

**Government Red Tape—Very Serious Problem for Business,
Who Have Little Confidence that Reduction Efforts
Will be Fruitful**

**BDO Dunwoody Weekly CEO/Business Leader Poll
By COMPAS in *Canadian Business*
For Publication May 15, 2008**



**COMPAS Inc.
Public Opinion and Customer Research
May 15, 2008**

1.0. Introduction

The federal government announced a major effort to reduce the red tape burden on small business. The COMPAS panel of CEOs and business leaders perceives the red tape burden as serious, an impediment to innovation, and rising rather than following. Given experience with past government efforts at reducing paper burden, the panel is not confident that the government's commitment will bear fruit.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

2.0. Serious Problem

Panelists perceive the regulatory and paper burden on small business as serious, as shown in table 2a. The single most serious aspects are red tape as a barrier to innovation and the absence of transparency, as shown in table 2b. Panelists are overwhelmingly convinced that that burden is rising rather than falling, as shown in table 2c.

Panelists were asked if the burden is truly excessive in each of five areas. Corporate registration is the only area among the five in which the burden is not considered excessive, as shown in table 2d.

As shown in table 2e, the government earns a bare 55% performance score for its commitment to reducing regulatory and paper burden on small business—a low score compared to the other performance scores earned by the Harper government.



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Table 2a: (Q2) In your estimation, how serious a concern is government regulation and paper burden for the average small business? Please use a 7 point scale where 7 means a very high concern and 1, a very low concern.

Mean	7	6	5	4	3	2	1	DNK
5.3	25	28	25	8	3	9	2	1

Table 2b: (Q3) The following are various opinions on regulatory challenges facing business. Please score your agreement with each opinion using a 7 point scale where 1 means disagree strongly and 7, agree strongly.

	Mean	7	6	5	4	3	2	1	DNK
Regulations often reduce flexibility and innovative capabilities	5.8	33	29	23	8	1	3	1	3
There is a lack of transparency in design, interpretation and enforcement	5.7	26	33	23	12	2	1	0	3
Regulations are often incompatible with prevailing market conditions, best business-practices, and efficient administration	5.6	24	37	20	9	5	3	0	3
Regulations are often incompatible with the requirements of other domestic or international regulating regimes	5.4	21	26	28	14	4	3	0	4



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Table 2c: (Q4) Compared to a decade ago, would you say the regulatory burden on small business is rising or falling. Please use a 7 point scale where 1 means the burden is falling rapidly and 7, rising rapidly.

Mean	7	6	5	4	3	2	1	DNK
5.5	21	31	26	11	6	1	0	6

Table 2d: (Q5) The following are five categories of regulatory requirements for businesses. From what you can tell, please score each on a 7 point scale where 7 means the burden of compliance seems truly excessive and 1, the opposite.

	Mean	7	6	5	4	3	2	1	DNK
Related to employees (Payroll Remittances, ROE, Workers' Compensation Remittances)	5.3	22	26	26	10	6	4	3	3
Related to taxation (T4 Summary/T1/T2 tax filing, Federal/Provincial Sales Taxes, Corporate Tax Installments)	5.3	21	27	29	8	5	6	2	3
Mandatory Statistics Canada surveys	5.1	23	16	28	16	8	5	1	5
Operating licenses and permits	5.0	18	20	27	18	8	5	2	3
Corporate Registration	4.2	3	13	27	27	10	9	4	6



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Table 2e: (Q1) On a 100 point school report card type scale, how would you score the Government of Canada's commitment to reduce the paper burden?

Mean	DNK
55	3

The following verbatims provide a nuanced sense of panelist opinion:

All government regulation and paper work is burdensome not just the Feds.

Flat tax and mandatory harmonization of PST and GST would be a step in the right direction. Both of [the] above steps would show a real commitment. Pain in the market place should be felt more by the bureaucrats than the workers that spoon feed them.

Government paperwork is not a big burden for us because we do not happen to be involved in many areas requiring government paperwork. However, of the few areas where we are exposed to government paperwork it is indeed excessive and detrimental to the end goals the government is trying to achieve. Two examples are: (1) Immigration - Paperwork is extensive and waiting times are excessive. Some improvements have been made but room for more improvement. (2) Tendering or requests for engineering proposals. Public Works (PWGSC) and National Defense. Some improvements are being attempted but there [is] still much room for improvement. This discourages firms from submitting proposals (we can sometimes apply our efforts better in the private sector) and is detrimental to the ends the government is trying to achieve.



Governments at all levels are far too demanding and intrusive when it comes to informational requirements of business. Many small businesses in particular have to spend as much as one FTE equivalent in satisfying governments' collective apparently insatiable demand for information and paper work. All of this is lost productivity which contributes not one nickel to wealth and job generation, and adds materially to our acknowledged productivity gap with competing jurisdictions. At the very least, governments should work collaboratively together to at least harmonize, if not eliminate needless red tape and information requirements.

The load on any business, be it large or small, is unrealistic. The governments have staff that seem to have nothing to do but get in the way of creating jobs for themselves and increasing the overall cost burden, be it by way of fees or taxes. Would it be different if the taxpayers [were in charge of] what and how governments spend our money?

This is Canada. In Canada, every day a hundred committees pass a hundred more regulations for us to follow.

3.0. Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted May 12 - 14, 2008. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 122 are deemed accurate to within approximate 8.9 percentage



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points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D. and Tamara Gottlieb.

