



# Red Tape Survey

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Surrey Board of Trade	4
Introduction	5
Executive Summary	6
Summary of 2018 Results	7
Red Tape Analyzed	8
Appendix I – Respondents in Detail	9
Appendix II – Tables of Results	11



## Surrey Board of Trade

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### WHO WE ARE

The Surrey Board of Trade supports, promotes, and advocates for commercial and industrial interests of Surrey businesses — the city’s economic drivers. With Surrey’s rapidly growing significance in the Lower Mainland, the role of the Surrey Board of Trade has never before been more important to champion a strong vibrant business community.

### OUR MEMBERSHIP

Surrey Board of Trade is a powerful link between business, government, and community with a membership of nearly 2,500 businesses and organizations, large and small, representing over 6,000 member contacts and 60,000 employees.

### WHAT WE DO

Since 1918, the Surrey Board of Trade provides businesses and organizations with

1. Economic opportunity
2. Workplace development and education
3. International trade
4. Government advocacy
5. Business connections

Members can further expand their client base with our numerous networking opportunities throughout the year. And we provide multiple levels of opportunity for members to promote their brand through business-to-business engagement.

### ADVOCACY

We are an independent voice of business that develops positions on relevant topics of concern to our members. We do, at times, partner with government stakeholders and other business organizations at local, regional, provincial and federal levels if it serves the purpose of supporting our members.

No individual can succeed alone, nor any business can thrive without colleagues and support. The Surrey Board of Trade is here to help you. With our many connections with government representatives, we will advocate on your behalf.

### PURPOSE OF SURVEYS

The Surrey Board of Trade periodically implements surveys, either voluntary opt-in or scientifically rigorous, on a range of topics. Member participation is voluntary and anonymous, however, the data is an invaluable tool for our advocacy and policy development.

We thank all those who give a few minutes of their time to provide information and direction on our surveys, as well as those volunteers who assist in their design and analysis.

The Surrey Board of Trade has long had a policy advocating for the reduction of red tape, defined as excessive bureaucracy or routines or rules, or complexity, which results in delay or unreasonable costs for business. Filing forms and applying for licenses are a part of doing business, however, we want to ensure that it isn't onerous on our members.

This, the second such survey, is intended to capture member experiences from which the Surrey Board of Trade can measure improvement over time. The survey is voluntary, whereby members can opt-in to the link provided. Several emails introducing the survey were sent to the membership as a whole from end of September to mid-October; advocacy team members were specifically invited to participate. The results are announced at the annual Development Industry Forum in conjunction with a press release of a summary of findings.

The Surrey Board of Trade conducts the Red Tape Survey annually to track improvements where they occur and identify concerns as they arise for our members. Specifically,

- To gain a deep understanding of our members' regulatory burden
- To determine any actions, recommendations, or policies that may be required, and
- To add to our body of knowledge that will lead to better regulation and lower costs for businesses and taxpayers.

The Red Tape Survey was inspired by and worked on by both the Finance and Taxation Team and the Development & Land Use Team. Several other Surrey Board of Trade advocacy teams were invited to review the draft and provide comment.

*“Many of my clients have reduced the amount of business they accept because of the red tape in dealing with employees. They prefer to only work enough to supply the needs of their own family and deliberately turn down business that would require employees.”*



## Executive Summary

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The response to the Red Tape Survey for 2018 increased by 52% from 2017. As with 2017, 53% identified themselves as employers. Over 87% of Surrey Board of Trade member respondents found regulatory requirements of all levels of government had a moderate to major impact on their daily operations, an increase of 7 points over 2017.

As this is the second annual survey, comparisons are made to the 2017 data, which we take to be a baseline to monitor trends over time. However, two years' worth of data is insufficient to do more than indicate that a shift has occurred. These shifts are identified in the data tables.

Overall, roughly half to two-thirds of those responding rated a number of agencies and regulatory requirements as having moderate to high levels of red tape. The CRA and PST were most problematic. There was an interesting movement of those identifying the Canadian Border Services agency as increasingly impactful. City building & construction requirements dropped substantially with a concurrent increase in "Not Applicable." This would be consistent with an overall decrease of respondents in the development industry.

All governments rated low for communication. However, there was a moderate shift indicating improvement for both the Federal and Local governments, with the city showing the greatest improvement. Provincially, there is a strong trend towards inadequate. While there is no clear connection, the introduction of new taxes for development speculation and the employer health tax may have had an impact. Regardless, there is much room for improvement for all governments.

The list of agencies is not exhaustive and is based on the advice and direction of several advocacy teams' members. Two areas require further exploration: the not-for-profit sector and those in the import/export industries.

Below are Surrey Board of Trade's recommendations to governments. Given that an increasing number of our respondents are finding regulatory compliance to impede innovation and growth, it is not unreasonable to consider that it may likewise create disincentives for the broader business community.

### RECOMMENDATIONS

Consistent with what our members have indicated for both 2017 and 2018, the Surrey Board of Trade recommends

- That governments reduce, where possible, the number of times businesses must report the same information.
- That all levels of government improve their online service portals and call centre services, using clear language for instructions and ensuring relevant links are up to date and working
- That governments streamline and/or share their information gathering technology to minimize duplication

## Summary of 2018 Responses

Impact of compliance	87% reported moderate to major impact on business to comply, up 7 points
Time away from business	39% respondents spend 1–5 hours per week; however, there was a 5 point jump in those spending more than 20 hours per week
Most costly stage of compliance	38% respondents found preparing the information to be costly 27% reported understanding the obligations in the first place to be costly 54% of respondents identified reporting same information to be costly
Financial costs of compliance	51% respondents determined that overall costs have increased in last 2 years 41% found applying for special grants to be a high cost 38% found starting a business to be costly
Time taken to fill out forms	56% respondents found the time taken to comply has increased in the last 2 years 79% found employing workers to be moderately to highly time consuming 77% found dealing with licenses to be likewise time consuming
Filing taxes	78% found paying taxes to be moderate to high cost of business, up from 56% in 2017 41% took 5-30 hours to complete their last tax return, a major shift upward
Agencies with the most red tape	90% identified Canada Revenue Agency to have moderate to high levels of red tape, up 5 points from 2017 68% found there was moderate to high levels of red tape with PST 36% rated the Canadian Border Services Agency with high levels of red tape, up 6 points from 2017 46% found getting resolution for complaints at City Hall to be moderate to high
Impediment to innovation	71% respondents reported that compliance is somewhat to definitely an impediment to growth and innovation, a substantial jump from 51% in 2017
Measures that would reduce red-tape	86% identified reducing the frequency of reporting to a minimum, a major jump up from 74% in 2017 84% suggest improving accessibility to web-based reporting would probably to definitely help reduce time of compliance 84% also identified reducing duplications across agencies as key to reducing red tape





## APPENDIX I – Respondents in Detail

The response to the Red Tape Survey increased by 52% over 2017. Similar to 2017, 53% of the respondents identified themselves as employers in 2018. However, fewer identified in the fields of construction and development while there was a substantial increase in manufacturers and arts, entertainment respondents. This has moderately impacted the results, in particular the questions relating to building and development. Overall, there was an increase of respondents who work for businesses of 6 to 50 employees. Further, respondents that identified as Contractor, Consultant, doubled from 2017, 11% to 23%.

### RESPONDENTS BY NUMBER OF EMPLOYEES

Employees	2017	2018
Sole contractor or consultant	8%	12%
1 to 5 employees	37%	22%
6 to 10 employees	11%	15%
11 to 50 employees	19%	27%
51 to 100 employees	7%	7%
Over 100 employees	18%	17%

### RESPONDENTS BY INDUSTRY

Industries, as per NAICS	
Professional, Scientific and Technical Services	↑ 27%
Manufacturing	↑ 17%
Construction	↑ 10%
Arts, Entertainment and Recreation	↑ 9%
Health Care and Social Assistance	↓ 7%
Management of Companies and Enterprises	2%



## APPENDIX II – Overview of Results

### BUSINESS EXPERIENCE WITH REGULATORY REQUIREMENTS

Businesses are in the business of doing business and anything that takes away from such focus is a hindrance. Compliance with regulations is recognized as a cost of doing business. However, it should not be costly in either time or money. Our members continue to say it is.

Complying with government regulations has a moderate to high impact to 87% of respondents, up from 80% in 2017. There was a slight decrease from 44% to 39% of those spending 1 to 5 hours per week on paperwork unrelated to the daily operation of their business. However, some of those may well have shifted to taking less than an hour. A similar speculation can be done for the decrease of those working 11-20 hours per week on regulatory compliance shifting to those laboring more than 20 hours a week on government requirements.

Arrows on the following tables indicate a direction of movement. However, do note that trending is speculative as this is the second survey. Accuracy in trend analysis will improve with subsequent surveys.

#### Impact on business of complying with government regulatory requirements.

	<u>2017</u>	<u>2018</u>
Major impact	38%	46%
Moderate impact	42%	41%
Minor impact	19%	12%
No impact	0%	0%

#### Time spent per week on complying with government (all levels) regulatory requirements

	<u>2017</u>	<u>2018</u>
Less than 1 hour	19%	22%
1 – 5 hours	44%	39%
6 – 10 hours	7%	7%
11 – 20 hours	11%	7%
More than 20 hours	15%	20%
None, I outsource the services	4%	5%

NOTE: All percentages have been rounded; totals may not be 100%



Understanding what is required and preparing the necessary information in order to comply with government regulations at all levels is still identified by about half of the respondents as costly. However, there was a slight decrease of 6 points between 2017 and 2018 for pulling materials together.

As per a SBOT’s Finance & Taxation Team recommendation, *Professional Fees* was added as a cost of compliance, which may have impacted the overall percental of the cost of *Preparing information* data. If combined, the resulting 38% would negate the decrease. This will be a trend to monitor in coming years.

Over half of respondents are continuing to prepare and send the same information to different agencies. This continues to be a clearly identified need for improvement to streamline online data collection and reporting.

Most costly stage of compliance			Reporting same information		
	<u>2017</u>	<u>2018</u>		<u>2017</u>	<u>2018</u>
Understanding the obligations	27%	27%	Yes	58%	54%
Preparing the information	35%	29%	No	23%	27%
Submitting the information	12%	10%	Not sure	19%	20%
Dealing with the follow-up	11%	10%			
Professional fees	—	9%			
Not sure	10%	15%			
Other	4%	0%			

## RATING REGULATORY COMPLIANCE

In both time and cost, over half of survey respondents noticed increases in the past 2-3 years. This is seen by 34% of the survey respondents as an impediment to innovation and growth, an 8 point jump from 2017. This is a trend to monitor as more respondents are certain that compliance is impactful.

### Overall compliance with government regulations in last 2 years

	COST		TIME	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
	Increased	52%	51%	59%
Stayed the same	26%	27%	23%	32%
Decreased	7%	0%	4%	12%
Not sure	15%	22%	14%	12%

### Compliance prevents business growth

	<u>2017</u>	<u>2018</u>
Yes	26%	34%
Somewhat	25%	37%
No	23%	15%
Not sure	26%	14%

Time spent on last tax return	<u>2017</u>	<u>2018</u>
1 – 4 hours	18%	3%
5 – 15 hours	20%	24%
16 – 30 hours	11%	17%
31 – 50 hours	4%	7%
More than 50 hours	12%	7%
None, I outsourced the services	26%	27%
N/A	10%	10%

Time taken to fill out tax returns has increased for respondents, up 4 points for those taking between 5-15 hours and an additional 6 points increase for those who marked the 16-30 hours category.

Governments need to ensure that they are not adding to compliance burdens.



Respondents rated various regulated business activities from high impact through to not applicable. The first 4 categories saw responses increase in the “high” rating, along with the cost of trading across borders. Registering properties, getting credit, and enforcing contracts ratings moved to moderate or even to low – a reflection of comparatively fewer construction/developers compared to other respondents. As a percentage, fewer respondents are closing businesses in 2018 than 2017.

Area of compliance	High				Moderate				Low				N/A			
	Cost		Time		Cost		Time		Cost		Time		Cost		Time	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Starting a business	19%	38%	23%	41%	48%	35%	38%	28%	11%	5%	12%	10%	22%	23%	27%	21%
Applying for grants <sup>1</sup>	31%	41%	32%	50%	27%	26%	36%	18%	15%	8%	8%	9%	27%	26%	24%	24%
Dealing with licenses	33%	26%	38%	36%	34%	49%	31%	41%	26%	18%	23%	18%	7%	8%	8%	5%
Employing workers	34%	33%	31%	38%	25%	38%	32%	41%	30%	18%	30%	8%	11%	13%	8%	13%
Registering a property	21%	15%	27%	15%	26%	13%	23%	23%	19%	23%	19%	21%	33%	50%	31%	41%
Getting credit	41%	28%	46%	28%	15%	20%	19%	33%	19%	20%	20%	10%	26%	33%	15%	28%
Protecting Investors	22%	18%	32%	21%	23%	21%	24%	23%	14%	15%	12%	8%	41%	46%	32%	49%
Paying taxes	37%	33%	31%	33%	22%	45%	35%	26%	30%	13%	27%	28%	11%	10%	8%	13%
Trading across borders	18%	33%	27%	31%	30%	23%	26%	21%	12%	5%	8%	5%	41%	40%	38%	44%
Enforcing contracts	30%	23%	38%	23%	37%	30%	27%	26%	14%	15%	15%	21%	19%	33%	19%	31%
Closing a business	19%	3%	20%	8%	11%	23%	8%	21%	12%	5%	12%	5%	59%	69%	60%	66%

<sup>1</sup> Special Purpose grants

Respondents were asked to rate government agencies for levels of red tape as impactful. The Canada Revenue Agency (CRA) increased its moderate to high rating from 85% of respondents to 90%. Interestingly, the Canadian Border Services Agency took second place in 2018, displacing the Provincial Sales Tax. However, when moderate to high ratings are combined, PST had a 72% overall impact, up 3 points from 2017. As noted previously, with relatively fewer developers responding, the Local Government ratings decreased, with concurrent jump as not applicable. However, resolving complaints proved to be an issue with some respondents and this may need to be monitored.

Regulatory authority or agency	High		Moderate		Low		N/A	
	2017	2018	2017	2018	2017	2018	2017	2018
Canada Revenue Agency (CRA)	54%	54%	31%	36%	15%	3%	0%	8%
Canadian Border Services Agency (CBSA)	29%	36%	23%	16%	8%	5%	42%	52%
Provincial Sales Tax (PST)	23%	28%	46%	44%	12%	8%	19%	21%
BC Business Registry	15%	18%	42%	21%	31%	37%	12%	24%
My LTSA – Land Titles Directory	12%	10%	27%	10%	19%	13%	42%	67%
BC Assessment	15%	13%	38%	15%	27%	23%	19%	49%
WorkSafeBC	27%	26%	35%	36%	23%	23%	15%	15%
Workers Compensation Board (WCB)	21%	16%	25%	37%	21%	18%	33%	29%
<b>Local Government:</b>								
Building & construction permits – all <sup>2</sup>	48%	36%	15%	13%	7%	8%	30%	44%
Building & construction – inspections	41%	28%	15%	18%	14%	3%	31%	51%
Building & construction – fees	40%	31%	14%	8%	15%	2%	30%	59%
Building & construction – public hearings	42%	27%	12%	16%	8%	3%	38%	54%
By-law & licensing – Business Licenses	33%	28%	26%	18%	19%	25%	22%	30%
By-law & licensing – all others	38%	30%	15%	15%	16%	16%	30%	38%
Engineering Services – all	50%	28%	15%	8%	4%	13%	31%	51%
City services (sanitation, waste, water)	37%	18%	19%	21%	18%	18%	26%	42%
City online services	22%	18%	26%	23%	30%	33%	22%	28%
Property tax / payment services	15%	10%	19%	25%	37%	45%	30%	20%
Complaints & resolutions	30%	28%	11%	18%	29%	17%	30%	38%

<sup>2</sup> “All” encompasses from submission to completion of a project



## GOVERNMENT COMMUNICATIONS

Communication is key to ensuring businesses understand what they need to do in order to comply in a timely manner. However, all levels of government fair poorly. Local government increased its rating by 7 points for good communication, but there was some drift towards spending more time searching. Provincially, the overall trend is towards less than optimum, while the Federal government saw slight improvement by those who where sure.

Despite a very modest change in perspectives, well over a third of respondents still spend too much time searching for information in order to keep up to day and be informed of new development. This continues to be a major hurdle to reduce time and costs of regulatory compliance.

Effective communication with businesses	Federal		Provincial		Local	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Good communication, I am aware of new developments and reviews	3%	5%	4%	5%	8%	15%
I spend some time searching but information is available	44%	38%	48%	39%	52%	39%
I spend a lot of time searching in order to keep up to date	37%	34%	28%	32%	22%	24%
Inadequate. I rarely know about new developments and reviews	9%	10%	8%	17%	11%	12%
Not sure	7%	12%	12%	7%	7%	10%



## REDUCING RED TAPE

While three quarters of respondents still believe there is opportunity to streamline reporting systems, there is a shift from Definitely to Probably helpful for three of the five recommendations. Combining *Definitely* and *Probably*, all recommendations are fully supported by 80% or more of the respondents.

The top three choices in order are:

- Reducing the frequency of reporting (86%, up from 74% in 2017) takes top spot, jumping from fourth.
- Improve accessibility of web-based reporting (84%, about the same as 2017)
- Reduce duplicate reporting by having agencies share information (84%, similar to 2017)

Opportunity to streamline reporting		
	<u>2017</u>	<u>2018</u>
Yes	77%	76%
No	4%	2%
Not sure	19%	22%

Recommendations for improvement	Definitely		Probably helpful		Possibly helpful		Not really		No impact		Not sure	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Reduce the frequency of reporting to a minimum	59%	51%	15%	35%	0%	8%	11%	0%	3%	0%	12%	5%
Agencies share information, no duplicate requirements	60%	65%	18%	19%	4%	14%	0%	0%	4%	0%	14%	2%
Better communication, consultation	67%	59%	11%	18%	15%	19%	4%	0%	0%	0%	3%	3%
Improve accessibility of web-based reporting	63%	65%	22%	19%	3%	14%	0%	0%	4%	0%	7%	3%
One agency collects all data	58%	51%	12%	30%	19%	8%	0%	3%	4%	0%	8%	8%



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