

Survey Results: Regulatory Challenges for Operators in BC

Survey Findings –Province-wide

The survey data aggregated for province-wide results is provided in Appendix C.

1. Key Regulatory Issues

While agritourism operations and regions in the province are different, some regulatory issues were consistently identified and seem to pose problems for operators regardless of their particular business and where they operate. For reporting purposes, the findings are grouped according to the listing of regulations found in Appendix A.

- **Land usage / Zoning –**

Operators need approval in most cases from the Agriculture Land Reserve Commission (ALRC) and from municipal governments before proceeding with any new business on their property. This process often involves having to convince the municipality that the business will have minimal impact/infringement on community and tailoring the business to fit within ALR restrictions of a farm business. Despite this being the number one regulatory burden identified by operators none of them were able to estimate a cost associated with complying with land usage or zoning. According to the ALRC, however, the application fee for having one's land excluded from the ALR is currently \$750. The application fee for subdivision or special case usage of the land ranges between \$400 - \$550.

- **Signage on Municipal Roads and Provincial Highways –**

In many rural areas, provincial and municipal signs are crucial for advertising and directing visitors to the farm. The consensus among operators is that getting a sign either on a provincial highway or municipal road is nearly impossible. For those who were successful, the cost range was \$20 - \$50 for a municipal signage permit plus the cost of the sign. Under an agreement between the Ministry of Highways and MAFF, directional signs on provincial highways for approved farm markets are free of charge. The cost of not having a sign can mean the difference between customers coming to the farm or not.

- **Building Permits and the Building Code -**

Operators claim it can take months before acquiring a building permit from a municipal government if they wish to delay it. These same sentiments are relayed for building code inspections: the municipal government can take as long or be as stringent as they want. Survey respondents gave a range of costs between \$300 for the permit and \$1500 for a deposit on the permit to municipal governments.

- **Sewage, sanitation and washroom requirements -**

Under the Provincial Health Act, proper sewage and sanitation facilities are required when serving food to the public. Most people understand the logic behind such requirements but have difficulty with the cost of adding these to their business. This is particularly true for operators who, for example, may only be selling ice cream on the weekends during the summer months after providing a farm tour. The range for compliance costs was between \$10,000 and \$400,000.

- **Commercial Kitchen Requirements –**

Another requirement of the Provincial Health Act when serving or manufacturing food items for public consumption that proves to be very costly for operators. Operators gave a range for the cost of the commercial kitchen equipment/building, etc. between \$7,000 and \$30,000.

- **Restrictions on Sales of Off-Farm Products -**

Some operators expressed difficulty complying with the 50% farm goods regulations of the ALR governing what are permissible goods to be sold in a farm store. No specific cost information was provided by respondents, only the notion that sales suffered from having a limited product offering.

- **Water Sampling Requirements –**

The provincial *Drinking Water Act* and the corresponding *Safe Drinking Water* regulations require that well water be tested regularly or as specified by federal guidelines. Currently, federal government issued guidelines requires water sample testing at a minimum of once per week for any well which supplies water to the public (and increasing frequency depending on the volume of water used). All agritourism operators who have well water are required to submit samples for water quality testing to an approved laboratory. Operators estimated a cost of between \$30-\$40 / week to comply with the required testing, most of the charge is for shipping and transportation costs to get the samples to a laboratory.

2. Communication and Understanding of Regulations

Survey respondents answered a series of questions about how they accessed regulatory information. The purpose of these questions was to gauge the general level of understanding agritourism operators have of the regulatory environment as well as to identify what types of resources operators would find useful to increase their regulatory understanding.

- **Frequency of Contact with Government Workers about Regulations -**

Most operators were in frequent and regular contact with government officials about their agri-tourism businesses, the majority having spoken with a government worker within the last three months.

- **Valuable Contacts Who Explain the Regulations to Operators –**
Operators listed a range of contacts that they had spoken to or who they do speak to on a regular basis to find out which regulations apply to their business. The most popular responses were members of a direct farm marketing organization; local farmers to share experiences; the Canadian Food Inspection Agency; provincial agriculture offices; and municipal contacts.
- **The Preferred Resources for Information on Regulations –**
The overwhelming majority of respondents stated that their preferred method for gaining more information on regulations would be to have an individual contact with a working knowledge of the regulations. The second preferred resource was to have a printed guide to the regulations. Thirdly, is to be a member in an organization working to promote the industry and finally a guide to the regulations on the Internet or workshops/seminars were tied in fourth place.
- **Level of Government with the Greatest Impact on Agritourism –**
There was consensus among operators that municipal governments had the most control over agritourism businesses. Provincial and regional government were identified as the next levels with significant amounts of impact/control and the federal government was seen as the least important in the grand scheme of regulations.
- **Regulatory Compliance versus Other Business Concerns –**
Most operators stated they spent less time and money on the regulation side of their business than with other business pursuits like marketing or financing.
- **The “Fit” between Regulations and the Operation of an Agritourism Business –**
The majority of respondents stated they believed there to be only a small degree of fit between the regulations with which they had to comply and the actual operation of their agritourism business.

3. Financial Issues

Overall, there was great difficulty in obtaining data on the cost of regulatory compliance from operators. Most were unwilling to provide specific financial information or wanted to focus more on the time component and level of frustration experienced trying to comply with regulations. The following provides some overall observations as to why financial data was so difficult to obtain from operators:

- Very few operators seem to be aware of or comply with all the applicable regulations;

- Many operators had difficulty separating out those costs incurred for the agri-tourism side of the business versus their general farm business;
- Some operators claim to have an idea of the investment that would be required if they were to comply fully with the regulations. They stated that this becomes a deterrent to compliance and they either operate illicitly or decide not to pursue that business option;
- Some operators claim not to know what the cost has been so far;
- Many operators have difficulty listing costs but know the time it took to understand and meet the relevant regulations;
- Some operators state that the costs were not great and therefore not worth listing, but that the time spent understanding the regulations that applied was onerous;
- Operators had a limited view of costs: for example, not listing lost sales during times of closure as part of the cost of regulatory compliance;
- Some operators have been in existence for decades and therefore the cost incurred at that time to meet regulations are no longer relevant/applicable;
- The enforcement of regulations and therefore the cost incurred because of the regulations varies significantly across the province depending on the municipal government or inspectors present in the area of the operation;

4. General Findings

Aside from these issues, the greatest numbers of complaints received were about the complexity, inconsistencies and irregularity of enforcement of the existing regulations and not the actual cost of regulatory compliance. Operators expressed discontent and frustration not necessarily because it was costing their business a great deal to comply, but because the regulations are seen to lack transparency, to change depending on which official is inspecting, and are being inconsistently enforced. The following is a sample of comments made by agri-tourism operators during the survey process:

- “There seems to be a divergence of opinion governing regulations, each person has their own idea of how it fits together or relates.”
- “I don’t even know which regulations apply to my business, I only find out more as I go along, I had no idea from the start.”
- “Until such time as our present health inspector is no longer in this area, we will not expand our business any further. It is impossible to work with her.”

- “I live in a rural area, there are no building permits or municipal permits required. Even the health inspector doesn’t check what is going on.”
- “I comply with all the health regulations, but my competitors don’t. There is no enforcement. How can I compete?”
- “It is a constant game of jumping back and forth between regulations depending on which ones are better for my business at a certain time and with a certain inspector.”

One element that became apparent throughout the survey process was that those operators that treat agri-tourism as a distinct business from their everyday farming activities seem to do better/have fewer complaints than those who fail to make a distinction or view them as inseparable activities. When an operator thinks of agri-tourism as a separate venture, they appear to be more willing to invest time and money into the business, to find out about the regulations before beginning, and to expend resources complying. As one operator put it, “It is just part of the process of being a business person. If I am serving food to people, I should have to follow the same rules as a restaurant in town.”

Survey Findings – Regionally

The six tourism regions in the province vary somewhat in terms of their stage of agritourism development and the degree of issues that agritourism operators raised during the survey and therefore warrant consideration in turn. These regions can be thought of as belonging on a spectrum in terms of industry development issues. The Thompson-Okanagan, Vancouver Coast and Vancouver Island areas are the most densely populated with the largest number of operations and draw the greatest number of visitors. Accordingly, these regions have become the pioneers for the industry with issues having arisen there first.

A champion for agritourism development, the City of Chilliwack, located in the Vancouver Coast region, has integrated agritourism as part of its overall economic development strategy. The Chilliwack Agricultural Commission has worked closely with Tourism Chilliwack to define an agricultural development strategy which includes agritourism. Chilliwack intends to position itself as a center of excellence in agriculture.

It also plans to use its agricultural landscape, as well as its arts and cultural heritage to attract agritourists and other rural travelers to this region.

Further along the developmental spectrum, Cariboo-Chilcotin, the Rockies and finally the Northern region have less municipal guidance and confront regulatory clashes to lesser degrees. When conflicts do arise, it tends to be centered on provincial and federal regulations. Details on how each of the areas responded to particular survey questions can be found in Appendix D. The figures provided below relating to gross income, average age and scale of agritourism businesses throughout the province was collected in the 2001-2002 *Agritourism and Direct Farm Marketing Survey* conducted by the Ministry of Agriculture, Food and Fisheries.

Thompson-Okanagan

Due primarily to the wine and orchard industries, the level of variety and investment into agritourism is unparalleled in BC and in many areas of Canada. Thirty two percent of operations in the Thompson-Okanagan have a gross income of over \$250,000 per year from agritourism activities. Survey results indicate that there are very few major regulatory problems in the area. Operators tend to make considerable investments into their agritourism business, keep on top of the regulations, and generally, have a more positive attitude towards the state of the industry. One operator expressed dissatisfaction with the regional health inspector, while the others indicated they had not experienced any significant regulatory challenges. Overall, operators appear content with the present state of the regulatory environment.

Vancouver & Coast Area

Almost half (49%) of the agri-tourism operations in this area were begun in the last five years and 42% have an annual gross revenue of between \$10,000-\$25,000 from agritourism activities. Operators in this region also relayed few regulatory problems. They were in constant or regular contact with government officials in order to keep abreast of regulatory issues. All but one respondent felt that regulatory compliance was less demanding than other business concerns and none of the operations had ever been shut down for regulatory reasons. One of the respondents, however, did express significant frustration with the regulations commenting that there existed a sense of powerlessness when dealing with government inspectors and officials. They said that

while devoting time and attention to other business pursuits like marketing provides noticeable returns to their business, dealing with the regulations side of the business did not produce comparable results, nor did they ever feel secure that future problems were avoidable.

Vancouver Island

Survey respondents had more varied experiences operating on Vancouver Island. Some operators had experienced little or no regulatory problems, some took issue with certain regulations and another felt as though they were always on the verge of being shut down. As the responses were quite varied, very few conclusions can be drawn from this survey group other than that the Vancouver Island agritourism sector appears to be at a crossroads along the industry development spectrum. The range of gross income brought in from agritourism operations in this part of the province is very broad. Fifty-five percent of operators on Vancouver Island reported that between 81-100% of their income was derived from agritourism activities (mostly direct farm sales). Forty five percent of operations on Vancouver Island have been offering agritourism activities for 6-14 years. Vancouver Island farms have a longer history in direct farm marketing.

Cariboo-Chilcotin

The majority (55%) of agritourism operators in this area have been in the industry for between 6 and 14 years and 39% of the operations bring in over \$50,000 a year from agritourism activities. Those operating in the Cariboo-Chilcotin region of the province had few or minor problems with municipal regulations. Of the concerns raised, provincial and federal laws were at play. One operator stated extreme dissatisfaction with the regulations under the Agriculture Land Reserve Act, which stipulates the percentage of off-farm products that can be sold in a farm store. They felt that if they were to operate a home-based business in an urban setting there would be less severe regulations and as a result, the operator feels as though the ALR is a punitive restriction on their livelihood. The issue of provincial signage restrictions was also raised as problematic in that in such a rural setting, highway signs serve as a primary advertising mechanism. Other operators had trouble to a lesser degree mostly because there appeared to be less enforcement in some of the areas.

Rockies

The Rockies region is unique in terms of the number of operations that provide overnight accommodations to visitors, mainly as bed and breakfasts or guest ranches. This region is new to the agritourism industry with 41% of operators offering agritourism activities only in the last 5 years or less. The industry is divided between a large portion (31%) of operations that make under \$10,000 gross revenue/year from agritourism activities and another 35% that make over \$50,000 gross revenue/year from agritourism activities. The regulatory issues raised from survey respondents in this area were consistent with other areas in terms of health regulations for sewage, sanitation, washrooms and commercial kitchens. Particular concerns were in regards to the three bedroom limitation under the ALR for bed and breakfast accommodations and the application procedure for a guest ranch of larger than four bedrooms or in a separate building on ALR land. Enforcement in this region appeared to be somewhat inconsistent and was reflected in each respondent's experience with the regulations and government workers in general.

Northern BC

Northern BC is the least developed agritourism area in the province. Fifty-two percent of agritourism operators here have been in the industry for less than five years and 31% of operators make less than \$10,000 gross revenue per year from agritourism activities. Operators here identified that there were no municipal regulations applicable to their businesses and the Agricultural Land Reserve restrictions did not present any challenges. The only areas seen as problematic were with the provincial Health Act (sewage, sanitation and washroom requirements and commercial kitchens), with employment requirements (minimum wage and workers compensation) and with federal labelling and packaging guidelines. Overall, the concerns appeared to be general business operator concerns and were not specifically tied to the agritourism business.