those businesses who had no contact with elected official in the last year are also more likely to give a lower NPS score for their municipality than those reporting contact. This suggests that importance of contact with businesses on the part of elected officials as part of building trust and relationship with the local business community.



Net Promoter Score is a 10 - 0 scale and is calculated by subtracting the top 2 box (10/9) from the bottom (6 - 0)

Q18. How likely are you to recommend to a business friend or colleague that they set up business or invest in the municipality where your business operates? Previous phrasing: Q16 How likely are you to recommend to a business friend or colleague that they set up business or invest in the municipality or county where your business operates? (previously Q14) How likely are you to recommend to a business friend or colleague that they set up business or invest in the municipality where your business operates? [2019: Q21. How likely are you to recommend to a business friend or colleague that they set up business or invest in a business in the municipality in which your business operates?]

Base: Total sample (Nov 2022 n=539; Nov 2021 n=359; Nov 2020 n=283; Nov 2019 n=1028) Very few (14%) say they would recommend their municipality as a place to do business.

As in 2021, amongst those providing a low score, the single biggest challenge is that many felt their municipality is simply not business friendly and is imposing red tape while offering little benefit or support.

**Reason for Response to Municipality Being a Place to Set up a Business or Invest in the Municipality
Where the Business Operates**

| | TOTAL | | |
|---|----------|----------|----------|
| | Nov 2022 | Nov 2021 | Nov 2020 |
| | % | % | % |
| Not business-friendly/Too much red tape/Not aggressive enough/They don't do much/See no benefit | 38 | 37 | 40 |
| Plenty of opportunities/Great place to do business/Would recommend people to come here and set up | 19 | 14 | 21 |
| Cost of commercial space is very high/Expensive to start up a business | 14 | 10 | 6 |
| Tax burden/Taxes are too high | 10 | 9 | 13 |
| Great at supporting businesses/Doing a good job/Always there to help | 9 | 25 | 2 |
| Need to reduce spending/Streamline bureaucracy | 8 | 9 | 11 |
| It depends on the scope and type of business/It depends on the business | 5 | 6 | 5 |
| Need federal support/Issues with provincial/federal governments | 3 | 6 | - |
| Need to invest in municipal infrastructure/Roads/Transportation | 3 | 5 | 6 |
| We need to get involved/We need to work together to make things happen | 3 | - | - |
| They can only do so much/Their hands are tied (e.g., lack of funding, short-staffed) | 3 | - | - |
| Is active/Visible in communities/Connected to the community/Involved and engaged locally (i.e., virtual programs) | 1 | - | - |
| Uncertainty/Unpredictable times | 1 | 5 | - |
| Not sure of the growth in the city/Small city/Population does not sustain revenues for certain business | 1 | 4 | - |
| Too many big-box stores/Online shopping increasing/Being ignored because we are small | 1 | 4 | - |
| Oil and gas/Drop in oil prices | 1 | 3 | 2 |
| Struggle/Not organized/Going through some reorganization/Restructuring | 1 | - | - |
| COVID-19/Pandemic (all mentions) | <1 | 7 | - |
| Networking opportunities/Resource for businesses | <1 | <1 | - |
| Other | 8 | 10 | 15 |

Q19. (previously Q15, Q17) What is the primary reason for your score?

Base: (Nov 2022 n=354; Nov 2021 n=249; Nov 2020 n=131) (optional question to respond to)

No one issue emerges in terms of a specific concern, but generally making it easier for businesses to function is a theme expressed in a variety of different ways.

Question or Issue that would like to raise with local mayor or reeve

Nov 2022

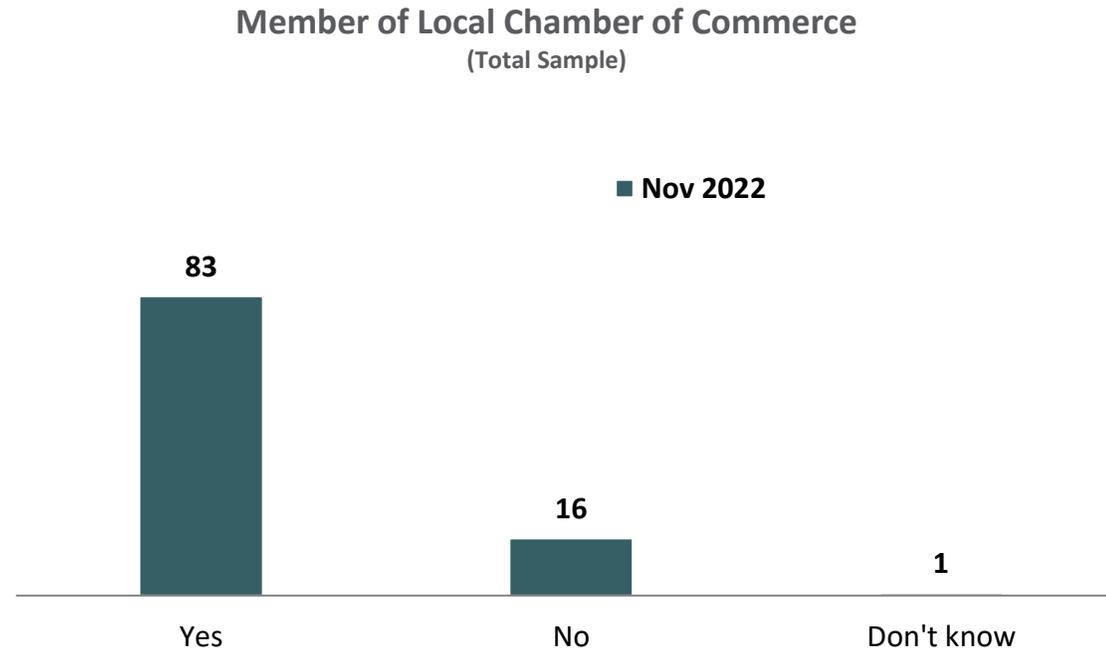
| | |
|--|----|
| Supporting local business/Small business/Shop local | 15 |
| Reducing taxes/No tax increase/Lower commercial taxes/Lower residential taxes | 12 |
| Lowering utilities costs/electrical delivery costs/water/sewer | 11 |
| Reduce costs of business operation (e.g., business licensing, commercial rental spaces) | 8 |
| Social programs/Affordable housing/Deal with homelessness | 7 |
| No more red tape/Low interference/Ease restrictions/Streamline the process | 7 |
| Job creation/Need people to fill positions/Skilled workers/Get people back to work | 7 |
| Attracting new businesses/Attract new investment/Bring more economic developments to our area | 6 |
| Economic stimulus/Business retention/Economic benefits | 5 |
| Invest in municipal infrastructure/Roads/Transportation/Tender to local business for infrastructure/Local road, bridge c | 4 |
| Listening to business/Understand what businesses need/Stand up for the businesses | 4 |
| Keep costs down/Cut spending/Reduce salaries/Shutdown departments that duplicate provincial bureaucracy | 4 |
| Mayor has no interest in dealing with issues/Wouldn't matter, all we would get is lip service | 4 |
| We need to get a handle on crime/theft/vandalisms/addiction issues in the area | 3 |
| Economic diversification/Innovation | 3 |
| Help us/Do better/Clear strategic goals and a plan to get there/Stand up to the mandates in our city | 3 |
| Marketing/Advertising of businesses/Marketing new residential living/Promotion | 2 |
| Healthcare/No cuts to healthcare/Respect for healthcare workers | 2 |
| Be business-friendly/Open the town for business/All businesses matter/Need more business-oriented people involved | 2 |
| Revitalize downtown areas/Fill the vacant office spaces/Fix the downtown problem | 2 |
| OTHER | 11 |
| Nothing | 1 |
| Not Stated | 1 |

Q19A. In 100 words or less, what single question or issue that your business is facing would you raise with your local mayor or reeve in a conversation?

Base: Total sample (Nov 2022 n=316)

Similar to recent years, most respondents continue to report being members of their local Chamber.

- The main difference between members and non-members is that non-members are more likely than members report being from smaller firms (1 – 4 person operations) 51% to 32%, respectively.



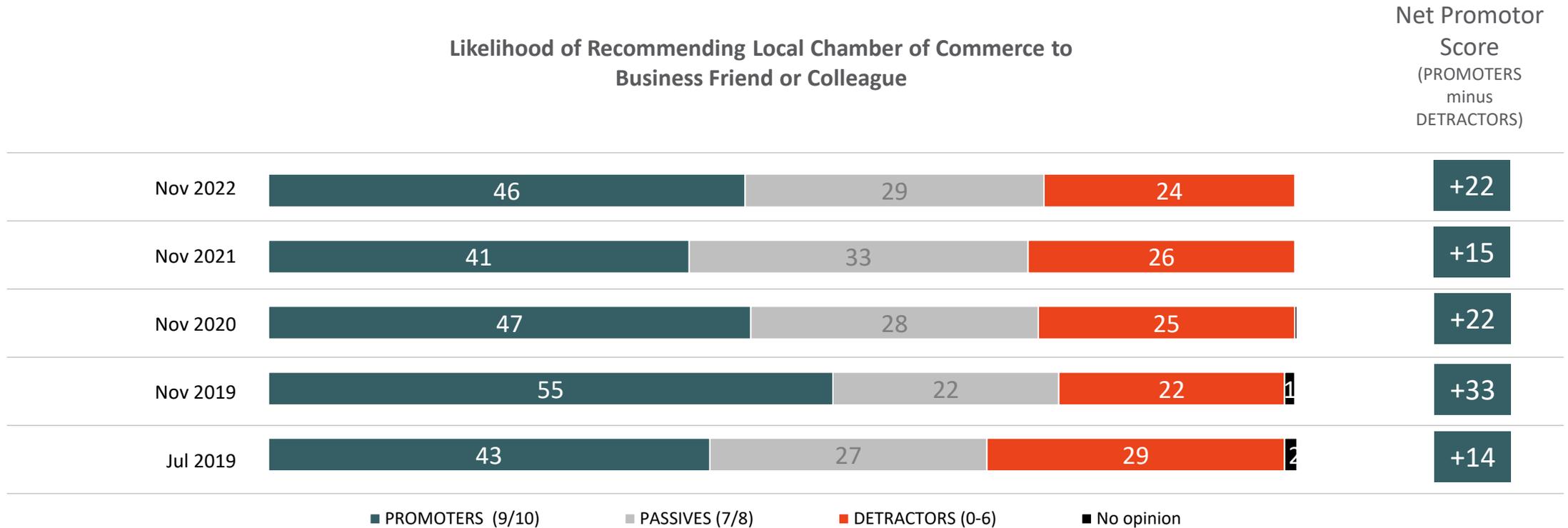
Q20. (previously Q19, Q18) Are you a member of your local chamber of commerce?

Base: Total sample (Nov 2022 n=539; Nov 2021 n=359; Nov 2020 n=251; Nov 2019 n=1028)

NET PROMOTOR SCORE (NPS) FOR LOCAL CHAMBERS OF COMMERCE

After a drop in 2021, the NPS score for local chambers has returned to its 2020 levels (+22).

- As in 2021, there continues to be a strong relationship between views on the future of the province and NPS for the local chamber. Among those negative about the future of the province, the NPS for their local chamber is -3 compared with +33 among those positive about the province’s future. It is likely the increase in positive views about the local chamber may, in part, explain the NPS increases this year.
- Those businesses with fewer than 50 staff give a less positive NPS score than 50+ enterprises (+20 to +33, respectively).



Net Promoter Score is a 10 - 0 scale and is calculated by subtracting the top 2 box (10/9) from the bottom (6 - 0)

Q21. (previously Q20, Q19) How likely are you to recommend your local chamber to a business friend or colleague? [2019: Q33. How likely would you be to recommend your local Chamber of Commerce to a business friend or colleague?]

Base: “Yes” at Q20 (Nov 2022 n=450; Nov 2021 n=307; Nov 2020 n=757; Nov 2019 n=875; Jul 2019 n=714)

Members cited the high level of support from their chamber as a key reason for their positive response.

- As in 2021, among detractors, businesses feel that their chamber is not business friendly, creates too much red tape, or was not doing enough to provide benefits

Reasons for Score
(Those choosing to answer)

| | TOTAL | | |
|---|----------|----------|----------|
| | Nov 2022 | Nov 2021 | Nov 2020 |
| | % | % | % |
| Great at supporting businesses/Doing a good job/Always there to help | 51 | 47 | 46 |
| Not business-friendly/Too much red tape/Not aggressive enough/They don't do much/See no benefit | 19 | 17 | 20 |
| Networking opportunities/Resource for businesses | 14 | 18 | 26 |
| Is active/Visible in communities (i.e. virtual programs, educational events) | 11 | 11 | 20 |
| We need to get involved/We need to work together to make things happen | 6 | 5 | - |
| It depends on the scope and type of business/It depends on the business | 3 | 2 | - |
| Good communications | 3 | 2 | 20 |
| Struggle/Not organized/Going through some reorganization/Restructuring | 1 | 4 | - |
| They can only do so much/Their hands are tied (e.g., lack of funding, short-staffed) | - | 2 | - |
| Other | 14 | 7 | 10 |

Q22. (previously Q21, Q20) What is the primary reason for your score?

Base: (Nov 2022 n=233; Nov 2021 n=169; Nov 2020 n=476) (optional question to respond to)