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CANADIAN FEDERATION
OF INDEPENDENT BUSINESS.

Canada's Red Tape Report 2015

4th edition

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Introduction

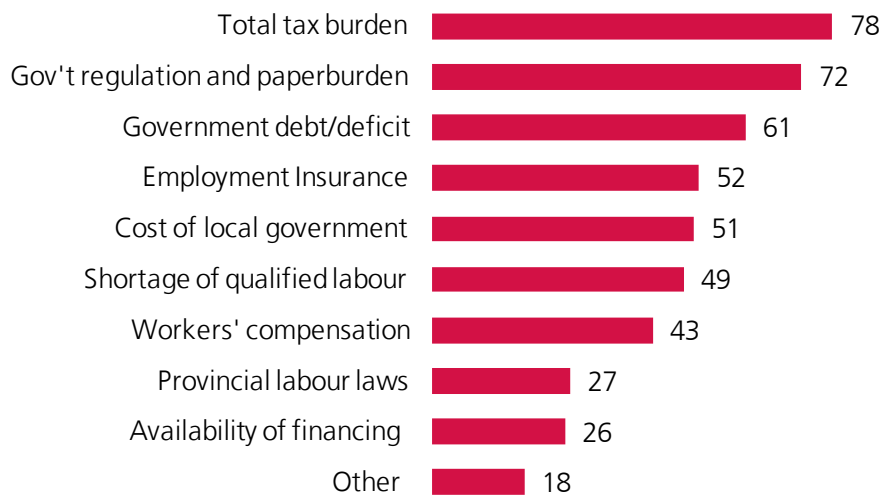
Some government regulation¹ has positive impacts such as supporting efficient and effective markets, providing business and consumer protection and protecting the health and safety of citizens. Business owners deal with regulations daily and have no objection to rules that are needed and administered fairly.

Too much regulation, however, can turn into something regressive and destructive: red tape. Red tape includes rules that are unfair, overly costly, poorly designed or contradictory. Red tape also includes unnecessary delays and poor government customer service. Red tape causes frustration. It can be harmful to productivity and the entrepreneurial spirit, both of which have serious implications that threaten the prosperity of Canada and its citizens.

For over 40 years, CFIB has been surveying small- and medium-sized businesses (SMEs) on the top issues affecting them. Historically, total tax burden has been the top concern; however, a close second is government regulation and paperburden (see Figure 1). Business owners do not question the need for regulations. What they do question is the inordinate amount of time and money that it takes to comply with those rules, especially those that are excessive and unnecessary.

Figure 1

The most important issues facing Canadian small businesses (% response)



Source: CFIB, *Our Members' Opinions Survey*, January – June 2014, n=21,013.

Despite being a top concern for small business owners for a long time, it was not until CFIB issued Canada's first red tape report² that governments began to shift their attention towards these concerns in a more serious way. Published in 2005, this groundbreaking report provided the first estimate for the cost of regulation to Canadian businesses of all sizes—about \$33 billion a year.

¹ Government regulation refers to all the rules and regulations put in place by the federal, provincial and municipal governments on the way business is conducted. It includes tax rules, municipal planning by-laws, business licencing, environmental regulations, and health permits, to name a few. In addition, CFIB's assessment of government regulation also includes government policies as well as customer service as it plays a critical role in supporting business owners in understanding and complying with rules and regulations.

² Jones, Laura. et. al., 2005. *Rated R: Prosperity Restricted by Red Tape*. Canadian Federation of Independent Business.

CFIB has been working to engage governments to take on a leadership role to increase accountability through measurement, reporting and by encouraging regulators to critically assess the effectiveness of existing and new regulations.

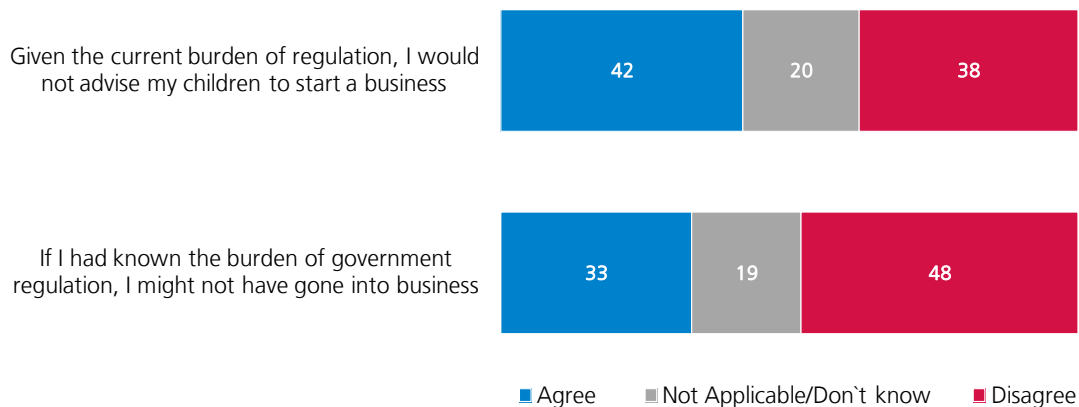
The importance of this message has started to sink in. Regulatory reform is receiving a greater focus than ever, as is indicated by the federal government's leadership and commitment to reduce the compliance burden through their *Red Tape Reduction Action Plan*³. In addition, some provinces such as British Columbia, Saskatchewan, Quebec, New Brunswick and Ontario have taken actions to measure and report regulatory burden. Such initiatives are important but this study indicates that more needs to be done. Governments at all levels need to work harder to ensure their efforts to reduce the regulatory burden make a difference on the ground so that business owners feel a reduction in time and money spent to comply with government regulation.

Our latest survey results, presented in this report, suggest Canada's governments need to make more progress to reduce the regulatory burden on businesses. One of the most shocking indications is the negative impact that the burden of regulation has on entrepreneurship. It is alarming that 42 per cent of business owners indicated that they would not advise their children to start a business given the current burden of regulation (see Figure 2). This is particularly worrisome when one considers that in the next decade, a massive turnover of business ownership and assets is expected in Canada—potentially worth more than \$1 trillion⁴. The consequences of business owners discouraging entrepreneurship puts all of these assets and jobs at risk.

It is also concerning that one in three business owners said that they may not have gone into business had they known about the burden of regulation (see Figure 2). A lower level of entrepreneurship means fewer jobs created, lower tax revenues for government, higher prices, and less room for wage increases, all of which have a damaging effect on Canada's economy.

Figure 2

The effect of the burden of regulation on entrepreneurship (% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867.

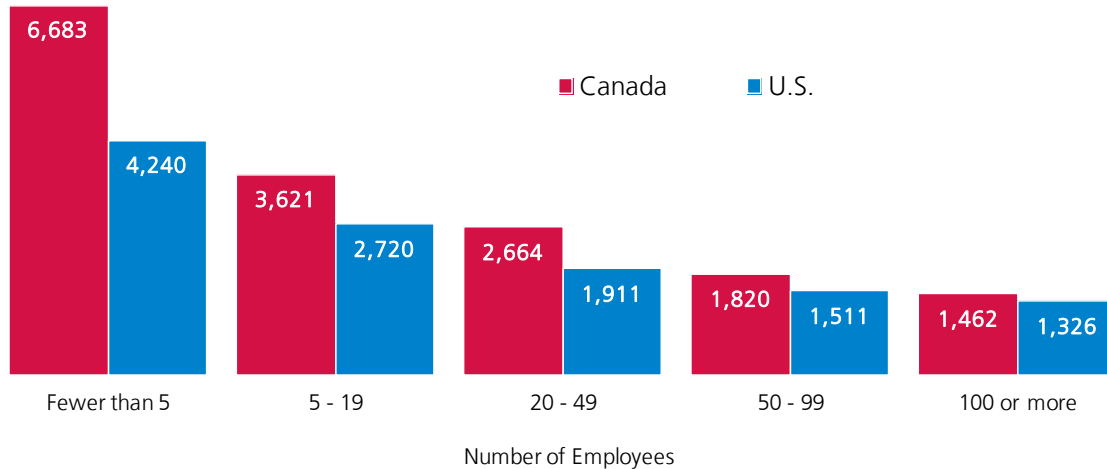
³ In 2011, the Government of Canada created the *Red Tape Reduction Commission* to identify irritants to small businesses that result from federal government rules and regulations. The Commission recommended ways to address those irritants and reduce the compliance burden on a lasting basis. To address the Commission's recommendations for systemic regulatory reforms, the Government of Canada released its *Red Tape Reduction Action Plan* in 2012.

⁴ Bruce, Doug. et. al., 2012. *Passing on the business to the next generation*. Canadian Federation of Independent Business.

Comparisons with the U.S. provide another reason to continue to push to reduce the impact of poorly designed or implemented regulation on Canadian businesses. Businesses in Canada face significantly higher regulatory costs (see Figure 3) than their U.S. counterparts, and are more likely to report that regulations reduce productivity and cause significant stress. Similar to Canada, smallest U.S. businesses are hardest hit by the cost of regulation.

Figure 3

Annual regulation cost per employee, by size of business (in 2014 dollars in Canada and the U.S.)



Sources: Calculations based on CFIB's *Survey on Regulation and Paperburden* (conducted in 2014, n=8,867); data from Statistics Canada; *Survey on Regulation and Paperburden in the United States* (conducted by Ipsos Reid in 2012, n=1,535) and data from the United States Bureau of Labor Statistics.

Canada's governments still have much work to do to reduce the regulatory burden on business owners—but the rewards of the hard work ahead are huge. Such actions would help hard-working entrepreneurs across Canada and serve to boost Canada's prosperity.

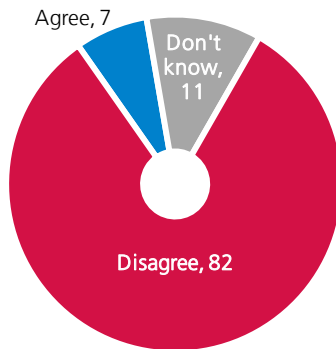
In this fourth edition of *Canada's Red Tape Report*, an updated cost estimate of the burden of government regulation is provided for both the Canadian and U.S. business sectors. Additionally, this report discusses the impact regulation has on small businesses in Canada and the U.S. and offers recommendations for continued effective reform.

The Biggest Regulatory Irritants for SMEs

Business owners are expected to be aware of and comply with regulations at all levels of government. Adding to the problem, government customer service supporting regulatory compliance is often poor, with little effort made to understand the challenging reality of a small business owner. Most businesses work hard to make sure they are complying with regulation, but do not believe that government considers the impact on small business when it imposes regulations (see Figure 4).

Figure 4

Government considers the impact on my business when it imposes regulations (% response)

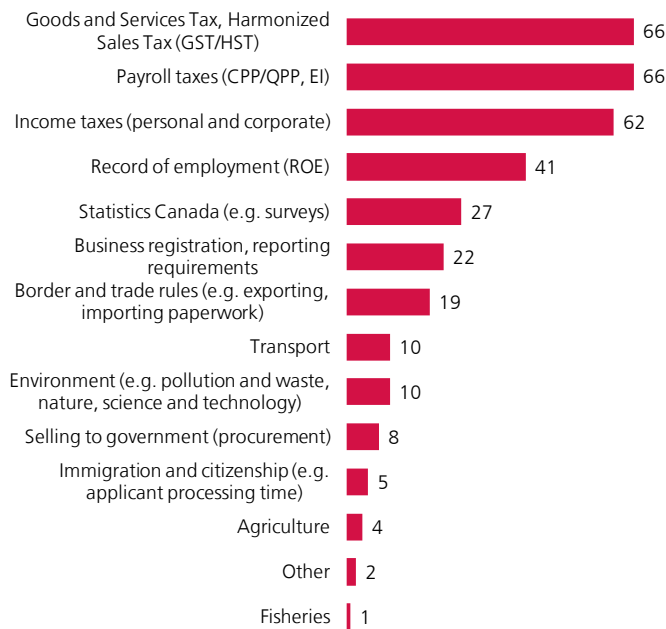


Source: CFIB, *Survey on Regulation and Paperburden*, 2012, n=8,562.

Federal regulatory irritants

Figure 5

Most burdensome federal regulations (% response)



At the federal level, businesses cite their top compliance irritants as payroll taxes and GST/HST (both 66 per cent). Payroll taxes are extremely burdensome to businesses due to the frequency of remitting them (monthly or quarterly) as well as other related reporting requirements. Additional irritants include income taxes (62 per cent), records of employment (41 per cent) and Statistics Canada surveys (27 per cent) (see Figure 5). The relative level of concern is the same as of that reported in previous CFIB red tape reports. The level of concern for all top five irritants have remained relatively stable.

Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867.

Provincial regulatory irritants

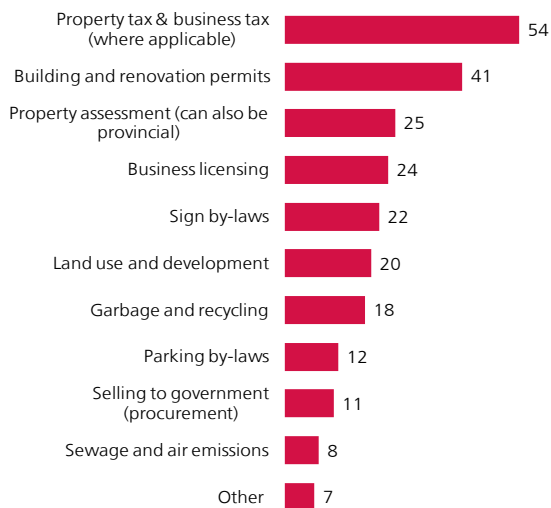
Figure 6
Most burdensome provincial regulations
(% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867.

Municipal regulatory irritants

Figure 7
Most burdensome municipal regulations (% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867.

The most commonly cited provincial irritants in Canada were in the same order as the previous studies, but showed slightly higher levels: workers' compensation and occupational health and safety regulations (64 per cent), PST/HST (59 per cent), and employment standards (46 per cent) remained the top three irritants (see Figure 6). Some variation exists from province to province (see Appendix B, Table B.1). For example, PST/HST topped the list of most burdensome provincial regulations for small business owners in BC by a significant margin over workers' compensation. This may be due to the changes made to the sales tax system in 2013.

At the municipal level, results are similar to previous years, with property and business taxes at the top of the list (54 per cent) followed by business and renovation permits (41 per cent) and property assessments (25 per cent) (see Figure 7).

The Cost of Regulation in Canada

CFIB began estimating the cost of regulation to Canadian businesses in 2005, based on survey data from small businesses. It is important to note that the reported cost estimates are very conservative and there is much more to the costs of regulation that is not captured by this estimate.⁵ These estimates are based on the amount of time and money it costs businesses to comply with government regulations at the federal, provincial and municipal levels. In particular, businesses owners are surveyed on the number of hours spent and other costs (e.g. accounting, legal, and equipment fees) associated with regulatory compliance.

The total cost of regulation for a typical business is comprised of the four following components: cost in wages, professional fees, required spending on special equipment, renovations, and losses due to regulatory delays. A large share of the total cost is due to the cost in wages which is calculated using the number of hours spent on regulatory compliance and hourly wages by size of business.

Total average per-employee regulatory costs by size of business and the corresponding private sector employment levels are used to calculate the total regulatory costs to Canada's business sector (see Appendix A for further details).

Regulatory costs in Canada have increased

In 2014, it cost Canadian businesses \$37.1 billion to comply with regulations from all levels of government (for total regulatory cost per province see Appendix B, Table B.2). The regulation cost estimates for previous years are \$33.8 billion in 2005, \$33.3 billion in 2008 and \$31.7 billion in 2012⁶ (see Figure 8).

From 2012 to 2014, annual regulatory compliance costs in Canada increased by over \$5 billion. Some of the increase can be attributed to wages and employment levels during this time. The number of hours that an average business⁷ spent on regulatory compliance has increased by 12 per cent since 2012—from 749 hours⁸ to 842 hours or from 94 business days to 105 business days⁹ (see Figure 9).

This jump in the total cost of regulation and in the hours spent on compliance shows that overall governments are increasing the regulatory burden. While some governments are doing better than others, all need to make a more serious and sustained commitment to reduce red tape on the ground for businesses.

⁵ This estimate does not include government administration costs, lobbying costs, or lost economic activity. Furthermore, CFIB surveys only independently owned businesses, not publicly traded companies. Publicly traded companies are subject to additional rules that are expected to add to the cost of regulation. For these reasons, the actual cost of government regulation is likely much higher.

⁶ All numbers are reported in 2014 dollars.

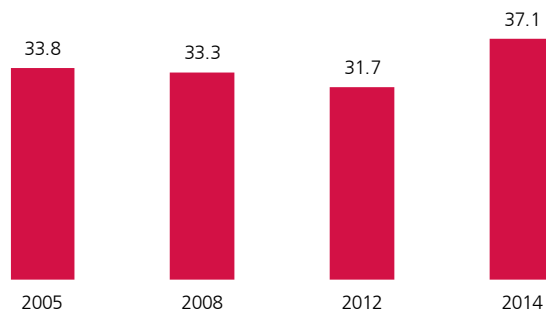
⁷ The average business has 5-19 employees.

⁸ This is the average annual number of hours for all businesses in the sample with valid responses (see Appendix A). The majority of businesses in the sample are small businesses with five to 19 employees (46 per cent) or fewer than five employees (37 per cent).

⁹ Assuming eight hours in a business day (842 hours a year / 8 hours a day = 105.25 days a year)

Figure 8:

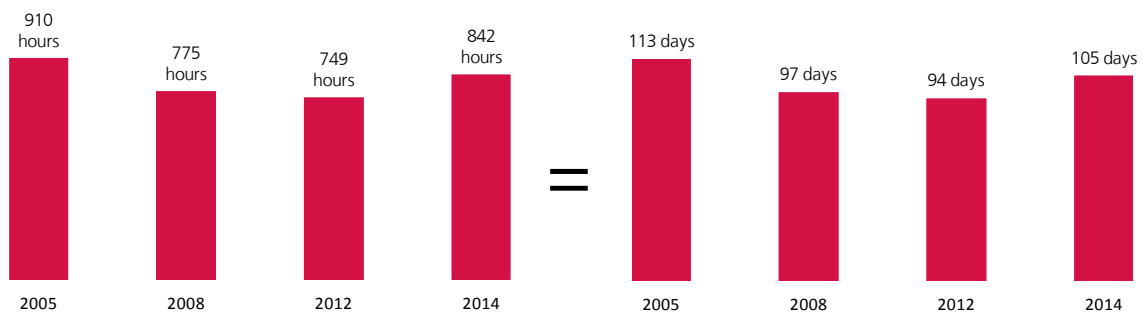
Total annual cost of regulation to the Canadian business sector—2005, 2008, 2012, and 2014 (in billion 2014 dollars)



Source: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2005, n=7,391; conducted in 2008 n=10,566; conducted in 2012, n=8,562; conducted in 2014, n=8,867)

Figure 9:

Total average time spent on paperwork and compliance per business (hours or business days, 2005, 2008, 2012, and 2014)



Source: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2005, n=7,391; conducted in 2008 n=10,566; conducted in 2012, n=8,562; conducted in 2014, n=8,867)

Although governments have little control over market wage increases, they are able to control the complexity of the paperwork required for business regulatory compliance. Therefore, they can reduce the time burden of government regulation, for example by simplifying forms or providing better customer service.

To a business owner, time is an extremely valuable asset. There are simply not enough hours in the day to complete the lengthy list of tasks needed to run their business. As such, efforts to comply with regulatory excesses reduces the ability and time that business owners are able to spend on growing or building their businesses, creating jobs, serving a customer, or training their employees.

In 2014, the total number of hours spent on regulatory compliance¹⁰ by businesses of all sizes in Canada was 818 million hours which is the equivalent of more than 419,000 full-time¹¹ jobs.

¹⁰ Calculated as: 52 x (Average weekly per-employee hours spent on regulatory compliance by size of business x corresponding level of employment).

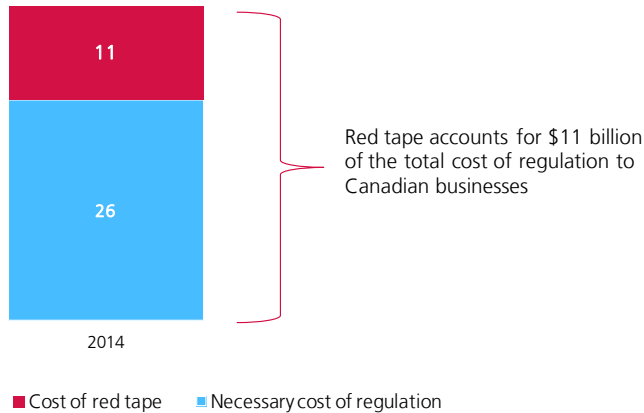
¹¹ Measured at 1,950 hours of work per year.

How much of the cost of regulation is red tape?

There is no question that certain regulations are beneficial. However, excessive regulation or poor customer service, otherwise known as red tape, impedes entrepreneurship, raise prices, limit choices, and reduce productivity. Canadian SME owners indicated that the regulatory burden could be reduced by an average of 29 per cent without harming the public interest of regulation. This translates to nearly \$11 billion in 2014 out of the \$37 billion in total regulation cost to Canadian businesses (see Figure 10).

Figure 10:

Cost of red tape (in billion 2014 dollars, Canada)



Source: Calculations based on CFIB's Survey on Regulation and Paperburden (conducted in 2014, n=8,867)

A 29 per cent reduction in the regulatory burden would free up time and money that business owners could use more efficiently. It would give business owners back 237 million hours of their time which they could use to grow their businesses and ultimately have a positive effect on productivity, jobs and wages. Overall, such a reduction in the regulatory burden would be the equivalent of almost 122,000 full-time equivalent jobs.¹²

Smallest Businesses Hit Hardest

Since CFIB's initial red tape report, a particularly disconcerting finding continues to hold true—regulation has a disproportionately larger impact on smaller businesses. Such is the regressive nature of regulation: those who can least afford it, end up paying relatively more.

Regulatory compliance costs are higher for Canadian businesses than U.S. counterparts

In 2014, the cost of regulation to the smallest businesses in Canada (those with fewer than five employees) is \$6,683 per employee—more than four times as much as the regulation costs for larger businesses (those with at least 100 employees).¹³ This gap is much more pronounced in Canada than in the U.S., where the smallest businesses paid about \$4,240 per employee per year—more than three times as much as larger businesses (see Figure 11). On aggregate, the cost of regulation in the U.S. is

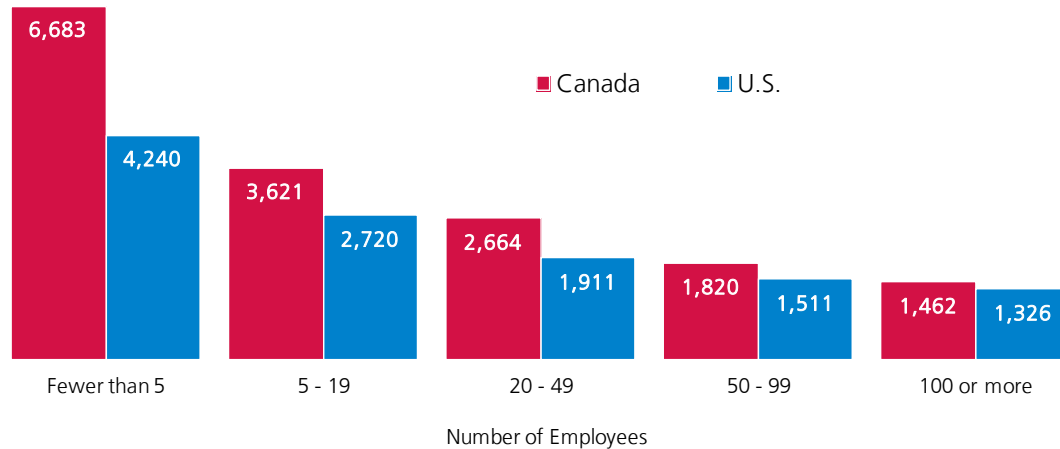
¹² Measured at 1,950 hours of work per year

¹³ The increase of the per-employee costs for the smallest employee size category (fewer than five employees) is largely attributed to the increase in wages from 2012 to 2014.

nearly \$205 billion¹⁴ in 2014. Given that the U.S. is much larger than Canada in terms of population, it is not surprising that the total cost of regulation in the U.S. is higher than in Canada.

Figure 11

Annual regulation cost per employee, by size of business (in 2014 dollars in Canada and the U.S.)



Sources: Calculations based on CFIB's *Survey on Regulation and Paperburden* (conducted in 2014, n=8,867) and data from Statistics Canada; *Survey on Regulation and Paperburden in the United States* (conducted by Ipsos Reid in 2012, n=1,535) and data from the United States Bureau of Labor Statistics.

Notes: The number of employees includes the business owner. The Canadian dollar and the U.S. dollar were assumed to be at parity. U.S. data were adjusted to correct for differences in the sample distribution from the Canadian data, and adjusted for inflation between 2012 and 2014.

The cost of regulatory burden to a business in Canada with four employees would be \$28,792 per year—these costs are significant and more than the average annual gross pay of a typical part-time employee.¹⁵ By comparison, the regulatory cost is cut by almost half for a similar business in the U.S. at \$16,960.

Time spent on regulatory compliance higher in Canada than U.S.

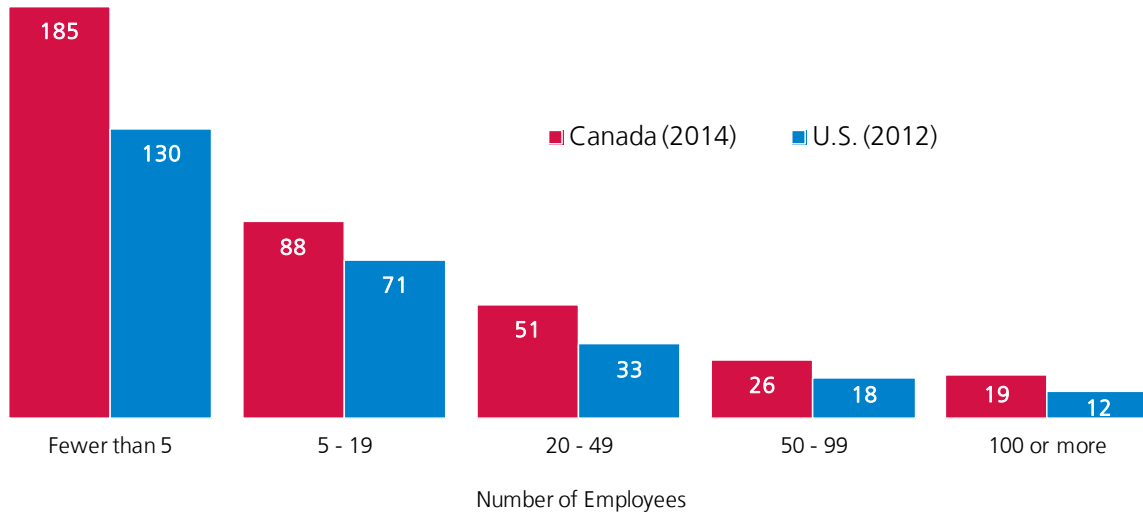
In terms of the amount of time spent complying with government regulations, Canadian businesses spent more hours annually on a per employee basis compared to their U.S. counterparts. This is particularly true for the smallest businesses and explains why the per-employee costs for these businesses are so much higher in Canada than in the U.S. In businesses with fewer than five employees, each employee spent, on average, 185 hours per year dealing with regulation and red tape in Canada, compared to 130 hours in the U.S. (see Figure 12).

¹⁴ In 2012, CFIB's *Red Tape Report* provided the first-ever direct comparison of regulatory compliance costs in the U.S. and Canada. For the purposes of this report, the 2012 cost estimates for the U.S. have been adjusted for inflation.

¹⁵ The average gross pay (excluding benefits) of a part-time employee was approximately \$25,561 in 2013, based on 1,508 hours per year (52 weeks x 29 hours per week) and an average hourly wage rate of \$16.95 for part-time employees (Statistics Canada. CANSIM Table 282-0072. Accessed August 9, 2014).

Figure 12

Average annual hours spent on regulation per employee, by size of business, Canada and the U.S.



Sources: Calculations based on CFIB's *Survey on Regulation and Paperburden* (conducted in 2014, n=8,867) and *Survey on Regulation and Paperburden in the United States* (conducted by Ipsos Reid in 2012, n=1,535).

Note: The number of employees includes the business owner. U.S. data were adjusted for differences in the sample distribution from the Canadian data.

Regulation costs, including the time burden, in Canada are higher and more regressive than those in the U.S. Such differences make it more expensive to do business in Canada, and may partially explain why consumers pay higher prices for the same goods in Canada than south of the border.

Why the smallest businesses are hit the hardest

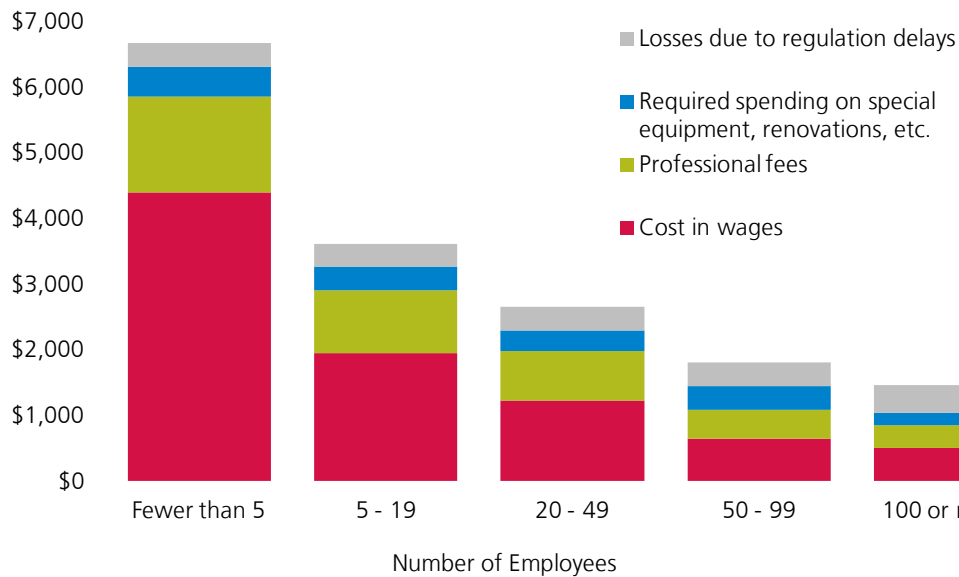
The disproportionate impact of regulation on the smallest businesses is the result of smaller businesses not having the ability to devote resources to regulatory compliance as readily as larger businesses. Larger businesses are able to spread the regulatory burden across a higher number of employees and often have in-house resources devoted solely to regulatory monitoring and compliance. In smaller businesses, the primary responsibility of dealing with regulation often falls directly on the shoulders of the business owners themselves. It is only when enterprises have reached a sufficiently large size that business owners can afford to shift regulatory responsibility to staff and professionals.

Breakdown of regulation costs per employee

A breakdown of the regulation costs per employee shows that wage costs make up by far the largest portion—two thirds—of per-employee costs for the smallest businesses and over half of the costs per employee in businesses with 5 to 19 employees (see Figure 13).

Figure 13

Breakdown of regulation cost per employee, by size of business (in 2014 dollars, Canada)



Sources: Calculations based on CFIB's *Survey on Regulation and Paperburden* (conducted in 2014, n=8,867) and data from Statistics Canada.

Note: The number of employees includes the business owner.

Wage costs cover the time that business owners and employees spent filling out forms and government paper work. It also reflects the time spent ensuring that businesses are in compliance with existing regulations since generally, the onus of interpreting and understanding rules is on the business.

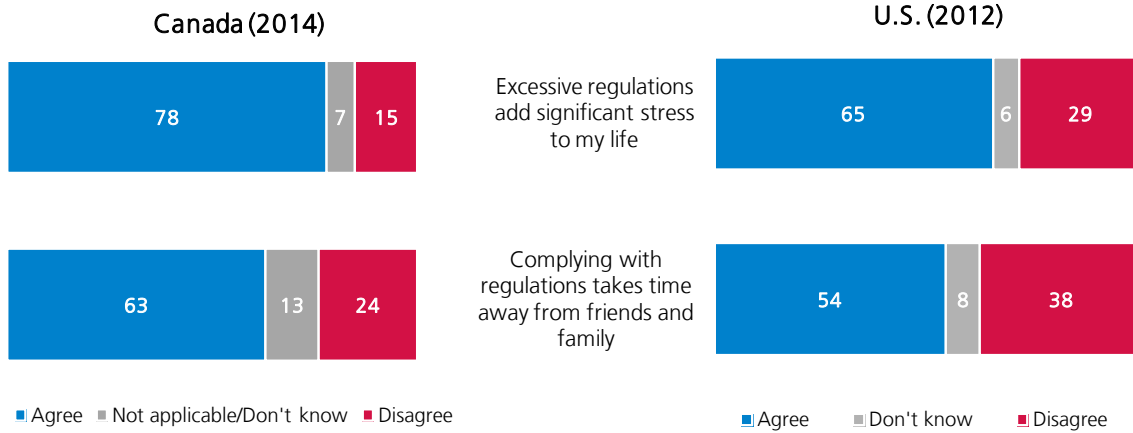
The dollar amount spent on special equipment, renovations, and losses due to regulatory delays were relatively stable across all business sizes. This is very similar to regulatory costs incurred by U.S. businesses.

Social Cost of Regulation

Beyond the burden of time and cost, excessive regulation creates significant frustration for many small business owners. While it is impossible to put a price tag on this, it clearly adds to the cost of regulation. In Canada, about four out of five small business owners indicate that excessive regulations add significant stress to their lives (see Figure 14); in the U.S. it was only two in three. Many business owners must devote time outside of normal working hours to comply with regulations. This not only makes for long work hours, but takes time away from family and friends.

Figure 14

Social cost of regulation (% response, Canada and the U.S.)

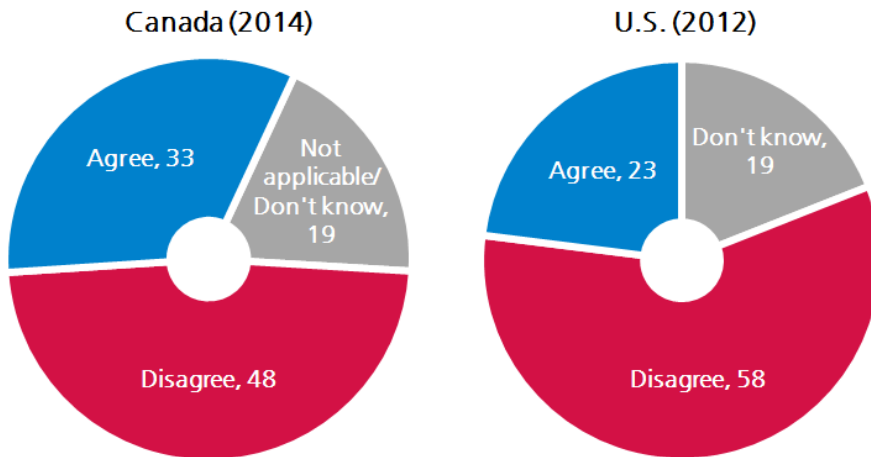


Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867; and Ipsos Reid, *Survey on Regulation and Paperburden in the United States*, 2012, n=1,535.

Financial and social costs of business regulations and red tape are substantial in Canada, given that 33 per cent of business owners indicate they may not have gone into business had they known the burden of regulation (see Figure 15). In the U.S., 23 per cent of business owners agreed. This is another indication that Canadian business owners face a larger regulatory burden compared to U.S. business owners with all else equal.

Figure 15

If I had known the burden of regulation, I may not have gone into business (% response, Canada and the U.S.)

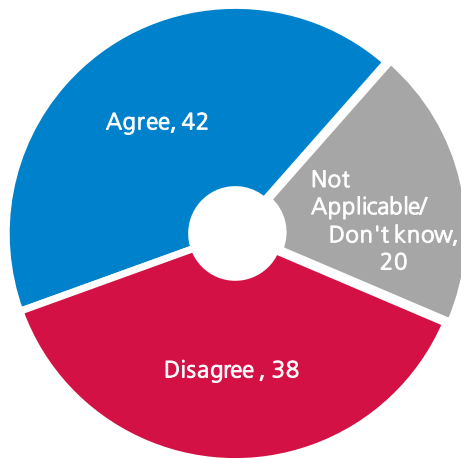


Source: CFIB, *Survey on Regulation and Paperburden*, 2012, n=8,867; and Ipsos Reid, *Survey on Regulation and Paperburden in the United States*, 2012, n=1,535.

In addition, four in ten business owners in Canada also agreed that given the current burden of government regulation, they would not advise their children to start a business (see Figure 16). The very idea that government regulation could potentially deter the next generation of entrepreneurs is a high cause for concern given the vital role of the small business sector to the Canadian economy.

Figure 16

Given the current burden of regulation, I would not advise my children to start a business (% response, Canada)

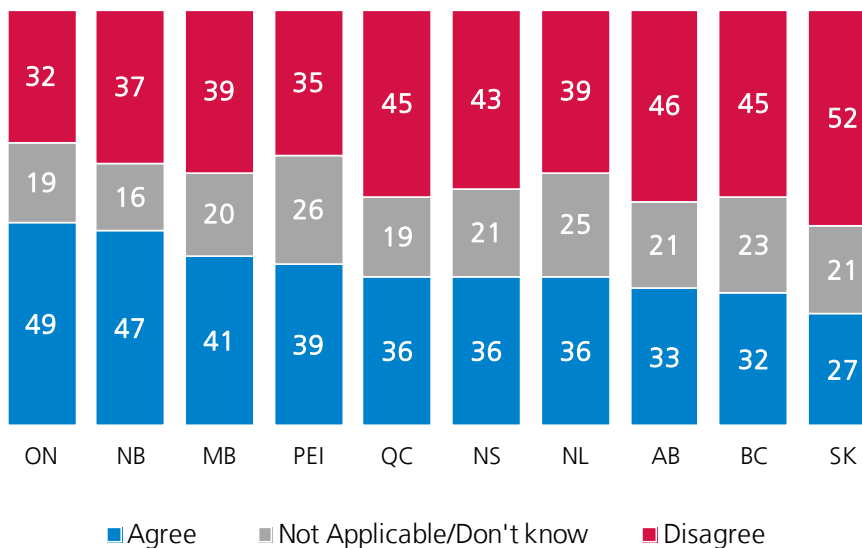


Source: CFIB, Survey on Regulation and Paperburden, 2014, n=8,867.

Provincial comparisons reveal that business owners in Ontario, New Brunswick, Manitoba, and Prince Edward Island are more likely to agree that they would not advise their children to start a business given the current burden of regulation (see Figure 17). At the other end of the spectrum, Saskatchewan is the only province where the highest percentage of business owners (52 per cent) disagree; however, 27 per cent agree, which is still cause for concern.

Figure 17

Given the current burden of regulation, I would not advise my children to start a business, by province (% response)

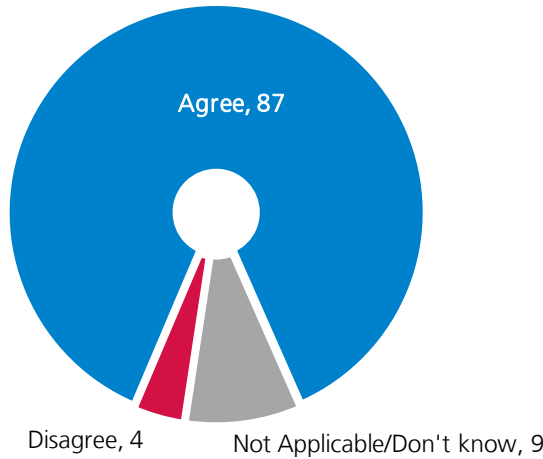


Source: CFIB, Survey on Regulation and Paperburden, 2014, n=8,867.

To make matters worse, the bulk of business owners in Canada perceive that the burden of regulation is growing (see Figure 18). Across the provinces, nearly nine in ten business owners in Manitoba, Ontario, and Quebec feel that the burden of regulation is growing (see Figure 19). These results are likely due to the fact that government initiatives to reduce red tape have yet to be realized. This could potentially serve to further incline business owners to advise their children against starting a business. To ensure the viability of Canadian businesses, reducing the regulatory burden needs to be a continuing priority for governments.

Figure 18

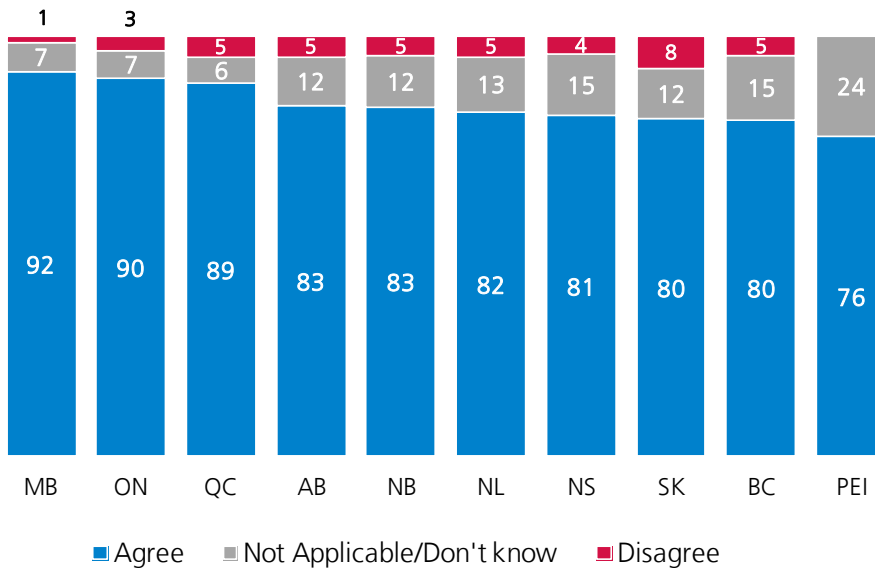
The burden of regulation is growing (% response, Canada)



Source: CFIB's Survey on Regulation and Paperburden (conducted in 2014, n=8,867)

Figure 19

The burden of regulation is growing, by province (% response)



Source: CFIB's Survey on Regulation and Paperburden (conducted in 2014, n=8,867)

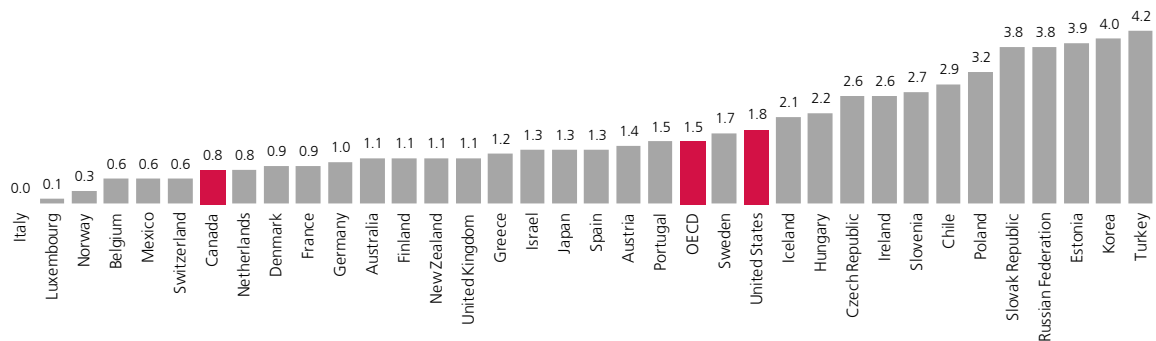
Effects of Regulatory Burden on the Productivity of SMEs

If left unaddressed, the overall effects of regulation and red tape on business owners can negatively affect incomes, job creation and productivity.

In recent years, Canada has consistently fallen short of the productivity gains being realized in other developed countries. Productivity growth in Canada was 0.8 per cent per year between 2001 and 2011—well below the U.S., with 1.8 per cent, and the OECD average of 1.5 per cent (see Figure 20).

Figure 20

Productivity growth between 2001 and 2012, OECD and selected countries (average annual growth rate, in %)



Note: Productivity is measured as GDP per hour worked.

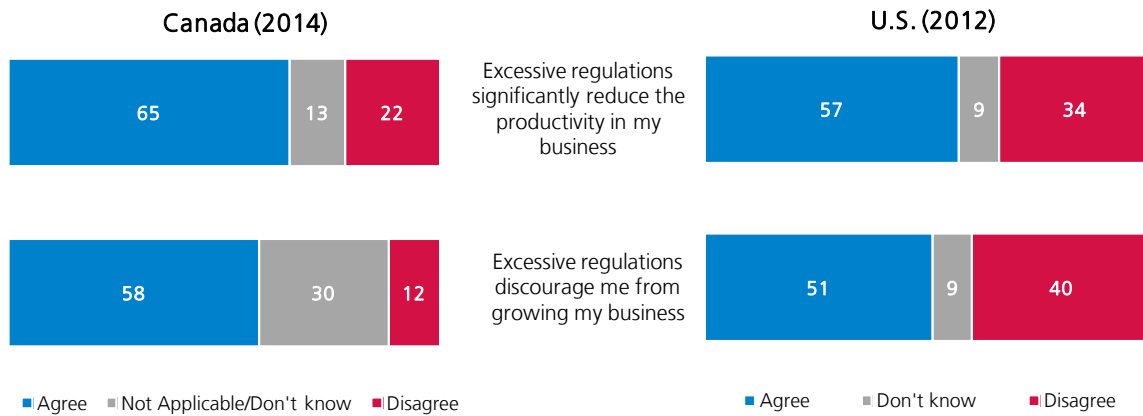
Source: Organization for Economic Cooperation and Development (OECD), Labour productivity growth in the total economy, OECDStat.org, retrieved on August 14, 2014.

Nearly two in three business owners report that regulations significantly reduced the productivity in their business (see Figure 21). This number was eight percentage points lower in the U.S.—suggesting that the regulatory landscape is a contributing factor to the Canada–U.S. productivity gap.

Excessive regulation also discourages business owners from growing their businesses. Nearly three in five Canadian business owners are discouraged from growing their business to its full potential—compared to every second business in the U.S. (see Figure 21).

Figure 21

The effect of excessive regulations on SME productivity and growth (% response, Canada and the U.S.)



Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867; and Ipsos Reid, *Survey on Regulation and Paperburden in the United States*, 2012, n=1,535.

When business owners were asked what they would do if regulatory costs were reduced, the most common answer was to invest in equipment and business expansion—key to productivity gains (see Figure 22). Other actions that business owners cited that would also help increase productivity included paying down debt, which would free up more capital to invest in the business, and increasing employee wages and benefits.

Figure 22

Benefits of reducing regulatory costs: How businesses would use savings if regulation was reduced (% response, Canada)



Source: CFIB, *Survey on Regulation and Paperburden*, 2005, n=7,391.

Effective Regulatory Reform

Effective regulatory reform requires a fundamental change in culture from within government, which requires discipline and focus. There are three essential ingredients to regulatory reform: political leadership, public accountability, and constraints on regulators.

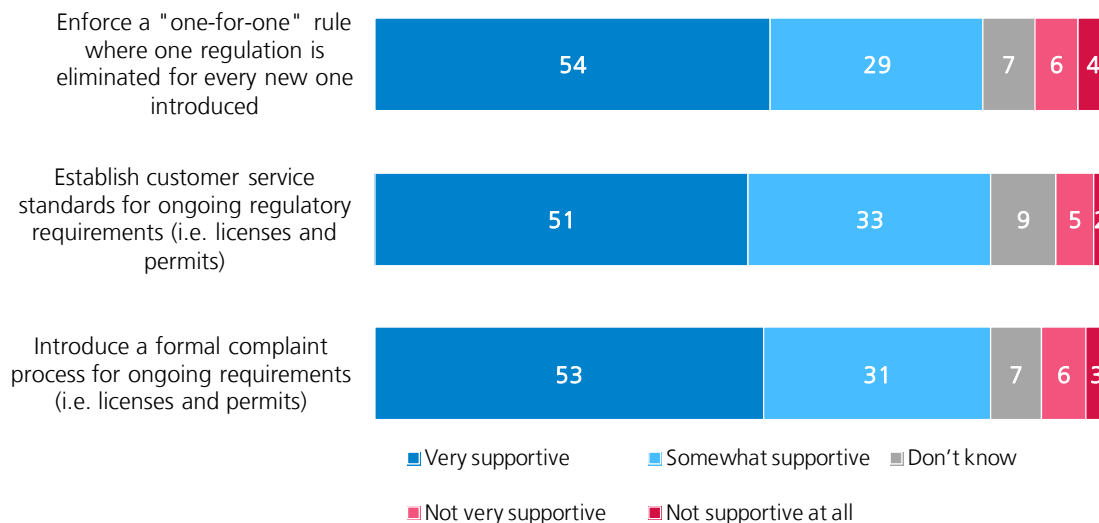
Political Leadership

Effective and sustained regulatory reform must be driven from the top. The best example of political leadership is in British Columbia, where a regulatory reform initiative has been sustained for 13 years. The initiative started with a political commitment from former Premier Gordon Campbell to reduce red tape by one-third in three years. Since 2001, the British Columbia government has reduced their count of regulatory requirements by 42 per cent and have committed to a net-zero regulatory gain up to 2015.¹⁶

The landscape for political leadership on regulatory reform in Canada further changed when the federal government announced its *Red Tape Reduction Action Plan* in 2012. The plan aims to reduce the administrative burden on business, make it easier to do business with regulators, and improve service and predictability. Small business owners show overwhelming support for most of the specific commitments included in the plan (see Figure 23)—particularly, enforcing a “one-for-one” rule whereby for every new regulation introduced, a regulation must be removed; new requirements for departments to set and report on customer service standards; introduction of a formal complaint process for ongoing regulatory requirements such as licences and permits.

Figure 23

Views on the federal government's commitments to reduce red tape (% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867.

¹⁶ Regulatory Reform BC, *Achieving A Modern regulatory environment B.C.'s Regulatory Reform Initiative: Third annual Report 2013/14*, 2014.

Public accountability: Measuring and Reporting the Regulatory Burden

Any government serious about effective regulatory reform must give the public a way to evaluate its success in reducing the regulatory burden. Those proposing additional regulations should not be left to police themselves. Having some internal guidelines and checklists, a feature of many reform initiatives, are not enough. This report shows that it is possible to estimate the regulatory burden. Governments should measure their regulatory burden and must then regularly report their measure to the public. Going a step further, legislating the requirement to report regulatory measures is a stronger commitment to public accountability as it is more difficult for a new government to abandon these efforts. Furthermore, it is critical that whatever measure is used must be comprehensive enough to be meaningful.

Constraints on Regulators

Perhaps the most effective element to achieving regulatory reform is imposing constraints on the regulators themselves. Governments must recognize that business owners have a limited ability to comply with an endless list of regulations. Likewise, governments also have a limited ability to enforce such a list. Implementing a regulatory cap forces regulators to consider alternatives and trade-offs and to prioritize those regulations that are most important. The cap could be a reduction target or a target for a no net increase in regulatory activity. Such constraints would depend on establishing an effective, public measure to track the regulatory burden. The so-called one-for-one rule (currently enforced in British Columbia), where one regulatory requirement must be eliminated for every new one introduced, is a good example of such a measure. The federal government implemented a similar one-for-one rule. However, it is less effective than the British Columbia model since it only looks at the number of regulations and not specific regulatory requirements within each regulation. In essence, British Columbia has greater control over the burden imposed on businesses by looking more closely at the requirements as opposed to regulations in general.

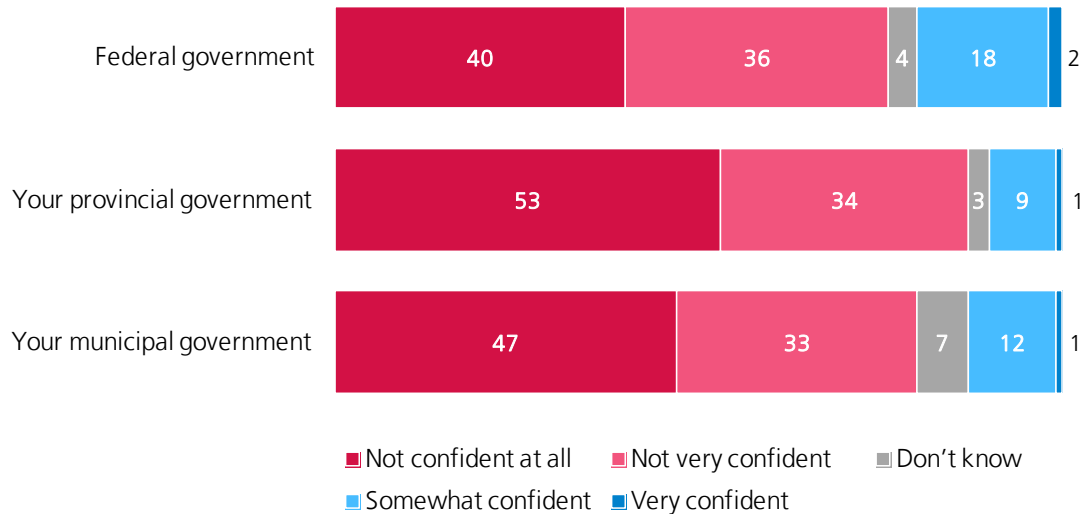
Business Confidence in Governments' Commitments to Reduce Red Tape

Despite the regulatory reform efforts undertaken by various levels of government, the vast majority of business owners are not confident that governments are committed to reducing red tape. Low business confidence in governments' commitment to reduce red tape is another indicator that governments at all levels need a stronger, continued and more concerted effort to ensure business owners feel a reduction of the regulatory burden on the ground.

However, small business owners seem to be more confident in the federal government's commitment to red tape reduction compared to provincial or municipal governments (see Figure 24). This finding coincides well with the federal government's recent efforts through the introduction of the *Red Tape Reduction Plan*.

Figure 24

How confident are you that the following levels of government are committed to reducing red tape? (% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867.

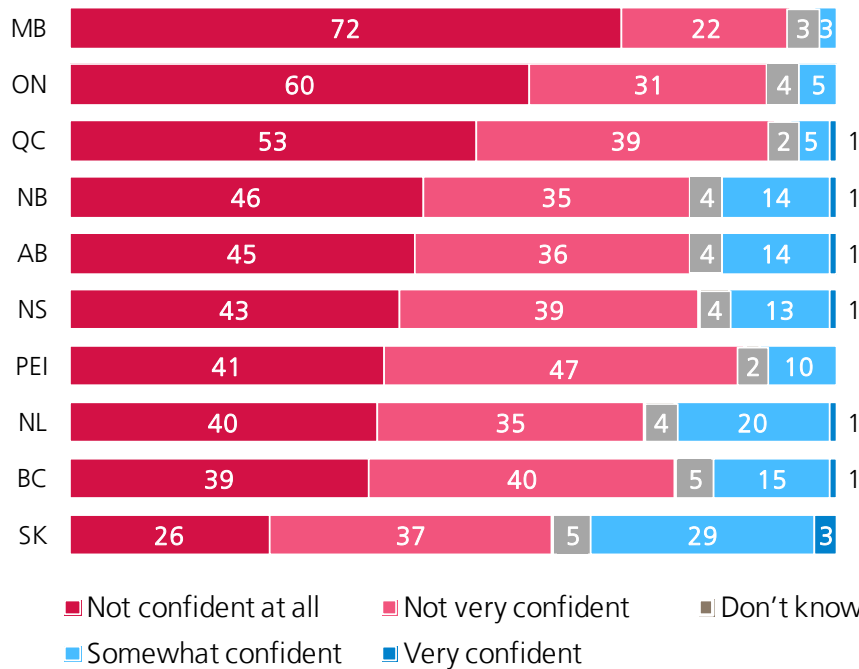
When it comes to their provincial government, the proportion of business owners who are not confident that their government is committed to reducing red tape is high across all provinces.

Business owners in Manitoba are least confident in their provincial government's commitment to reduce red tape (see Figure 25). This finding is consistent with the fact that the Manitoba government is lagging in their progress towards regulatory reform (i.e. political leadership, measuring and reporting, and constraints of regulators).¹⁷ Saskatchewan has the highest share of business owners who are somewhat (29 per cent) or very confident (3 per cent) in their provincial government's red tape reduction commitment—this maybe an indication that business owners are receptive to the Saskatchewan government's efforts to reduce red tape (e.g. simplification of liquor laws, employment standards, and immigration laws).

¹⁷ Canadian Federation of Independent Business. 2014. *Red Tape Report Card 2014*.

Figure 25

How confident are you that your provincial government is committed to reducing red tape?, by province (% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2014, n=8,867.

Some provincial governments (e.g. Ontario, Quebec, British Columbia) are making more progress than others in reducing the regulatory burden placed on businesses. However, they still receive low confidence scores, likely because business owners are not aware of their efforts to reduce red tape and they do not feel the regulatory burden going down. Also, business owners are likely to recognize new regulations that dramatically increase their overall regulatory burden (e.g. *Canada's Anti-spam Legislation*¹⁸) than government's regulatory reform initiatives that do not immediately translate to less time and money spent on compliance.

The Canada Revenue Agency (CRA) is dealing with a similar awareness problem. The CRA has designed a variety of initiatives aimed at solving the problems business owners face (e.g. introduction of Liaison Officers and providing written advice through *My Business Account*). Unfortunately, evidence suggests that the majority of business owners and many tax practitioners are not aware of these measures¹⁹.

Besides making a more serious and sustained commitment to reducing red tape, governments need to increase business owners' awareness about the good work they are doing. Governments can do this by ensuring their efforts materialize into real savings in terms of the time and money that businesses spend to comply with regulations.

¹⁸ The federal government introduced a set of complex rules on July 1, 2014, on the sending of commercial electronic messages for the purpose of reducing spam. This is a good example of government initiatives missing the mark in terms of understanding what red tape feels like on the ground. Interestingly, the anti-spam rules were not subject to government's red tape reduction efforts. This is because the requirements were in legislation and not considered as "regulatory red tape" by government.

¹⁹ Canadian Federation of Independent Business. 2015. *Canada Revenue Agency Report Card*.

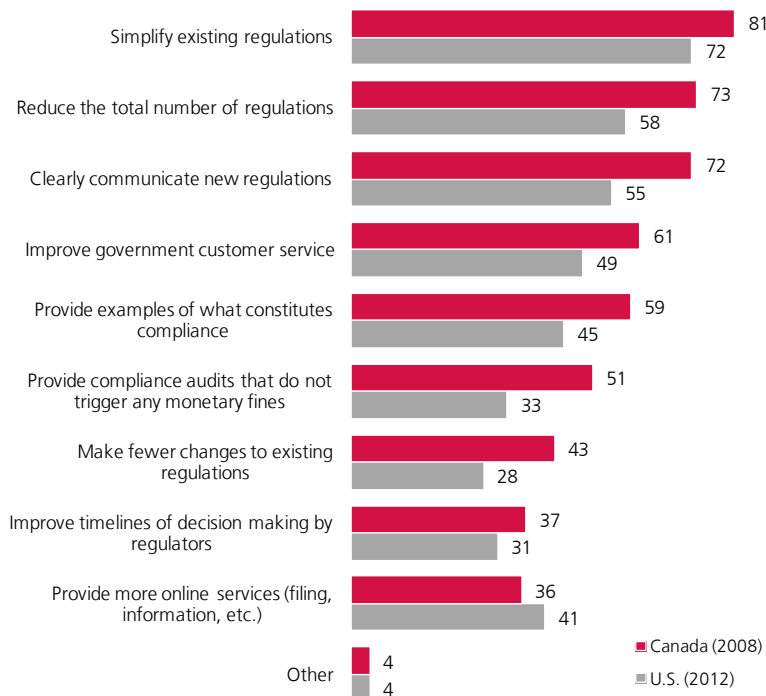
Customer Service Makes a Difference

Part of the regulatory burden faced by business owners includes poor customer service. When dealing with government regulations, customer service can make the difference between a stressful, time-consuming process and a positive, productive one. Thousands of business owners took the time to comment on their specific experiences with regulation or regulators. The comments make it very clear that poor government customer service is a large part of the regulatory headache facing small business (e.g. getting more than one answer to the same question, confusing language, being put on hold for long periods of time, dealing with rude or poorly-informed staff and waiting too long for decisions). Very few business owners felt that governments effectively communicated new regulations, made best efforts to provide service in a timely fashion or that auditors and inspectors took a common sense approach to regulation.

In response to the question “What would help your business better comply with regulations?” two of the top three solutions required an improvement in customer service—simplifying existing regulations to better help the business owner understand what government was asking and clearly communicating new regulations. Beyond this, 61 per cent of small business owners stated that an improvement in government customer service would help their business—the fourth most popular response. In the U.S., small businesses had similar views about what would help them comply with regulatory burden (see Figure 26).

Figure 26

What would help your business better comply with regulations? (% response, Canada and the U.S.)



Source: CFIB, *Survey on Regulation and Paperburden*, 2008 (n=10,566) and Ipsos Reid, *Survey on Regulation and Paperburden in the United States*, 2012, n=1,535.

While small business owners were quick to point out the impact of poor government customer service on their businesses, they were also extremely appreciative of a positive government customer service experience. Many of the positive comments from our surveys focused on the responsiveness and understanding of an individual or the flexibility built into a process. A few examples of both positive and negative comments around government customer service from the survey are highlighted in Table 1.

Table 1

Business owners' comments (Canada)

Positive Customer Service	Negative Customer Service
<p>We have been audited by the SRED (Scientific Research and Experimental Development) twice, CRA (Canada Revenue Agency) once and recently PST (Provincial Sales Tax). The auditors were very professional, informative and gave us all the information that was required for their visit well in advance so we could prepare. On all occasions, we were found to be in compliance and [sic] overall it was a positive experience.</p> <p><i>(Management consulting, BC)</i></p>	<p>We have been audited for provincial and federal taxes in the last three years. We have also had a The Workplace Safety and Insurance Board audit. In the cases of the tax audits, the auditors were inept and lacked the knowledge necessary to make sound judgments on our expenses. They did not respect the time taken out of our staff days to complete their work and were not the least bit concerned about the costs to our business. They also did not project a professional appearance.</p> <p><i>(Automotive Parts Store, NS)</i></p>
<p>I am really happy with the Ontario Ministry of Labour in the last few years. They really seem committed to helping make a safe workplace rather than being punitive. We've had several inspections and several orders and all were legitimate and made us safer and better.</p> <p><i>(Printing, ON)</i></p>	<p>With the "new" BC Provincial Sales Tax we are trying to figure out what to pay/not pay, how to get overpayments back, etc. I usually email so that I have an answer in writing. Mostly the answers I receive are convoluted and not helpful. The last 2 times I asked a specific question I was simply referred back to the post bulletins. I already have the bulletins; my questions were around interpretation of the bulletins.</p> <p><i>(Home furnishing business, BC)</i></p>
<p>Provincial government took the time to come out and explain the rules of Provincial Sales Tax and verify that we were charging and remitting properly - was not an audit, just helpful advice.</p> <p><i>(Automotive repair & maintenance business, MB)</i></p>	<p>Importing goods from the U.S. is very time consuming, expensive and frustrating. I have had Border Security hold items for over 30 days with no recourse or explanation. They open up every box I bring across and sometimes damage the goods so as they can't be resold. I have been fined for improperly importing goods only to be exonerated after six months of appeals, with no apology.</p> <p><i>(Investigation & security services, NB)</i></p>
<p>My Health Inspector is excellent and very knowledgeable and helpful. Every time he stops in is a positive experience.</p> <p><i>(Grocery store, AB)</i></p>	<p>The difficulty lies in the disparity between (health inspectors). The rules seem somewhat arbitrary, and will depend on who is doing the inspection - it is rarely the same person.</p> <p><i>(Restaurant, ON)</i></p>
<p>When registering for a new Harmonized Sales Tax/Goods and Services Tax Number (government worker) was extremely helpful and in fact gave a direct phone number and her name should we have any further questions.</p> <p><i>(Trucking operator, ON)</i></p>	<p>I get extremely frustrated when I must hold a phone for 10 minutes plus most times I call (the federal government, immigration and tax). The line that we are experiencing higher than normal call volumes get play [sic] every time I call. I would recommend they hire more people to answer their phone. Time is money!</p> <p><i>(Full-service restaurants, AB)</i></p>

Conclusion and Recommendations

Governments across Canada have become more cognizant of the impact that regulation and red tape has on our country's ability to create jobs, grow, innovate, and compete. This is reflected by the increased focus on regulatory reform.

The imperative to reduce red tape brings great hope, but much still remains to be done. Too much time and money is still wasted on unnecessary red tape, which ultimately results in lower productivity and fewer jobs, as well as, undue stress and frustration.

CFIB will continue to work with Canada's governments to ensure that the focus on regulatory reform continues to be a priority. For all levels of government CFIB is promoting a ten-point plan for effective regulatory reform based on the principles of accountability and leadership.

Although the cost of regulation is significantly higher in Canada than in the U.S., both countries would benefit from a reduction in regulatory costs. What benefits do our recommendations promise? The biggest benefit is being able to encourage and support entrepreneurship within both the private and public sectors by reducing the time, money, and frustration that both sides incur when coping with unnecessary red tape. This in turn would lead to many other positive outcomes including a more constructive relationship between government and the private sector, and a more productive, resilient economy.

For all levels of government in both countries, the following ten point plan remains the gold standard for reform.

Ten Point Plan for Effective Regulatory Reform

1) *Measure the regulatory burden*

Without measurement there can be no true accountability. Measuring the regulatory burden is not an easy task, since much of the cost of regulation is hidden, indirect or intangible. However, the first measure does not have to be perfect (fiscal accounting, for example, has become more sophisticated over time). In addition, more than one measure can be used to get a more complete picture of what is going on.

2) *Institutionalize the measure by reporting it regularly to the public*

Real accountability requires ongoing measurement and external oversight. Measures should be tracked over time. Ideally, there needs to be a legislated requirement for ongoing measurement and reporting.

3) *Impose constraints on regulators*

Businesses and individuals have limited time and money to cope with regulation. If regulators want their rules followed, they must recognize these limits and impose some restraint on their own regulating. Suggested initiatives include a requirement on the part of government to remove a regulatory requirement for every new requirement introduced (a form of cap and trade) and the introduction of criteria to justify new and existing regulations, such as British Columbia's criteria checklist with a small business lens.

4) *Make regulatory accountability a political priority and appoint a minister responsible*

Regulation has a serious impact on the economy, yet politically it is usually a low-profile issue. A cabinet-level position should be created (i.e. Minister of Regulatory Accountability or Reform). In the

case of municipal governments, a permanent “standing committee”-style body should have designated seats for elected council officials so there is political accountability.

5) Ensure adequate communication of existing and proposed regulation

The onus should be on those creating new rules to ensure effective communication of those rules. It is entirely reasonable for business owners to expect government agencies to provide straightforward and consistent advice regarding regulatory compliance in a timely manner. All communication should be in plain language.

6) Focus on areas that will be most economically productive

To maximize the economic impact of regulatory reduction exercises, policy makers should focus on areas of regulation and red tape considered most harmful to business.

7) Carefully consider the need for all new regulation and the impact on small business

Any proposed regulation should be subjected to scrutiny that includes questioning whether it is needed, ensuring that affected parties are consulted, and that any unintended consequences of the regulation are considered. Guidelines for considering new regulations should be regularly monitored by a third party to ensure that they are being observed.

8) Keep compliance flexible and provide basic examples and guidelines for what constitutes compliance and non-compliance

Regulation works best when it is outcome-based rather than prescriptive in nature. This allows businesses to find the most cost-effective ways to comply with rules. Businesses should, however, also be given some guidelines and examples of what constitutes compliance. This is especially important for smaller businesses that do not typically have the resources to explore different options for the least costly way to comply. For those businesses, having basic guidelines regarding what constitutes compliance is extremely helpful.

9) Improve government customer service

Small- and medium-sized business owners know how critical good customer service is to the survival of their business. Regulators dealing with small businesses should be given customer service training with specific emphasis on understanding the importance of small business to the economy and the resource limitations, risks and hardships faced by many trying to operate small businesses. Government customer services should also be regularly measured and reported.

10) Improve accountability for regulators by instituting such measures as reverse onus guidelines for timeliness and communication

Often there is little or no flexibility for business owners when it comes to meeting their compliance/paperwork obligations. Regulators, however, usually have no specific timelines imposed on them for when decisions will be made or permits will be approved. Worse still, there is rarely any negative consequence to a regulator of providing bad advice. These asymmetries should be remedied so that regulators, too, have deadlines and suffer consequences when these deadlines are not met or if their advice proves inaccurate.

Appendix A: Methodology for Estimating the Cost of Regulation

The CFIB survey on regulation was conducted from June to July 2014. A total of 8,867 small- and medium-sized business owners across Canada participated, corresponding to a margin of error of 1.04 percentage points, 19 times out of 20.

In estimating Canadian regulation costs, answers from 6,644 survey responses were used after filtering and excluding outliers. The following data were captured:

- ▶ Hours spent weekly doing paperwork related to regulatory compliance and on other activities related to regulatory compliance (reading, training, verification, time spent with accountants and lawyers). These costs will be referred to as (h).
- ▶ Dollars spent annually on professional fees to ensure regulatory compliance (accountants, lawyers, consultants) and on special equipment and renovations solely to comply with regulations. These costs will be referred to as (f).
- ▶ Cost of lost sales as a result of regulatory delays or restrictions. These costs will be referred to as (s).

The Canadian regulatory cost estimate was calculated based on data from Statistics Canada's 2013 Survey of Employment, Payrolls and Hours (SEPH) which focuses on payroll administrative records (T4s). In estimating the total number of individuals employed in Canada, SEPH data were used in conjunction with the 2013 Labour Force Survey (LFS). SEPH only includes businesses with employees and incorporated self-employed individuals. To capture the unincorporated self-employed portion of the labour force (with and without paid help), data were extracted from the LFS. Although employee data are also available from the LFS, SEPH data were used over LFS data since more reliable income and employment data were available. It was also assumed that all unincorporated self-employed belonged to the first employment size category (fewer than 5 employees) as most unincorporated businesses are either sole proprietorships or partnerships.

Canadian employee hourly wage rates (w) were calculated using SEPH and LFS data. Hourly wage rates for employees in the private sector were derived based on average weekly earnings from SEPH by size of business and average actual hours worked weekly (for all jobs) from the LFS by province. SEPH data for industry sectors deemed mainly as public sector (utilities, education, health, public administration) were excluded.

The basic equation used to calculate the total annual cost of regulation for businesses in our sample is:

Hours (h) x weekly wages (w) x 52 + professional fees and required spending (f) + net cost of lost sales (s).

Total weekly hours spent on paperwork by employees and employers were assumed to be at least 1 hour a week. Weekly hours spent on paperwork per employee were assumed to be less than 30 hours a week.

Required spending amounts in the past three years were then divided by 3 to obtain annual required spending costs. Professional fees and spending on equipment were restricted to be equal to or less than \$5,000 per employee per year. This threshold has been increased from \$4,000 in previous editions as an adjustment for inflation since 2005. This has produced an impact on the per employee costs in 2014 especially for businesses with fewer than five employees (see next section, *Other Notes*). Based on the CFIB survey results, 41.5 per cent of respondents reported a minor impact (5 per cent or less lost in weekly sales) on sales due to delays caused by regulations, while 14.3 per cent of

respondents reported a major impact on sales (6 per cent or more lost in weekly sales), resulting in a lost sales margin of 1.9 per cent. The net cost of lost sales due to regulatory delays was then calculated by multiplying the lost sales margin obtained from the survey results by the annual wages paid to employees of the businesses surveyed and by the 2012 “national total net profits to total wages” ratio for business enterprises obtained from *Statistics Canada's Financial and Taxation Statistics for Enterprises* publication.

The survey sample was divided into five categories. The number of employees includes the business owner.

n_1 = Fewer than 5 employees

n_2 = 5-19 employees

n_3 = 20-49 employees

n_4 = 50-99 employees

n_5 = 100 or more employees

This allows us to estimate the cost of regulation per employee (CE) for each of the different business sizes using the following general equation:

$$CE = \sum [(h_{ij} \times w_{ij}) \times 52 + f_{ij} + s_{ij}] / \sum e_{ij}$$

where:

i = the i^{th} business from a total 6,644 cases

j = the j^{th} size category from a total of 5 categories

h_{ij} = hours spent weekly performing regulatory paperwork in business i and residing in size category j

w_{ij} = average hourly wage rate in business i and residing in size category j

f_{ij} = annual amount spent on professional fees and required spending related to compliance in business i and residing in size category j

s_{ij} = annual net cost of lost sales in business i and residing in size category j

e_{ij} = number of employees in business i and residing in size category j

To determine the total cost for all Canadian businesses, the national cost per employee for each business size (CE) was multiplied by the total number of employed individuals in Canada belonging to that business size. Regulatory costs were aggregated across the five size categories to obtain an estimate of the total cost (TC).

$$TC = \sum (CE_j \times N_j)$$

where:

j = The j^{th} size category from a total of 5 categories

CE_j = cost of regulation per employee for size category j

N_j = total number of employees in Canada working for businesses in size category j

Provincial total regulatory costs were calculated in a similar fashion using provincial cost per employee for each business size. However, for cases where there were insufficient data (less than 20 respondents) for a business size category, the national regulatory cost per employee was used in place of the provincial cost per employee. Provincial employment figures for particular sectors were estimated due to data suppression in SEPH.

Treatment of Inflation

The total regulation costs for 2005, 2008 and 2014 were converted to 2014 dollars using annual Consumer Price Index (CPI) data from Statistics Canada (CANSIM Table 326-0020, retrieved on August 7, 2014). The provincial and national CPI data for 2014 were estimated using the year-to-date monthly average of CPI data available for January through June (CANSIM Table 326-0020, retrieved August 7, 2014).

Regulation cost estimates for the United States

CFIB, with sponsorship from KPMG Enterprise™, commissioned Ipsos Reid to conduct a comparable survey on regulation in the United States. This survey was conducted in October 2012 and filtered respondents based on identical criteria to the Canadian survey. In addition, respondents were excluded if they worked in a business with 500 or more employees or in a publicly-traded company. Individuals in public administration, government services or the military were excluded. Only respondents who dealt with matters of regulatory compliance in their work were allowed to take the survey. Ipsos Reid ensured that the sample was representative of all regions of the United States. A total of 1,535 responses were collected. Per-employee and total cost of regulation for the United States was calculated using the same method as for Canada. These figures were adjusted using the Bureau of Labor Statistics calculator (accessed July 28, 2014).

Other Notes

The sizable portion of the increase in the cost of regulation is due to the increase in the number of hours spent on compliance. Other factors that contributed to the increase in regulation cost include increases in wages, employment and cost thresholds for professional fees and special equipment from 2012 to 2014.

Because provincial costs per employee and provincial employment were applied for provincial cost estimations, the provincial costs do not add up to the national cost estimate. Provincial estimates were adjusted proportionally to add up to the national cost estimate. Although the territories are not presented separately, the Northwest Territories, Nunavut, and Yukon are included in the national cost estimate.

Certainly, there exist additional costs related to complying with regulation that are difficult to quantify. Since this report excludes such additional costs, the national cost estimate presented is conservative. Additional costs that are excluded in the calculation would, if included, inflate the current estimates even more. For example, costs linked to lost innovation, productivity, and economic activity as a consequence of excess and inefficient regulations are unaccounted for in this report but would contribute significantly to the burden of regulation.

Appendix B: Additional Data

Table B.1

Most burdensome provincial regulations, by province (% response)

	Canada	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Workers' compensation, occupational health and safety	64	55	56	62	61	73	52	52	59	53	79
Provincial Sales Tax, Harmonized Sales Tax (PST/HST)	59	74	25	52	63	60	67	61	61	55	55
Employment standards	46	35	42	34	53	55	40	31	30	24	31
Business registration, reporting requirements	30	25	31	24	28	29	36	34	30	24	33
Financial (e.g. insurance, securities, banking)	26	23	31	27	19	27	24	29	25	20	32
Other tax compliance	21	19	22	18	25	22	23	22	16	20	17
Environment (e.g. agriculture and farming, energy, waste and recycling)	14	11	11	17	14	15	15	9	12	22	5
Health permits and inspections	13	10	12	10	14	15	12	12	17	10	15
Selling to government (procurement)	9	10	8	9	12	9	6	11	11	8	9
Consumer protection	7	7	6	4	7	9	6	4	8	2	3
Other (Please specify)	5	5	5	4	4	4	7	4	3	4	3
Food and restaurant inspections (can also be municipal)	5	4	4	2	6	4	7	8	7	6	5
Liquor & tobacco	4	5	3	3	4	3	5	4	5	2	10

Source: CFIB, *Survey on Regulation and Paperburden*, 2012, n=8,562.

Table B.2

The cost of regulation by province, 2005 to 2014 (in million 2014 dollars)

	2005	2008	2012	2014
British Columbia	4,457	5,104	4,448	5,171
Alberta	3,834	4,385	4,192	4,617
Saskatchewan	1,152	926	960	1,115
Manitoba	1,182	1,043	1,016	1,219
Ontario	12,790	12,012	12,210	14,758
Québec	8,119	7,859	7,031	8,102
New Brunswick	697	625	554	636
Nova Scotia	931	785	770	833
Prince Edward Island	170	127	132	134
Newfoundland and Labrador	445	415	397	498
Canada	33,775	33,324	31,713	37,083

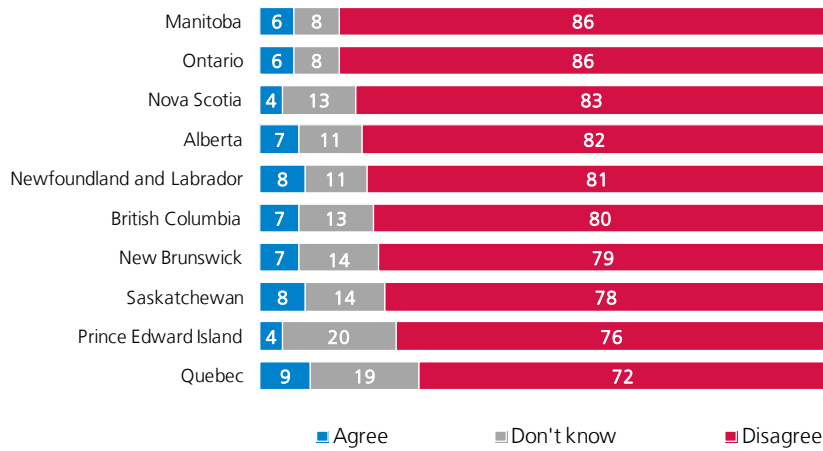
Sources: Calculations based on CFIB's *Survey on Regulation and Paperburden* (conducted in 2005, n=7,391; conducted in 2008, n=10,566; conducted in 2012, n=8,562; conducted in 2014, n=8,867) and data from Statistics Canada.

Notes: There was a change in assumptions in 2014 (see Appendix A for a detailed methodology). CFIB estimates are meant to be conservative and act as ballpark figures. Provincial cost estimates are not limited to provincial specific regulations. Cost estimates by province include regulations at all levels of government.

The total regulation costs for 2005, 2008 and 2012 were converted to 2014 dollars using annual Consumer Price Index (CPI) data from Statistics Canada (Statistics Canada, CANSIM Table 326-0020, retrieved August 07, 2014). The provincial and national CPI data for 2014 were estimated as the year-to-date monthly average of CPI data available for January through June (Statistics Canada, CANSIM Table 326-0020, retrieved August 07, 2014).

Figure B.1

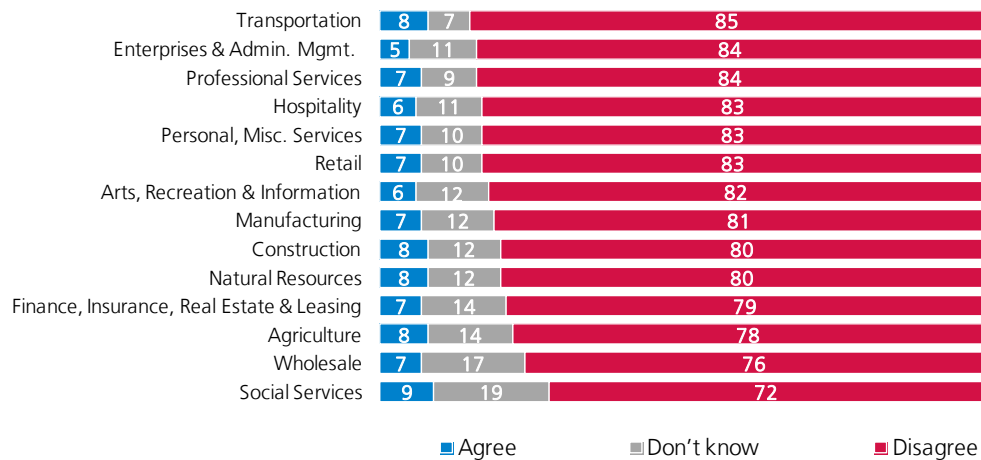
Government considers the impact on my business when it imposes regulations, by province (% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2012, n=8,562.

Figure B.2

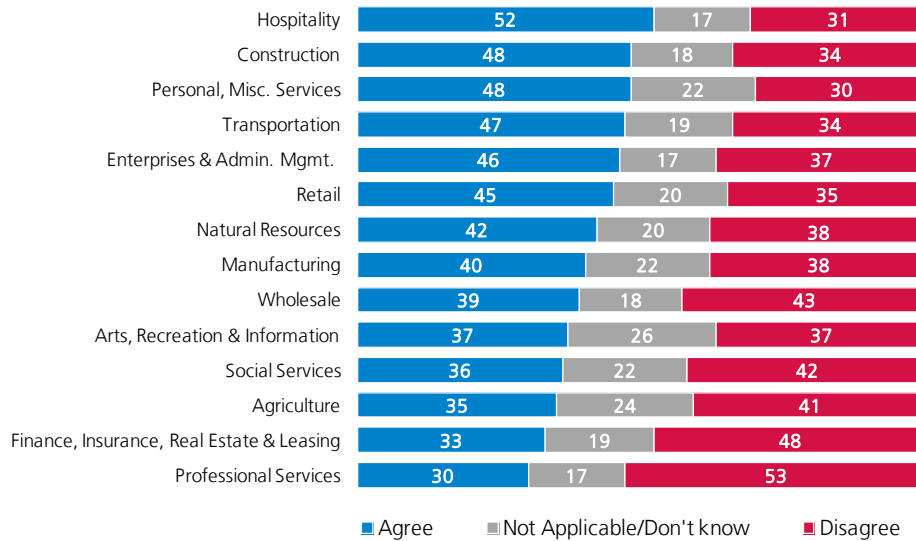
Government considers the impact on my business when it imposes regulations, by sector (% response)



Source: CFIB, *Survey on Regulation and Paperburden*, 2012, n=8,562.

Figure B.3

Given the current burden of regulation, I would not advise my children to start a business, by sector (% response, Canada)



Source: CFIB, Survey on Regulation and Paperburden, 2014, n=8,867.

Regulation and Paperburden

The regulatory burden includes time and money spent complying with government rules (e.g. figuring out what rules apply to your business, filling out forms, paying accountants and other outside consultants, and dealing with audits and inspections). To continue to show governments that reducing red tape is important, we need your point of view! Your answers will remain strictly confidential.

To ensure that our scanner accurately records your answers, please mark clearly within the appropriate boxes.

1. Which MUNICIPAL government regulations are most burdensome to your business in terms of time and money spent on compliance? (Select as many as apply)

- Business Licensing
- Building and renovation permits
- Parking by-laws
- Garbage and recycling
- Sewage and air emissions
- Property assessment (can also be provincial)
- Land use and development
- Sign by-laws
- Property tax & business tax (where applicable)
- Selling to government (procurement)
- Other (Please specify) _____

2. Which PROVINCIAL government regulations are most burdensome to your business in terms of time and money spent on compliance? (Select as many as apply)

- Employment standards
- Workers' compensation, occupational health and safety
- Business registration, reporting requirements
- Provincial Sales Tax, Harmonized Sales Tax
- Other tax compliance
- Consumer protection
- Health permits and inspections
- Environment (e.g. agriculture and farming, energy, waste and recycling)
- Financial (e.g. insurance, securities, banking)
- Liquor & tobacco
- Food inspection and restaurant inspections (can also be municipal)
- Selling to government (procurement)
- Other (Please specify) _____

3. Which FEDERAL government regulations are most burdensome to your business in terms of time and money spent on compliance? (Select as many as apply)

- Payroll taxes (CPP/QPP, EI)
- Record of employment (ROE)
- Goods and Services Tax, Harmonized Sales Tax (GST/HST)
- Income taxes (personal and corporate)
- Border and trade rules (e.g. exporting, importing, paperwork)
- Fisheries
- Agriculture
- Immigration and citizenship (e.g. applicant processing time)
- Environment (e.g. pollution and waste, nature, science and technology)
- Transport
- Business registration, reporting requirements
- Statistics Canada (e.g. surveys)
- Selling to government (procurement)
- Other (Please specify) _____

4. How confident are you that the following levels of government are committed to reducing red tape? (Select one for each line)

	Very confident	Somewhat confident	Not very confident	Not confident at all	Don't know
Federal government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your provincial government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your municipal government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Considering all of the regulations pertaining to your business - labour, tax, health and safety, sector rules, etc. how many hours per week do you and your staff spend:

	Hours/week				
a. Filling out forms and doing government-related paperwork?	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> </tr> </table>				
b. Ensuring that your business complies with all existing regulations: reading, training, verification, administration, time spent with accountants and lawyers?	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> <td style="width: 25px; height: 20px;"></td> </tr> </table>				

6. How much does your business spend annually in professional fees (accountants, lawyers, consultants) to ensure your compliance with existing regulations? (Enter \$ amount per year)

\$, , . 00

7. During the past three years, how much money did your business spend on special equipment, renovations, etc. solely to comply with regulations? (Enter \$ spent in past three years)

\$, , . 00

8. During the past three years, what impact have delays caused by regulations (e.g. permits, etc.) had on your business? (Select one answer only)

- No impact or have not experienced any delays
- Minor impact (5% or less lost in weekly sales)
- Major impact (6% or more lost in weekly sales)

9. Approximately, how much does the cost of government regulation add to the prices of goods/services sold at your business? (Enter %)

%

10. Please describe any positive or negative experience with regulation or regulators (inspectors, auditors, etc.). These examples are extremely helpful when meeting with government.

11. Regarding the effectiveness of initiatives to reduce red tape, how important do you think it is that governments measure and report the total regulatory burden on small businesses at least once a year? (Select one answer only)

- Very important
- Somewhat important
- Not very important
- Not important at all
- Don't know

12. The federal government is implementing a Red Tape Action Plan to reduce red tape. How supportive are you of the following commitments that have been made under the plan? (Select one for each line)

	Very supportive	Somewhat supportive	Not very supportive	Not supportive at all	Don't know
Enforce a "one-for-one" rule where one regulation is eliminated for every new one introduced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Establish customer service standards for ongoing regulatory requirements (i.e. licenses and permits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introduce a formal complaint process for ongoing regulatory requirements (i.e. licenses and permits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Do you agree or disagree with the following statements? (Select one for each line)

	Agree	Disagree	Not Applicable/Don't know
If I had known the burden of government regulation, I might not have gone into business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excessive government regulations discourage me from growing my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excessive government regulations significantly reduce productivity in my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excessive government regulations add significant stress to my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Complying with government regulations takes time away from friends and family	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auditors, inspectors, and frontline government staff are held accountable for their mistakes (e.g., giving out wrong information, bad customer service)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The burden of government regulation is growing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Given the current burden of regulation, I would not advise my children to start a business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Are you aware of CFIB's Red Tape Awareness Week? (Select one answer only)

- Yes
- No

Comments: