



Roinn an Taoisigh
Department of the Taoiseach



Business Regulation Survey





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All errors or omissions are the responsibility of the authors.

Taoiseach's Foreword

When I launched the Government's White Paper *Regulating Better* just over three years ago, I referred to the important role that Better Regulation can play in maintaining our national competitiveness. Significant progress has been made in a number of areas. However, it is now timely to assess the progress we have already made but more importantly, to identify where regulatory problems may still exist.



Business groups and representatives have expressed concern about the growing volume of regulation and its impact on business. The Government is fully committed to addressing this issue and has already made significant progress in progressing the White Paper Action Plan. However, the specific concerns of business could not be tackled comprehensively until we knew where the particular problems arose and why these problems existed. We therefore decided to commission the ESRI to conduct a comprehensive survey of Irish businesses to find out from them directly their views of regulation and which areas of regulation pose problems in terms of compliance costs, including administrative burdens.

The Survey aimed to measure the extent of this problem for business in Ireland. Respondents were also asked about their views of the Regulators they deal with and broader questions about the impact of regulation on competition and the competitiveness of Irish firms. The need to reduce the administrative burden of regulation on business, that is the burden of recording and providing the information which is required to demonstrate regulatory compliance, is becoming a particular priority at EU level.

The picture that the findings paint is quite encouraging. Businesses consider that the overall amount of regulation is about right. The majority believes that regulations are appropriately enforced and has generally positive views about the Regulators with whom they have most contact. Another of the positive messages is that although health and safety legislation is significant for many firms, the need for such regulations and their value is recognised.

However, there are areas where improvement is necessary. Businesses see the need for greater consistency in enforcement but also want more flexibility in seeking compliance, particularly for small firms. One of the challenges therefore, is for Government to strike a balance between these objectives through developing more innovative approaches to enforcement and considering issues such as risk in deciding where to target our monitoring, inspection and enforcement efforts.

The Revenue Commissioners have done very good work over the past few years in improving and simplifying their customer services and systems. The Survey shows, however, that there is still some work to do in terms of reducing the red tape and paperwork caused by taxation requirements. We must also continue to review the regulation of strategic areas of our economy such as energy, banking and finance.

The introduction of Regulatory Impact Analysis (RIA) was a significant step. Feedback from the Survey suggests that we need to encourage Government Departments and Offices to engage fully with business when they are consulting as part of the RIA process and ensure that issues such as compliance costs and enforcement are considered before we decide to regulate.

I also believe the Survey points to the need for all public sector bodies to examine the frequency and content of the reporting and inspection requirements imposed on business.

These are significant findings and I would like to commend the ESRI for the quality of this Report. I would also like to thank all the businesses who participated in the Survey and to assure them that their input will be valuable in targeting future reform.

A handwritten signature in black ink, which reads "Bertie Ahern". The signature is written in a cursive, flowing style.

Bertie Ahern T.D., Taoiseach

Glossary

Compliance burden:

This refers to the time and cost in becoming compliant with a regulation, for example putting in place the technology, practices and procedures required by Health and Safety Regulation, and includes administrative burdens.

Administrative Burden:

This refers to the time and cost of the administration associated with compliance, such as preparing reports and making returns Government and/or the regulator where such record keeping and reporting would not otherwise be undertaken by the business.

Firm size definitions:

Micro firms have between 1 and 9 employees.

Small firms have between 10 and 49 employees.

Medium firms have between 50 and 250 employees.

Large firms have 250 or more employees.

HACCP:

Hazard Analysis and Critical Control Points (HACCP) is a systematic approach to identifying and controlling hazards (i.e. microbiological, chemical or physical) that could pose a danger to the preparation of safe food.

Regulation:

Regulation is used broadly in this report, including Acts of the Oireachtas and secondary legislation enacted by ministers, but also subsidiary rules and regulations such as those made by Local and Regional Authorities and self-regulatory bodies. The focus in this report is on regulations by Irish authorities and would not include, for instance, regulations by the United States Food and Drug Administration (FDA), which affect companies exporting food and drugs to the US.

Regulatory Impact Analysis (RIA):

RIA is an assessment of the likely effects of a proposed new regulation or regulatory change. It involves a detailed analysis to ascertain whether or not the regulation would have the desired impact and includes consultation with stakeholders.

WEEE: Waste Electrical and Electronic Equipment

The WEEE Directive requires producers to be responsible for the financing of the collection, treatment, recovery and environmentally sound disposal of waste electrical and electronic equipment from 13 August 2005. It means that final users of such household waste will be entitled to leave that waste back free of charge, either to retail outlets in instances where a replacement item is purchased, or other authorised collection points, including local authority civic amenity sites, from that date onwards.

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Executive Summary

Background

This Report details the results of a study of business attitudes to regulation in Ireland conducted by the Economic and Social Research Institute (ESRI). The Department of the Taoiseach commissioned the Survey to gather information about the extent to which regulation is a burden on business and to identify areas or specific regulations that pose a particular problem in this regard. The results of the Survey will help to inform the work of the Government in continuing its implementation of the White Paper *Regulating Better*, including addressing regulatory issues of interest to business.

The objectives of the Survey were as follows:

- ▶▶ To identify regulations or areas of regulation that are considered problematic by business.
- ▶▶ To measure the extent to which regulation creates an ‘administrative burden’ for business in the Irish context.
- ▶▶ To examine the impact of regulation on innovation and competitiveness.
- ▶▶ To assess the perceptions and experiences that businesses have of Regulators.

The main phase of the study was a quantitative survey of over 800 firms. This was supplemented by an initial set of 10 qualitative interviews with businesses and business representatives to inform the development of the questionnaire for the quantitative phase, and a follow-up set of qualitative interviews with 32 firms to probe in-depth some of the issues emerging from the quantitative survey. The study sought to be representative of firms of different sizes and sectors operating in different regions in Ireland.

Key Findings

Regulation in context

When asked to compare the importance of regulation with other challenges faced by business, regulation was ranked in the middle: less important than increased competition and labour costs but more important than other business costs or staffing issues.

There are two levels at which regulation can affect business. It can impact on firms directly by imposing specific requirements on them. However, regulation can also impact on firms indirectly, by affecting their suppliers, customers or competitors (in other words the business environment). In the follow-up qualitative interviews, several firms expressed the view that regulations affecting their suppliers resulted in increased costs for them, while several also expressed the positive view that regulation across the sector resulted in a ‘level playing field’ vis-à-vis their competitors, by ensuring that all firms operating in the sector adhered to similar standards.

Energy, taxation and banking/finance were the areas most often identified by firms as areas which the Government should prioritise for intervention¹. In identifying these areas, firms were primarily concerned with the impact of regulation on their costs but also with other considerations such as impact on the environment and (in the case of energy) future security of supply. It should be noted that issues with VAT tend to relate to the compliance burden rather than the regulatory framework per se.

Most significant and most burdensome areas of regulation

While most firms felt that the overall amount of regulation was ‘about right’ (55% of firms), over one third felt that there was ‘too much regulation’. Taxation and health and safety regulations were identified by the largest number of firms as being the area of most significance to them. However, firms had relatively positive views of

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regulation in these areas, with more firms agreeing than disagreeing that the regulations are easy to understand, achieve their objectives and are appropriately enforced. The areas where firms were most critical tended to be the extent to which there is consistency across different types of regulation and the flexibility with which regulations were enforced, though even here, most firms expressed either positive or neutral views.

Key finding: Most firms consider that the overall amount of regulation is about right.

When we asked firms which types of regulation were a heavy burden, taxation was most frequently mentioned. However, while health and safety regulation ranked second in terms of significance, it fell farther behind taxation in terms of burden. About one quarter of firms identified health and safety as the area of regulation ‘most significant’ for them, but only one in seven found it a ‘heavy burden’. The qualitative follow-up interviews suggested that this was because firms had a high level of appreciation of the benefits of health and safety regulation.

Key finding: Taxation regulation was most frequently mentioned as a heavy burden.

Where the burden of regulation is mentioned, this encompasses both the administrative burden (i.e. the burden of recording and providing information to the Regulator) and the actual burden of complying with the regulation (See the Glossary for an explanation of the difference between these concepts.)

Key finding: Both the compliance burden and administrative burden of regulation are an issue but the compliance burden is somewhat more of a burden.

Those firms who used online forms to make returns generally found them effective in reducing the administrative burden. Smaller businesses were less likely to use (and less keen to use) online forms than larger firms.

Key finding: Firms who used online forms found them effective. Smaller businesses were less likely to use online forms.

It proved difficult to get a reliable estimate of the cost involved in compliance or of the time spent on the associated administration. Firms also appeared to vary in terms of whether they were thinking of administrative burden alone, or compliance costs more generally. The qualitative follow-up interviews indicated that firms tended to include many activities that were an essential part of doing business (sometimes called ‘business-as-usual costs’) in their estimates of the time involved. About 60% of firms say that the costs of regulation have increased in the last two years however, and about four out of five firms brought in outside expertise (most often accountants) to assist with compliance-related activity.

Impact on competitiveness and innovation

Firms generally saw regulation as having a neutral impact on competitiveness, although some considered that it did make it more difficult and complex for new firms to enter the sector. Firms also expressed some concern about 'unfair competition' from competitors who evaded VAT, income taxation or health and safety standards. While it is difficult to assess the validity of this perception on the part of firms, it is significant in that it will affect the extent to which regulation is seen as legitimate.

Enforcement of regulation and contact with Regulators

Most firms (74%) felt that regulations are appropriately enforced. Among those who felt that regulations were not appropriately enforced, the most common problems mentioned centred on inconsistent enforcement across firms. As noted above, the qualitative follow-up interviews pointed to concerns that competitors were evading regulation.

The Regulator with whom business has most contact is the Revenue Commissioners (56%) followed at some distance by the Health and Safety Authority (18%). Most of the contacts involved seeking or providing information or undergoing inspections/audits. Just over half of firms had been inspected or audited in the previous three years. This is strongly related to size of firm, with over three quarters of medium and large firms having been inspected or audited.

Key finding: Just over half of firms had been inspected or audited in the previous three years.

Firms generally had positive views of the Regulator they deal with most often, especially in relation to getting definitive answers to questions and responses within a reasonable time. There were more negative views expressed regarding the flexibility of the Regulator's practices, however. The qualitative follow-up interviews suggested that these reservations centred on the time allowed for achieving compliance and the strict deadlines for returns of information. There is inevitably some trade-off between flexibility and consistency in enforcement, which may be ameliorated if the conditions under which flexibility will be permitted are clearly outlined.

Firms' views on the communication of the requirements of regulation or the timely announcement of new regulations tended to be neutral, but with more critical views of consultation prior to the introduction of new regulations. Firms expressed different views on how consultation could be improved, with some preferring direct contact (visits, post or email) and others preferring consultation through representative bodies.

Key finding: Firms are generally positive about the Regulator that they deal with most often. However, flexibility and consistency of enforcement could be improved as well as consultation on new regulations.

SUMMARY

The findings of the Survey suggest a number of areas which the Government could prioritise to improve the regulatory environment for business:

- ▶▶ The Government focus on reducing compliance costs in a broad sense should continue, as these are as much of a concern for business as the administrative burden.
- ▶▶ Regulatory reform such as simplification in the area of income taxation and VAT is likely to have the greatest impact overall in terms of reducing regulatory burden. There should be a continuation of the current work being done in this area by the Revenue Commissioners. An examination of the frequency with which VAT returns (as opposed to interim payments) are required should be undertaken.
- ▶▶ Consideration should be given to ways to address the fact that regulation is more of a burden on smaller rather than larger firms.
- ▶▶ Government Departments and Offices must ensure that systematic consultation with business is undertaken as part of the Regulatory Impact Analysis process which must be applied to new regulatory proposals. Consultation should be via direct contact with firms as well as communication through representative organisations.
- ▶▶ Flexibility of enforcement and consistency of enforcement were identified as areas of dissatisfaction. There is clearly some tension between these two principles that may be resolved by having clearer and more transparent guidelines on the circumstances (e.g. firm size, when the regulations came into force) in which allowances will be made.

Chapter 1: Introduction

Regulation is one of the instruments, along with taxation and spending, through which Government can implement policy and influence behaviour. Regulation is significant for business, not only because businesses are regulated entities, but because regulation provides the context in which business is conducted: regulation can be enabling as well as constraining. Regulation becomes a potential ‘problem’ for business when it constrains competitiveness or results in a burden that is disproportionate to its benefits.

Following the publication of an OECD review of Ireland’s regulatory environment in 2001², the Government established a High Level Group, chaired by the Department of the Taoiseach, to promote better regulation. The Group initiated a public consultation based on a document called *Towards Better Regulation* to examine the justification for regulation in economic and social life. The consultation paper focussed on the benefits that better regulation can generate in three areas: performance of the economy and consumer welfare, quality of governance and the efficiency and effectiveness of the public service.

The Government White Paper, *Regulating Better*, was published in 2004, and resulted in the establishment of a Better Regulation Group to monitor and report on progress in the area. The concern that regulation may be negatively affecting competitiveness was a strong theme in this document, but there was also a recognition of the impact of regulation on the quality of everyday life such as “*the quality of our food and water, the safety of our workplaces as well as the range of products and services available to us and the price we pay for them*”³

The White Paper advocates a balanced approach to regulation, recognising its benefits whilst being aware of potential pitfalls. Regulation, the White Paper notes, has a critical part to play in key areas of economic and social life, including the protection of the rights and liberties of citizens, promotion of equity and safety, promotion of the efficient working of markets, protection of the environment and collection of revenue⁴. On the other hand, “*inappropriate regulation can adversely affect the competitiveness of the economy*”, through excessive administrative requirements or stifling of innovation and competition⁵.

The White Paper refers to the fact that “*in certain cases less regulation may be appropriate while in other cases, more regulation might be required to achieve particular outcomes*”. It identified six principles of good regulation: *necessity, effectiveness, proportionality, transparency, accountability and consistency*.⁶

Purpose of the Survey

The present Business Regulation Survey is designed to provide information on business attitudes to, and experience of, regulation in order to inform the work of the Government in continuing its implementation of the White Paper *Regulating Better*, including addressing regulatory issues of interest to business. The study builds on and expands a previous survey carried out in 2002. It considers issues such as ‘administrative burden’ but also goes beyond this to examine the impact (both positive and negative) of regulation on economic growth and competitiveness.

The goals of the Survey were:

- ▶▶ To identify regulations or areas of regulation that are considered problematic by business.
- ▶▶ To measure the extent to which regulation creates an ‘administrative burden’ for business in the Irish context.
- ▶▶ To examine the impact of regulation on innovation and competitiveness.
- ▶▶ To assess the perceptions and experiences that businesses have of Regulators.

Although the main focus of the Survey was on regulations directly affecting business (or on firms as regulated entities), the Survey also addresses the impact of regulation on the broader business context, by examining the views of business of the practices of their competitors with respect to regulation, perceptions of the impact of regulation on competitiveness and regulatory areas identified as targets for Government intervention.

² OECD (2001).

³ Department of the Taoiseach (2004) p.6.

⁴ Ibid, p.8.

⁵ Ibid, p.6.

⁶ Ibid, p.6-8.

Work Done Elsewhere

A number of studies suggest that the burden of business regulation may be lower in Ireland than elsewhere. There are several indices which purport to evaluate the institutional environment of different countries in terms of their 'economic freedom' (such as those constructed by the Fraser Institute) or competitiveness (such as the indices of competitiveness constructed by the World Economic Forum and the Institute for Management Development (IMD)). Ireland's relative position changes somewhat, depending on whether the index emphasises economic freedom or factors such as education and training of workers, but tends to remain in the top half of the distribution.⁷ The 2006 World Economic Forum Global Competitiveness Index ranks Ireland 21st in terms of competitiveness (out of 125 countries) while the IMD World Competitiveness Yearbook, 2006, places Ireland eleventh out of 61 economies.

A 2006 report by the World Bank Group and PricewaterhouseCoopers presents quantitative indicators on the tax rates, payment frequency, and time to comply with taxes compared across 175 economies. Ireland came second in the overall ranking of countries in terms of the ease of paying taxes⁸. Data are based on recording the tax that a standard modest-sized company must pay or withhold in a given year in each country, as well as measures of the administrative burden in paying taxes.

Box 1.1: European Network for Social and Economic Research (ENSR) Enterprise Study 2003

Data from the ENSR Enterprise survey (2003) covering 19 countries shows that about one firm in ten regards administrative regulation as a major constraint on business performance. Administrative regulation is less likely than other factors such as access to finance or shortage of skilled labour to be identified as a major constraint. In Ireland, the relative importance of administrative regulation is lower than in other countries.

Source: Observatory of European SMEs 2003. Interviews were conducted by telephone with 7,837 entrepreneurs and managers in firms employing fewer than 250 employees in 18 EEA countries and Switzerland during 2003. The study covered economic conditions, employment and turnover, impact of EU enlargement, impact of liberalisation of the telecommunications and electricity markets and internationalisation.

The 2002 Irish Study

A 2002 study in Ireland dealt with the issue of business regulation. This was part of a larger survey conducted into attitudes to the civil service amongst Irish businesses in November 2002.⁹

The survey covered an assessment of the burden of regulation, which regulations are a burden, whether the burden is increasing or decreasing, ease of compliance and the communication of regulations.

Because the present Survey is dedicated purely to regulatory issues, it is broader in scope than the 2002 study so that the two studies are not directly comparable. However, the 2002 results will be discussed in this report where relevant.

⁷ Figures cited in Freeman (2002) which compares the ranking of countries on a number of different indices.

⁸ The Paying Taxes survey is carried out as part of the World Bank's Doing Business report, which compares business regulations in 175 countries. PricewaterhouseCoopers provides the tax technical data for the survey. The measures include number of tax payments per year, time spent in compliance and tax rate (as a per cent of commercial profits).

⁹ The survey was conducted by Lansdowne Market Research Ltd., and involved a telephone interview with the senior manager or director with responsibility for dealing with the civil service. In all, 300 interviews were completed, 100 each with micro (1-9 employees), small (10-49 employees) and medium/large (50+ employees) businesses (Lansdowne Market Research Ltd, 2003).

Methodology of the Business Regulation Survey

The Survey adopted a broad definition of regulation including Acts of the Oireachtas and secondary legislation enacted by Ministers, but also subsidiary rules and regulations such as those made by Local and Regional Authorities and self-regulatory bodies.

Box 1.2: Summary of Methodology of the Business Regulation Survey

Phase 1: Ten qualitative interviews with business representatives to assist with the development of the questionnaire. Seven of the interviews were with individual business people while three were with representative organisations.

Phase 2: Administration of a postal survey to a sample selected from the Kompass database. Four mailshots were issued as well as intensive telephone follow up. 823 usable results were received representing a response rate of 36%.

Phase 3: Qualitative interviews with 32 of the respondents to the postal survey. Interviews took place by telephone and lasted between 20-30 minutes.

Following a review of work on business regulation conducted elsewhere, the methodology adopted for the present study involved three phases. The first phase was a series of qualitative interviews with business representatives in a range of sectors in Ireland. The second phase involved a quantitative postal survey of firms to build up a representative picture of the concerns of business with regard to regulation. The third phase was a set of qualitative interviews with 32 of the firms who responded to the quantitative phase in order to probe in more depth some of the issues arising from the quantitative survey.

Outline of Chapters

Chapter 2 of the Report places business regulation in context, by examining the relative importance of regulation to business compared with a number of other challenges. It also explores the priority area identified by firms for Government intervention and the reasons for this. Finally, it examines the way in which businesses are affected more indirectly by the regulation of their suppliers, competitors and customers.

Chapter 3 investigates which broad area of regulation is most significant for business and explores their views of regulation in the areas which they identify as most significant.

In Chapter 4 we examine the burden of regulation on business, including the nature of the burden (actual compliance or reporting requirement), the use of technology to reduce the burden and the extent to which outside expertise is used by business to assist with compliance and reporting.

Chapter 5 examines the impact of regulation on the competitiveness of firms.

Chapter 6 investigates the relationship between firms and Regulatory Agencies, including frequency of contact and inspections or audits, views of the performance of the Regulator and firms' perceptions of the level of consultation with business in relation to regulation.

The final chapter draws together the results of the analysis and highlights some priority areas which should be addressed by Government, in further progressing the Better Regulation programme.

Chapter 2: Business Regulation in Context

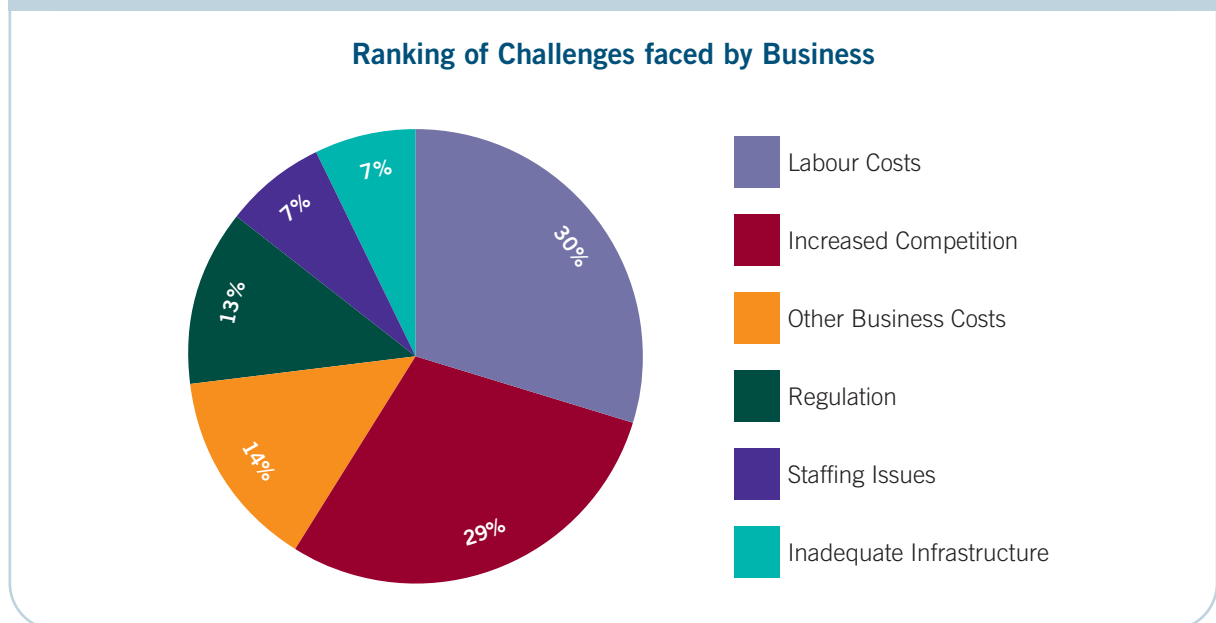
Ranking of Challenges Faced By Businesses

In any discussion of business regulation, it is important to place regulation in the context of other challenges faced by businesses. How important is regulation in the overall scheme of things? Is it a major constraint on growth, competitiveness and profitability or a relatively minor one? How does the impact of regulation compare to other challenges such as labour costs or increased competition? To address this question, we asked businesses to rank six challenges they faced in terms of importance, with regulation included as one of the challenges.

In general, regulation occupies a middle position in terms of the challenges faced by businesses. Labour costs, increased competition and other business costs were more likely to be ranked as the most important challenge, while inadequate infrastructure and staffing issues were less likely to be ranked as most important. Overall, 13% of businesses ranked regulation as the most important challenge, compared to 29-30% who cited labour costs and increased competition.

Key finding: Regulation occupies a middle position in terms of the challenges faced by businesses.

Figure 2.1: Per cent of businesses who rank each challenge as most important.



Regulation was ranked as a more important challenge by small and micro businesses than by medium and large businesses and as somewhat more important by firms in construction and by established businesses (over 5 years).

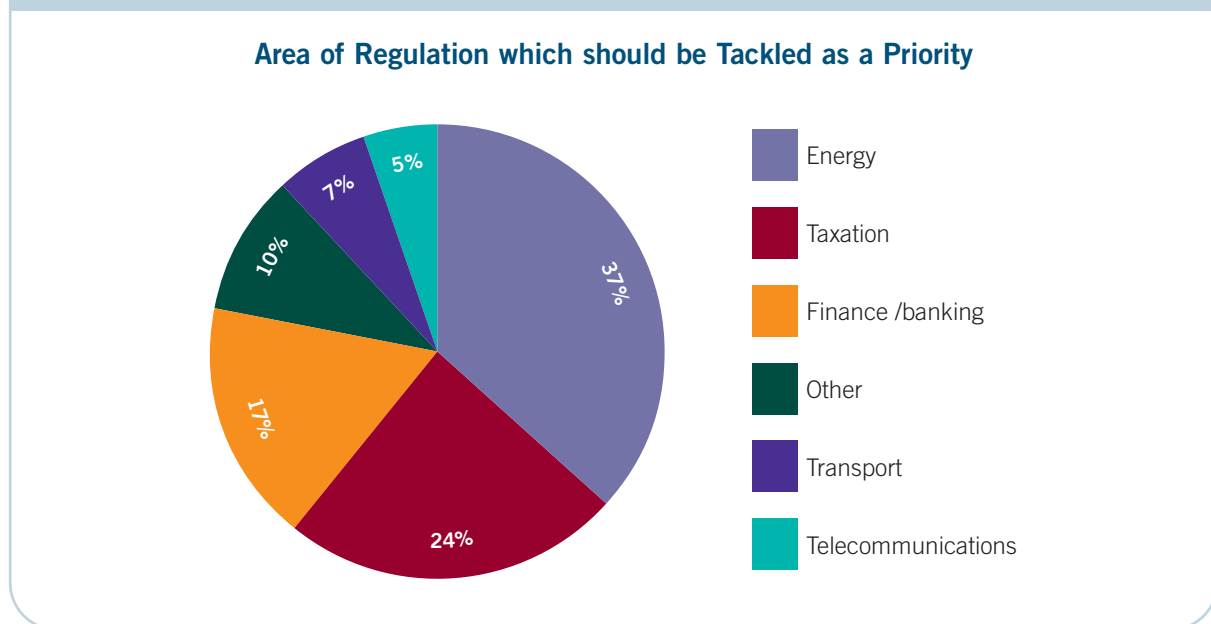
This tendency for business regulation to occupy a middle position in terms of the overall challenges faced by firms mirrors the findings from the ENSR Enterprise Survey 2003. Although the items used are not directly comparable, both surveys found that business regulation ranked behind other challenges such as ‘lack of skilled labour’ and ‘purchasing power of customers’.¹⁰

Priority Area of Regulation for Government Intervention

Firms are affected by regulation not just by being themselves regulated, but by virtue of the fact that they operate in a regulated environment. Regulation provides the context in which business operates. Suppliers, customers and competitors are also regulated in various ways. At the end of the questionnaire we attempted to broaden the focus from the business as a regulated entity to regulation more generally, by asking firms to choose a priority area of regulation for government intervention from a list supplied.

Apart from taxation, the other areas listed in Figure 2.2 are likely to affect most firms via the context in which they operate rather than affecting them directly.

Figure 2.2: Per cent of companies identifying each area of regulation as the one which Government should tackle as a priority



While this set of items provides an insight into the areas businesses view as important to their development, their responses may be to some extent affected by the timing of the Survey and issues in the media at the time, particularly the increase in energy costs in mid-2006.

Key finding: Energy regulation is most likely to be identified as the area government should tackle as a priority (37%), followed by taxation (24%) and finance/banking (17%).

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Firms were asked in the Survey to give reasons for identifying a particular priority area. The reasons were given as an open-ended response and were coded into the categories shown in Appendix Table 2.2.3. Over half of companies gave a reason for their answer. In general, the reasons given suggest a mixture of concerns with the impact of a policy area on the business (e.g. costs) and, to a lesser extent, concerns with specific problems with an existing regulation or its enforcement. This suggests that businesses are responding to the question from the perspective of a perceived need for government intervention in the area as well as from the narrower focus on problems with existing regulation.

During the qualitative follow-up interviews we sought to probe in more depth the reasons firms chose certain areas as a priority for Government intervention. In the following sections, we organise the reasons according to the different areas identified by business as priority areas for Government intervention.

Energy

Firms who identified the energy sector cited three broad types of reasons in the Survey: the impact on business costs, the lack of competition in the sector (often as a cause of high costs) and concerns with the environment. Most of the specific examples cited related to the cost of electricity.

A medium-sized company in the hospitality sector noted *“ESB increases of up to 14% in the last 12 months. To rub salt into the wounds you pay standing charges. We are paying €70,000 now for electricity. Three years ago we paid less than €40,000”*. A small manufacturing firm felt that *“more competition should provide lower energy costs”*.

Concern with the environment and with energy efficiency was also expressed. A small company manufacturing electrical equipment was concerned with the lack of incentive to increase energy efficiency. *“There is a waste of energy on sites, systems aren't maintained [so that there is a] higher energy output than is necessary. Older units consume more energy but there is no incentive to upgrade”*.

A micro (1-9 employees) firm in the services sector expressed a concern with the impact on the environment, and advocated *“carbon taxation not from a business point of view but an ecological one.”* The respondent noted the effectiveness of the tax on plastic shopping bags. *“When the plastic bag tax was introduced the bags disappeared from ditches around the country.”*

There were also concerns with the security of supply. A small manufacturing firm was concerned that we *“won't be able to generate enough power supply”* in the electricity sector.

Taxation

In the survey, just under one quarter of firms identified taxation as a priority area for Government intervention. The most common reasons for identifying taxation as a priority area related to problems with existing regulation or its enforcement. Sample reasons from the Survey include: there are a variety of *“inconsistent rules and variety of rules”*; another respondent suggested he would *“like to see a standard rate of VAT at EU level so we are not at a disadvantage in terms of competition”*; while it was also noted that *“tax regulations require most small businesses to use an accountant and it could be easier”*. Another response stated that *“there are a lot of people in our business [who] do not pay enough tax/VAT”*.

Many of these firms also gave reasons related to the impact of taxation on costs and referred to the level of taxation rather than to the administrative burden. For example, it was stated that *“All taxes are too much for the small outlets”*; *“Corporation tax and VAT are too high”*; and taxation has a *“major economic impact for both employers and employees”*.

Taxation was identified as a particular burden for small businesses in the qualitative follow-up interviews.

A small restaurant owner pointed to

“ the requirements at end of year for a small business – this can be difficult. Maybe intervention is required to address this”.

Finance and Banking

Issues of transparency and accountability were the most frequent reasons (slightly ahead of costs) given in the Survey by firms who identified finance and banking as the priority area. Examples of the reasons in the category include: “banks shouldn’t be seen to make ridiculous profits from people in debt or having trouble with repayments”; and “Costs and charges are not transparent enough”.

These themes also emerged from the qualitative interviews, especially among smaller and medium-sized firms. A medium-sized electrical machinery manufacturer stated that: “Banks have too much control over small business. [There is] no risk taken on the part of the bank and they will let you sign your life away. They are regulated but they talk to one another about clients e.g. recommend or not, their rating. It would open up competition ... if people knew the criteria they were being based on when looking for a loan, but they just get a yes or no answer and no explanation why. ... Banks are regulated in how to apply charges but not in relation to competition.”

A respondent who highlighted banking and finance regulation as a problem stated: “After recent scandals, banks should be regulated to ensure this doesn’t recur”.

A small company in the distribution sector noted that: “Banks are not particularly helpful to small businesses. People setting up [a business] may not have a financial background. There are no guidelines. We have to ask for information rather than being told.”

Health and Safety

Health and safety regulation was not specifically listed in the questionnaire as one of the areas a firm might identify as a priority area for intervention, although firms could have included it in the ‘Other regulation’ category. Given the significance of health and safety regulation generally (as we will see in the next Chapter), we wondered if this category would have been selected as a priority area for intervention if it had been explicitly included on the questionnaire. This was an issue probed in the qualitative follow-up interviews.

In general, most firms stated that they would not have identified this as a priority area for Government intervention. The reasons given reflected a general acceptance of the legitimacy of regulation in this area. A medium-sized firm manufacturing machinery said “Health and safety is not a priority [as it is] already well set up. You know what you need to do and if audited are told what you need to do to pass.”

In relation to health and safety regulation a micro (1-9 employees) company in food distribution put it this way: “Well, we have to conform to health and safety regulations anyway. Health and safety is part of the business. It’s an everyday issue.”

A small engineering firm, when asked if health and safety would have been identified as a priority area for Government intervention, admitted that:

“This is a tough one to answer - health and safety is necessary but it adds a lot of extra costs and there are regulations set in place although not necessarily enforced.”

Four firms, on reflection indicated that they would identify health and safety as a priority area for intervention, but one of these would still have identified transportation as the ‘top priority’. A micro (1-9 employees) firm in the distribution sector explained the choice of health and safety regulation in terms of the difficulties encountered by smaller organisations: *“Yes it’s an area which we come across. It’s impossible to deal with as a small business. Bigger firms have their own health and safety officers which we don’t have.”* A small manufacturing company pointed to an increasing concern, since the time of the Survey, with health and safety regulation: *“Health and safety is now a bigger issue. We can’t afford to be accused of doing something wrong.”*

Impact of regulation of suppliers, customers, competitors: Qualitative Interviews

In the follow-up qualitative interviews, we probed further into the ways in which regulation more broadly (of suppliers, competitors and customers) impacted on the firm. Several firms expressed the view that regulations affecting their suppliers resulted in increased costs: *“Costs of supplier regulatory compliance are passed onto this firm”*.

There were other specific examples of the enforcement burden that fell to firms.

For instance, a medium-sized business in the hospitality sector had this to say about their food suppliers:

“We have to police every supplier we use – to ensure they deliver goods in a fit state, spot check vans, record temperature etc - the hotel can be prosecuted if the supplier defaults. Our current Head Chef now spends 50% of his time cooking and 50% of his time doing paperwork. I cannot see how smaller hotels can be compliant.”

A medium-sized manufacturing company that deals with the food sector stated:

“Food companies are highly regulated and that protects business for us by making everyone of a certain standard. There may be a cost initially but this is good for longer term business.”

Another small manufacturing firm also pointed to inconsistencies in the application of regulation across sectors: *“We adhere to the HACCP¹¹ standards. But the same standard is not set for the supplier. The supplier doesn’t deliver the eggs at the temperature that that we are required to have them at.”*

On the other hand, some firms felt that a lack of regulation or consistency in practice among suppliers had a negative effect on their own business. A small travel agency notes that *“the way they [airlines] can add charges such as wheelchair access and baggage charges”* makes doing business difficult.

¹¹ Hazard Analysis and Critical Control Points – see Glossary for more information.

CONCLUSIONS

In this Chapter both the direct impact of regulation on individual businesses and the indirect impact on the business environment were examined.

- ▶▶ Regulation was found to rank in the middle in terms of challenges faced by businesses. Labour costs, increased competition and other business costs were identified as more important challenges.
- ▶▶ The most frequently identified area for Government intervention was energy regulation. The concerns expressed were related to the impact of energy costs on overall business costs, the future security of supply and with environmental issues. These concerns were largely borne out in the qualitative follow-up interviews which revealed that firms were thinking in terms of the role of regulation as it affected competitiveness in the sector.
- ▶▶ Regulation was also found to have an impact on the business environment through increasing supplier and other business costs and through inconsistency in enforcement across firms.

Chapter 3: Broad Areas of Regulation

In this Chapter, we turn to an examination of the overall impact of regulation on business as a regulated entity. Following the practice in other surveys of business regulation, we presented firms with a series of broad types of regulation and asked the extent to which they were affected by regulation in each of these areas. The emphasis here is on the direct impact of regulation on the firm, rather than on the indirect impact (which was explored in the previous Chapter.) The focus is on regulators within Ireland and firms who were subject to Regulators outside the country (such as the US Food and Drug Administration) were asked to answer with respect to Irish Regulators.

The following is the list of broad areas of regulation presented to the businesses:

- ▶▶ Income Tax and Corporation Tax
- ▶▶ VAT
- ▶▶ Customs Regulations
- ▶▶ Health & Safety regulations
- ▶▶ Other Employment Law
- ▶▶ Environmental Legislation
- ▶▶ Company Law
- ▶▶ Return of statistical data to Central Statistics Office (CSO)
- ▶▶ Other (please specify)

Impact of Broad Areas of Regulation

Firms were asked how much impact each of the above areas had on their business with responses coded as 'major', 'moderate', 'little impact' and 'no impact'.

Figure 3.1 shows the percentage of firms who state that each area has a 'major', 'moderate', 'little impact' or 'no impact' on the business. It is clear that VAT (42%), income and corporation tax (37%) and health and safety regulations (32%) are most likely to have a 'major impact'.

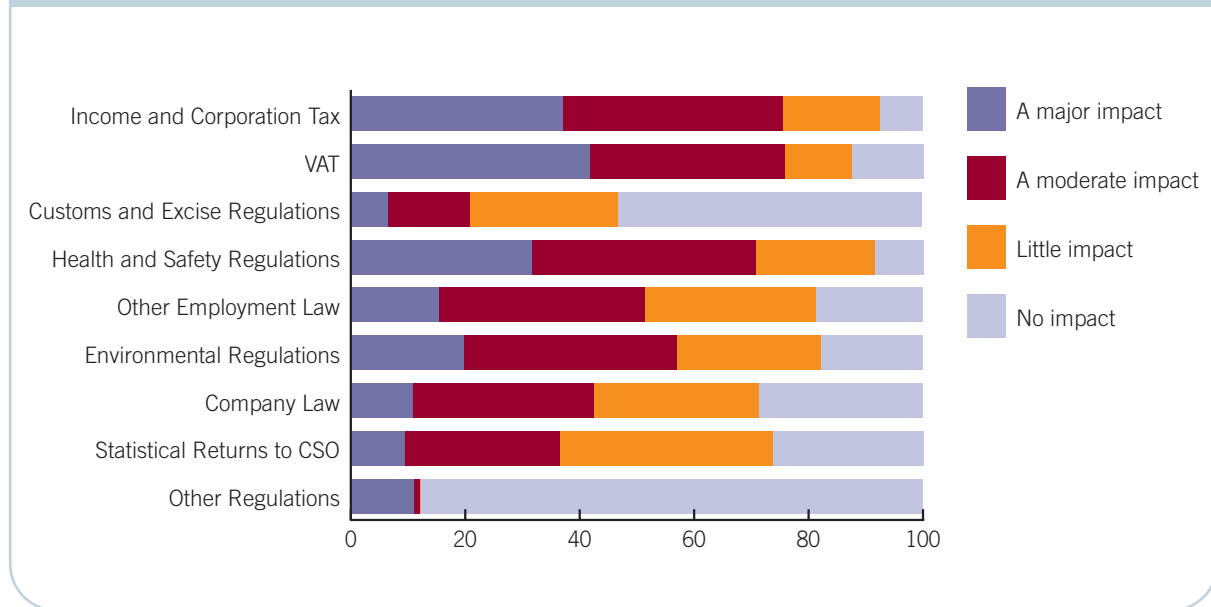
Key finding: VAT (42%) income and corporation tax (37%) and health and safety regulations (32%) are most likely to have a 'major impact' on businesses.

Other employment law and environmental regulations were seen as having a major impact by 15% and 20% of firms, respectively. Customs and excise regulations, company law and making statistical returns to the Central Statistics Office were each cited as having a 'major impact' by fewer than one in nine firms.

Taxation is likely to be more of an issue for smaller than for larger firms, with VAT being particularly significant for companies in the distribution sector. Health and safety regulation is more significant for medium and large companies and is more important in construction and manufacturing than in the services sector (see Appendix Table 2.3.1).

The 2002 survey in Ireland also found that taxation and health and safety regulations were most likely to be identified as ‘currently a burden’.¹² In the 2002 survey, however, statistical returns to the CSO were mentioned spontaneously by a higher proportion of firms (13% compared to 9% in the present Survey).

Figure 3.1: Impact of broad areas of regulation. Per cent of firms for whom each area has a ‘major impact’, ‘moderate impact’, ‘little impact’ or ‘no impact’.



Single most significant area of regulation

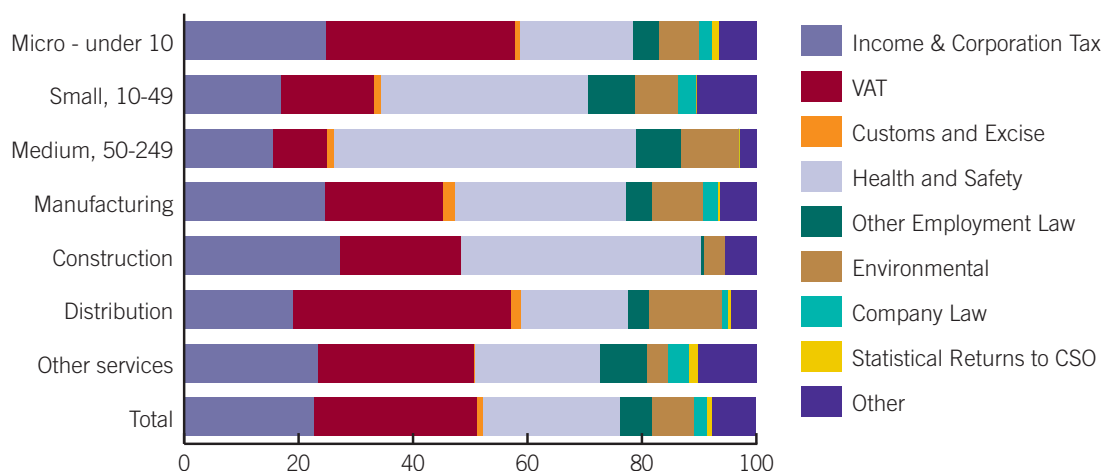
Firms were asked which of these broad areas of regulation was the single most significant for their business. This differs from the responses discussed in the previous section, since it asks firms to choose the single most significant area of regulation.

Overall, VAT, health and safety regulations and income/corporation tax were most likely to be identified as the ‘most significant’ regulation for the business (29, 24 and 23% of firms, respectively). Each of the other broad areas of regulation – customs and excise, other employment law, environmental regulations, company law, statistical returns to the CSO and other regulations – was identified as most significant by fewer than 10% of firms.

Key finding: When asked about the single most significant type of regulation, VAT, health and safety regulations and income/corporation tax were most commonly mentioned.

- ▶▶ Taxation, particularly VAT, was more likely to be identified as most significant by smaller than by larger firms.
- ▶▶ Health and safety regulations were more likely to be identified as ‘most significant’ by medium-sized than by smaller firms.
- ▶▶ VAT was identified as the ‘most significant’ area of regulation by the highest proportion of firms in the distribution sector (38%).
- ▶▶ Health and safety regulations were cited as most significant more often in construction (42%) than in other sectors.

Figure 3.2: Single most significant broad areas of regulation by size and sector. Per cent of firms in each category who identify each area as ‘most significant’.



Views of the most significant area of regulation

Businesses were asked to express their agreement or disagreement with a set of statements about the area of regulation that was most significant for their business. As seen in the previous section, most firms will be responding with taxation or health and safety regulation in mind, since these were most likely to be identified as ‘most significant’. The statements presented to the firms were as follows:

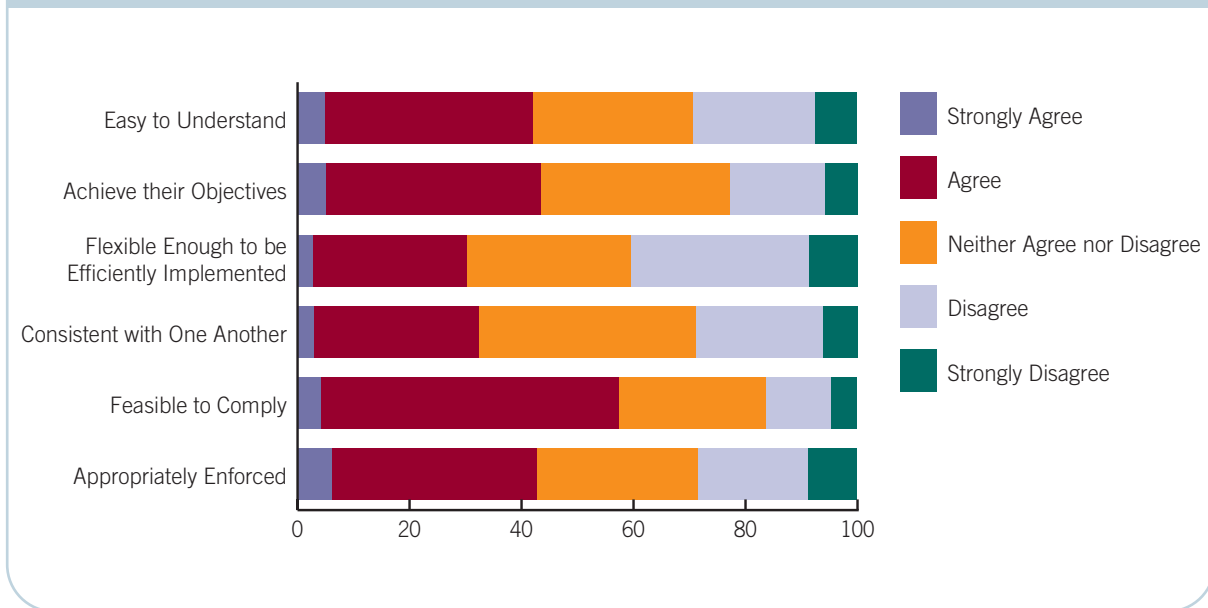
- ▶▶ The regulations are easy to understand
- ▶▶ The regulations achieve their objectives
- ▶▶ The regulations are flexible enough to be implemented efficiently
- ▶▶ The regulations are consistent with one another
- ▶▶ Despite the number of regulations, it is still possible to comply
- ▶▶ The regulations are appropriately enforced

The statements are phrased such that agreement represents a positive view of the regulations. The overall results are shown in Figure 3.3.

Key findings in relation to these statements are as follows:

- ▶▶ On average, across the items, roughly two out of five companies express positive views. Of the remainder, more firms express a neutral than a negative view.
- ▶▶ About one quarter of firms expressed a negative view.
- ▶▶ The highest proportion of negative views is expressed with respect to the lack of flexibility in implementing regulations (two fifths).
- ▶▶ Almost 30% of firms express negative views of the ease with which regulations can be understood and with the extent to which regulations are consistent with one another.
- ▶▶ Firm size or sector does not significantly impact on the extent to which they are positive in relation to the statements (see Appendix Table 2.3.4). However, for the areas identified earlier as most likely to be significant (taxation and health and safety), views tend to be more positive than average, particularly for VAT where 54% of firms agree that the regulations are easy to understand and 53% agree that the regulations achieve their objectives (see Appendix Table 2.3.5).

Figure 3.3: Views of most significant regulations. Per cent of firms who ‘strongly agree’, ‘agree’, ‘neither agree nor disagree’, ‘disagree’ or ‘strongly disagree’ with each statement.



Flexibility – insights from the follow-up qualitative interviews

In the follow-up qualitative interviews, we sought to probe in more depth what firms had in mind in disagreeing with the statements that ‘regulations are flexible enough to be implemented efficiently’ and ‘regulations are consistent with one another’.

As in the quantitative survey, most companies did not feel strongly that regulations were inflexible. One small business in the restaurant sector found *“regulations to be inflexible - if one misses VAT and Tax return dates, there is no recourse for small businesses”*. A medium-sized business in the hospitality sector, on the other hand, felt that *“they are inflexible for larger establishments. For example, health inspections – the builder placed splash backs behind the sinks which was acceptable under builders regulations, health inspectors wanted cladding. It cost €20,000 to change [this]”*.

Other firms explained the dissatisfaction in relation to flexibility as being due to difficulties in understanding the regulations and the reporting requirements. A micro manufacturing company felt that *“regulation is written in legal jargon – getting explanations takes time. The terminology used is difficult so that time is spent in interpreting the regulation.”* This firm went on to request “simple English” in writing regulations. Another small manufacturing firm said *“We don’t see any flexibility – it is black or white or you get a fine. [With the] new WEEE¹³ regulation we had to have detailed analysis by product type by weight and to have it in by a certain date.”*

A micro business in the distribution sector stated:

“Regulations are not at all flexible. There are specific forms you have to fill out. These are complicated and there’s also no one to explain how to fill them out.”

Consistency – insights from the follow-up qualitative interviews

On the issue of consistency across regulations, most firms did not feel this was a major issue but there were a number of specific examples of inconsistencies. The above example of the different requirements of building and health and safety regulations, was one of these. One small firm in construction noted the lack of consistency in planning regulation across Local Authorities: *“there are a lot of planning regulations and it is not clear the different requirements by the Local Authorities.”*

Regarding environmental regulations, a micro manufacturing firm feels *“the whole system isn’t finalised yet. At the moment when I go in to decommission a system my suppliers won’t take the old waste unless they supplied it in the first place. So where do I take the waste – I can’t dump it or store it. [There is] no chain of where it should go – this is for industrial/commercial waste.”*

CONCLUSIONS

- ▶▶ In relation to the overall impact of regulation on business, VAT, income tax and health and safety regulation were the three broad areas of regulation most often identified as having a ‘major impact’ on firms and as being the ‘most significant’ areas of regulation.
- ▶▶ On average, across items dealing with ease of understanding, efficacy, flexibility, consistency, feasibility of compliance and appropriateness of enforcement, roughly two out of five companies express positive views on the area of regulation most significant for them.
- ▶▶ The highest proportion of negative views is expressed with respect to the lack of flexibility in implementing regulations. Among those expressing dissatisfaction with flexibility, several firms tended to be thinking of enforcement. In the qualitative follow-up interviews, inconsistencies in enforcement across firms also emerged as a concern. One of the challenges arising for Government is to establish criteria which would determine how to strike a balance between the need for consistency and flexibility in enforcement.

Chapter 4: Burden and Costs of Regulation

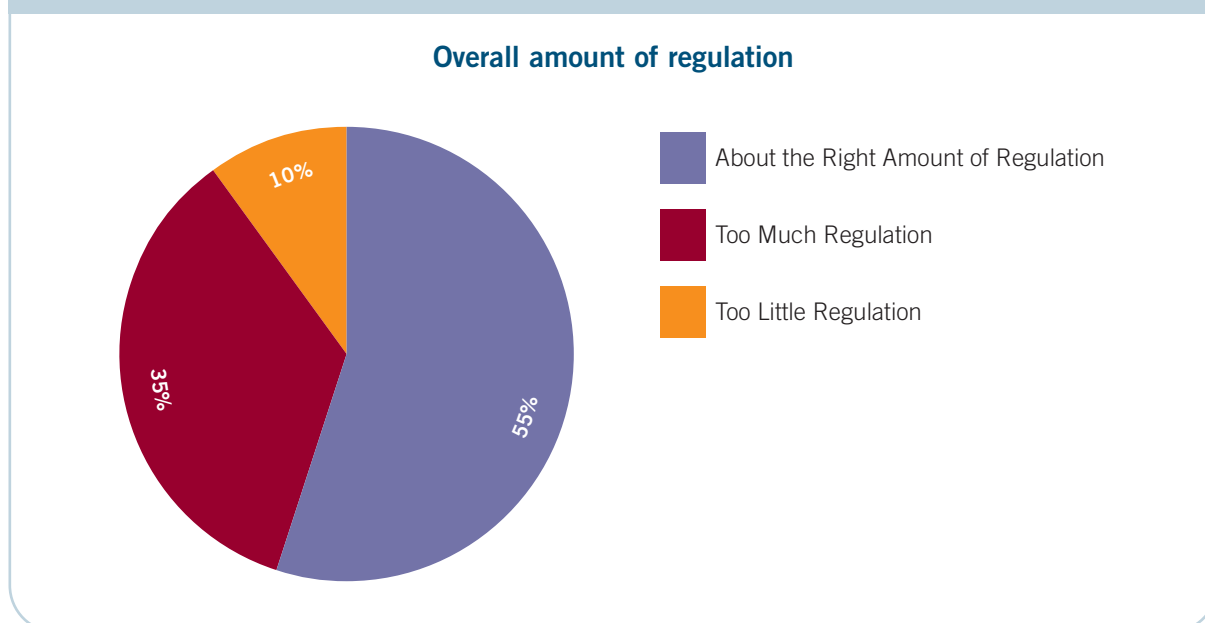
While the previous Chapter examined the overall impact of regulation and the broad areas of regulation that are most significant for business, we will now focus on the burden of regulation. While it is likely that regulations experienced as burdensome are also likely to have been highlighted earlier as having a ‘major impact’ or as being ‘most significant’, the reverse is not necessarily true. It is entirely possible that a firm will see a certain area of regulation as highly significant, but that compliance will not be experienced as burdensome. This is particularly the case where the benefits and purpose of the regulation are appreciated. Thus, in moving from a focus on the overall impact of regulation to a focus on regulatory burden there is an important shift in emphasis.

Overall amount of regulation

To place the results on the burden of regulation in context, we present the results of an item on the overall amount of regulation. Firms were asked the following:

Thinking about regulation in your sector, would you say there is too much regulation, about the right amount of regulation, too little regulation?

Figure 4.1: Overall amount of regulation in your sector. Per cent of firms who state that the overall amount of regulation is ‘too much’, ‘about right’ or ‘too little’.



As Figure 4.1 shows, the largest group (55% of firms) believe that there is about the right amount of regulation in their sectors. Just over one third (35%) believe there is too much regulation and one in ten believe there is too little regulation.

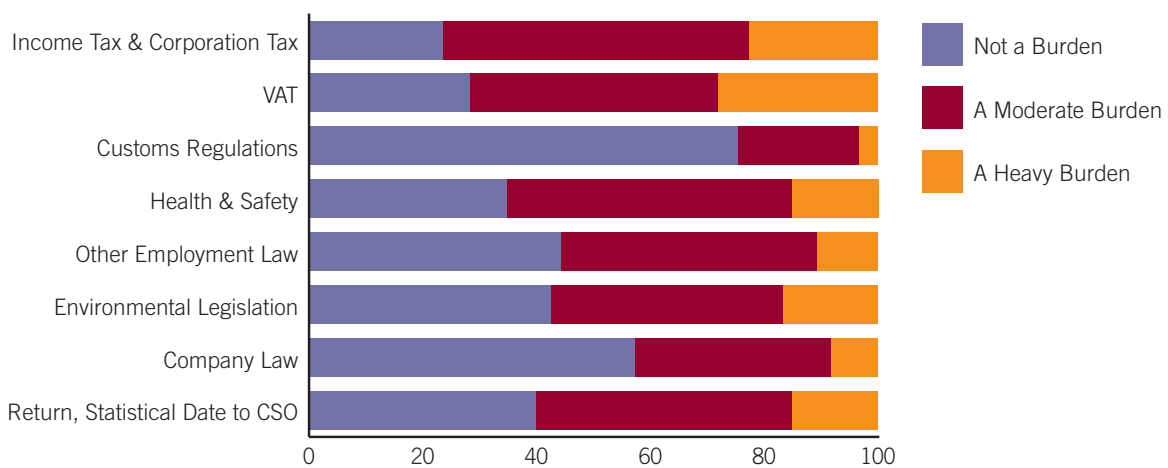
Differences by size, sector and region are generally small (Appendix Table 2.4.1). Medium-sized businesses are more likely to feel there is ‘too much’ regulation (43%).

Key finding: Over half of firms believe that there is about the right amount of regulation in their sector with just over one third stating that there is too much regulation.

Burden of regulation

Using the same eight broad areas of regulation as described in the previous chapter, firms were asked whether complying with regulations in each area was ‘not a burden’, ‘a moderate burden’ or ‘a heavy burden’. The overall results are shown in Figure 4.2.

Figure 4.2: Burden of broad areas of regulation. Per cent of firms who state that each area of regulation is ‘not a burden’, ‘a moderate burden’ or ‘a heavy burden’.



Taxation (income, corporation tax and VAT) is most likely to be identified as a heavy burden for firms (about one quarter of firms). While health and safety regulations figured strongly in the previous Chapter as one of the areas likely to be identified as ‘most significant’, it is considerably less likely to be seen as a ‘heavy burden’.

Key finding: Taxation regulation is most likely to be identified as a heavy burden for companies.

Returning statistical data to the CSO is identified as a heavy burden about as often as health and safety and environmental regulation (one in seven firms). The shift in the relative position of health and safety regulation, where it is very likely to be identified as significant but less likely to be identified as a ‘heavy burden’, is probably because firms appreciate the necessity of regulation in this area. This is supported by the findings from the qualitative follow-up interviews cited in Chapter 2.

There are some differences by firm size and sector in the extent to which different areas of regulation are experienced as a 'heavy burden' (see Appendix Table 2.4.2). Taxation is most likely to be identified as a heavy burden and the burden is greater for smaller than for larger companies. The burden of VAT is greater in the distribution sector than in other sectors. Health and safety regulation is more likely to be seen as a heavy burden by medium-sized companies.

Overall, just over half of firms identify one of these types of regulation as a 'heavy burden' (see Appendix Table 2.4.3).

Insights from the Qualitative follow-up Interviews

The qualitative follow-up interviews highlighted a number of themes relating to the burden of regulation. As noted in Chapter 2, a number of comments expressed in the interviews, suggested that health and safety regulation was accepted as legitimate, which may account for the lower proportion of companies identifying it as 'burdensome' than identified it as 'most significant'.

A micro distribution company noted that employer contributions to PRSI account for

“8-10% of payroll costs. We have no control over such regulation.

It's of no value to us, whereas health and safety, although it's expensive, we support.”

The frequency with which returns were required for VAT and, to a lesser extent, by the CSO was mentioned, as was the relatively greater administrative burden for smaller than larger firms. Several firms identified VAT as particularly burdensome, both in terms of the administrative requirements and the impact on sales as the addition of 21% “makes every sale more difficult” (a micro company in distribution).

A number of firms also mentioned employment regulations. A medium-sized company in the hospitality sector found labour law a burden. This firm stated that “parents of youngsters would like [the firm] to take on their youth during summer periods, we cannot do so [because] they can only work till 10pm.” A small service sector company also found employment law most burdensome: “For example, the need to record breaks and discrimination [is burdensome]. In an interview scenario the interviewee can sue for €10,000 if he or she did not like the way one asked the question.”

A small manufacturing firm found “company law a heavy burden - for small businesses, being up to date is a heavy burden. Other companies would have a few legal people, but we're only a company with 10 people.” A micro service sector company identified CSO returns and VAT as a heavy burden. “Four CSO returns need to be filled in every year, [which is] a heavy administrative burden. The system for VAT returns is easier, however, through estimation by direct debit.” A medium-sized company in the services sector also found CSO returns to be a considerable administrative burden. For the same firm, “When it comes to employment law the burden is the time it takes to train employees.”

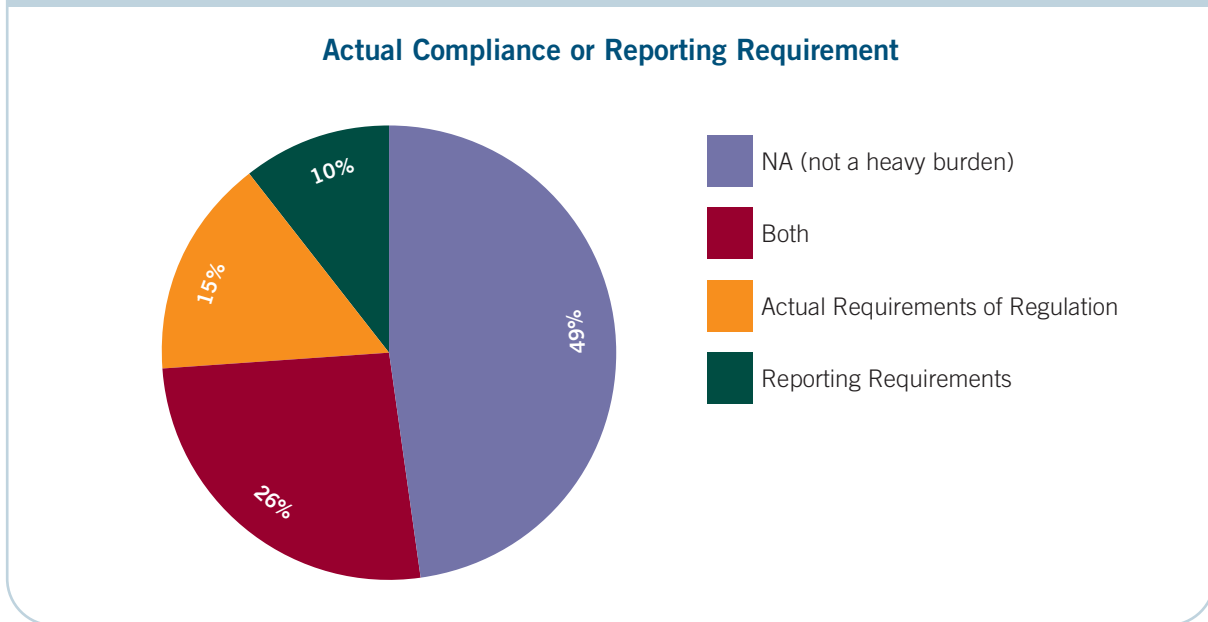
A micro firm in the construction sector found health and safety regulations to be most burdensome. “Time and the cost of people's time - H&S [regulators] should look at the price of things.”

Burden of actual compliance or reporting requirement

In an attempt to assess the relative importance of substantive compliance with regulation as opposed to reporting requirements (i.e. administrative burden), we asked firms the following:

For those areas where compliance is a heavy burden, please say whether it is the actual requirements of the regulation, the reporting requirements or both that is most burdensome.

Figure 4.3: Burden of actual compliance or reporting requirement. Per cent of firms who identify 'actual requirements', 'reporting requirements' or 'both' as a heavy burden or who do not identify any area as a 'heavy burden'.



The results are shown in Figure 4.3. As noted above, about half of the firms experienced one of the areas of regulation as a heavy burden. Where this was the case, half of these firms identified *both* the actual requirements and the reporting requirement as most burdensome. Of the remainder, firms were more likely to identify the actual requirements of the regulation than the reporting requirements as most burdensome (15 per cent and 10 per cent, respectively, of all firms). It can be concluded therefore that the actual requirements (compliance burden) are more likely to be experienced as a heavy burden. It is still the case that for over one third of firms the reporting requirements of business regulation are experienced as a heavy burden.

Key finding: The actual requirements of regulation (compliance burden) were found to be more burdensome than the administrative burden stemming from regulations.

Administrative burden – Qualitative follow-up Interviews

The qualitative follow-up interviews provided some specific data in relation to the administrative burden of regulation. A small firm in the construction sector noted that the “*requirement to fill out too much paperwork before getting started delays doing business*”. The same firm complained that safety statements for machine work were disproportionate: “*A lot of paperwork needs to be filled even though you are only using shovels and spades.*”

Use of Online Forms

Online forms are one means of facilitating the reporting requirements of regulation. Firms were asked whether they actually used online forms, how effective they were found to be and whether online forms would be used if they were available.

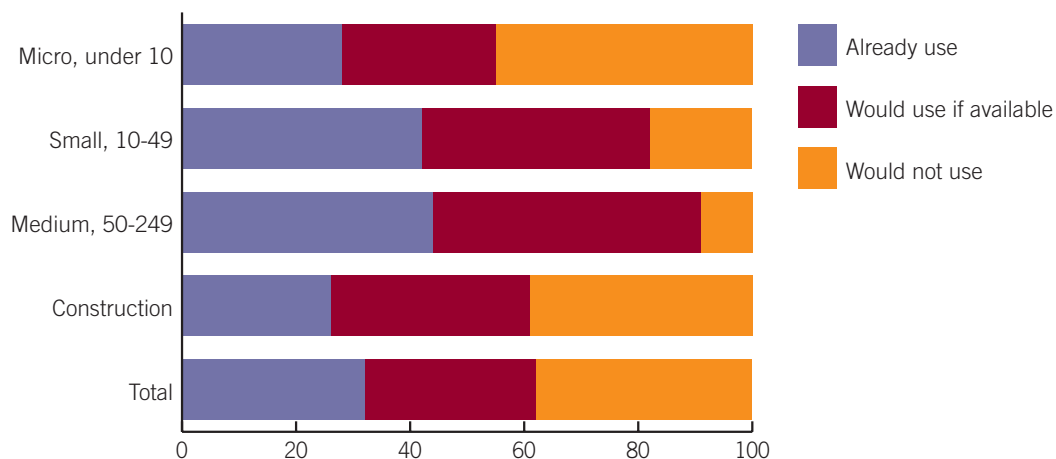
Figure 4.4 shows the percentage of firms who currently use online forms and, among those who do not, the percentage stating they would use them if they were available. About one third of firms currently use online forms, with the proportion highest among larger firms (44% of medium-sized firms compared to 28% of micro firms). Just under one third do not currently use online forms but would use them if they were available. Again, larger firms are more positively disposed towards using online forms (47% of medium compared to 27% of micro firms). This pattern by firm size is also evident in the proportion of firms who say that they would not use online forms, with 45% of micro firms saying they would not use online forms compared to only 9% of medium-sized firms. The difference by firm size may reflect familiarity with available technology and availability of personnel with the relevant IT training.

Key finding: About one third of firms use online forms, while another almost one third would use them if available.

Although it had a slightly different focus (on preferred mode of contact rather than mode of reporting), a 2006 survey of customers by the Revenue Commissioners also found evidence of a reluctance to use online communication channels: few small and medium sized businesses preferred electronic means of contact, with telephone being the preferred option. Moreover, lack of internet access, a compatible computer or IT skills emerged as reasons for not using Revenue Online Service (ROS) among a significant minority of firms in this size category.¹⁴

Differences by sector in the use of, or openness to, online forms are small but firms in construction are currently less likely to use online forms.

Figure 4.4: Use of, and openness to using, online forms. Per cent of firms who 'already use', 'would use if available' or 'would not use' online forms.

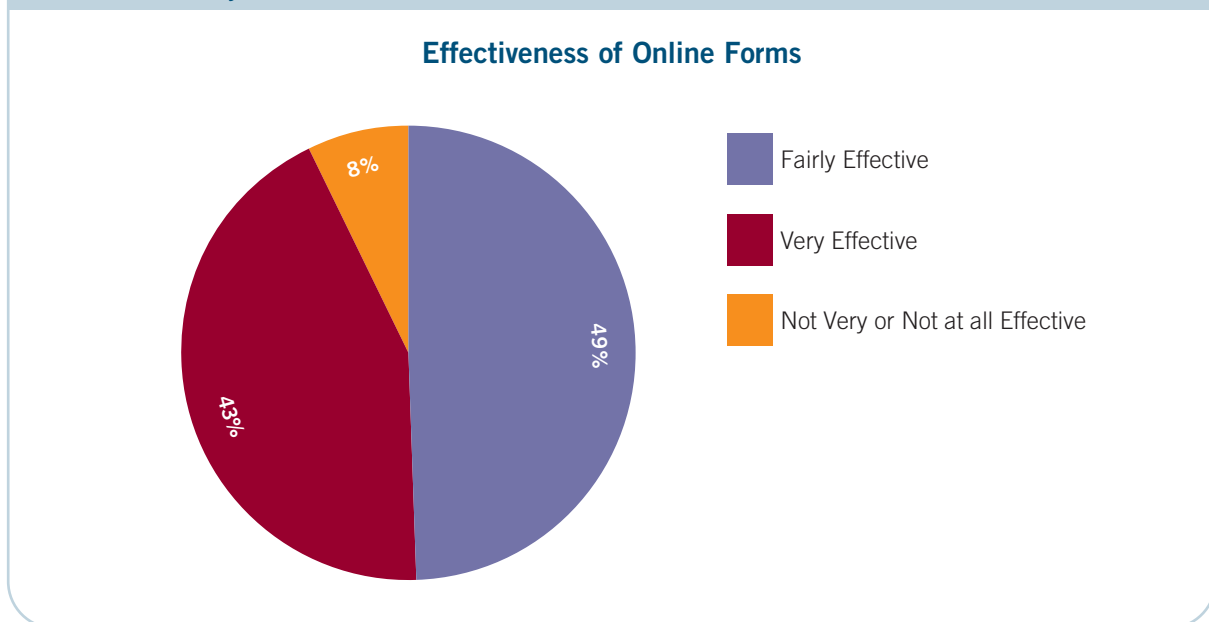


¹⁴ Revenue Commissioners, 2006, pp10-16.

Figure 4.5 shows that most firms who use online forms find them effective: 43% of firms find online forms very effective and 49% find them fairly effective. While the number of cases using online forms is rather small to break down further, there are no indications that the smaller firms find them less effective than larger firms. This points to a need to investigate the barriers to use of online forms among the smallest firms.

Key finding: 92% of firms who use online forms find them effective.

Figure 4.5: Effectiveness of online forms in reducing reporting burden. Among firms who use online forms, per cent who find online forms 'very effective', 'fairly effective' or 'not very or not at all effective'.



Costs of Compliance

In the Survey we sought to address the cost of compliance in a number of ways:

- ▶▶ Changes in cost in the last two years.
- ▶▶ Use of outside expertise to facilitate compliance.
- ▶▶ Estimate of total time spent on compliance.
- ▶▶ Estimate of monetary cost of compliance.

Only the first two approaches proved successful. Few firms were able to give an estimate of the financial cost of compliance as a percentage of total business costs and estimates of the total time spent on compliance were unreliable as the respondent (sometimes the compliance officer) interpreted the question as referring to their own time rather than total business labour time, citing figures up to 100%. An adequate measure of total time spent is not feasible in the survey context across all regulations. A narrower focus, such as the Revenue Commissioners' study which had an item on time spent maintaining tax records is likely to lead to a more accurate estimate. In that study, 57% of chief executives who maintained tax records for the firm spent less than one hour per week on this administration.

In the follow-up qualitative interviews, we asked firms what they had in mind in estimating the amount of time spent on compliance-related activity. The difficulty in giving an estimate was reflected in the responses. A micro firm in the restaurant sector admitted that it was “*difficult to quantify the time spent*” but that it is “*probably higher than the 1% stated*” in the survey. A number of firms also indicated that their estimate would be lower if they included only the time spent on reporting related to regulation.

It is clear from the responses that firms had in mind a number of types of activity, not just the reporting requirements associated with regulation, in responding to the Survey. Time spent on training employees in health and safety procedures figured strongly in the responses. A micro firm in construction included “*paperwork and attending training. The estimate time spent on compliance to regulations would be different if it just included time spent on reporting and record-keeping related to compliance.*”

A micro firm in the hospitality sector employs transient workers, and attributed the high estimate to “high rotation of staff” so that “*time is spent on filling out paper work and training in relation to fire and H&S [regulations]*”. A small manufacturing firm “*included paperwork, visit to sites, liaising with the safety officer, one person solely assigned to check all regulation and inductions onto the site. Anything new and the workers have to be briefed.*” A small construction firm noted the time spent on “*indoctrinating health and safety into employees – employees have to take days off for training and updates and there are visits to ensure workers are being paid union rates.*”

A micro services company included “*time taken up chasing others e.g. the accountant.*” Similarly, a medium-sized firm in the hospitality sector had recorded spending 50% of time on compliance-related activity. In the qualitative follow-up, the figure was revised downwards to 35%. This firm included “*H&S, quality, OPTIMUS,¹⁵ dealing with fire inspectors and employment inspectors, on being careful and filling out report on reports.*” A micro manufacturing business included “*paperwork/stock control/keeping records of where everything goes. We have to set up contracts with customers where anything over 3kg has to be serviced at least once a year if not twice in some cases, setting up these contracts takes a lot of time.*”

It was also clear that some of the time included in estimates would need to be spent in any case as part of the production process. A micro manufacturing company in the food sector notes that “*a lot of man hours are spent cleaning, checking, loading and probing for temperature. For instance, ensuring that eggs are cooked to the right temperature to make sure salmonella is killed.*”

Change in cost of compliance in last two years

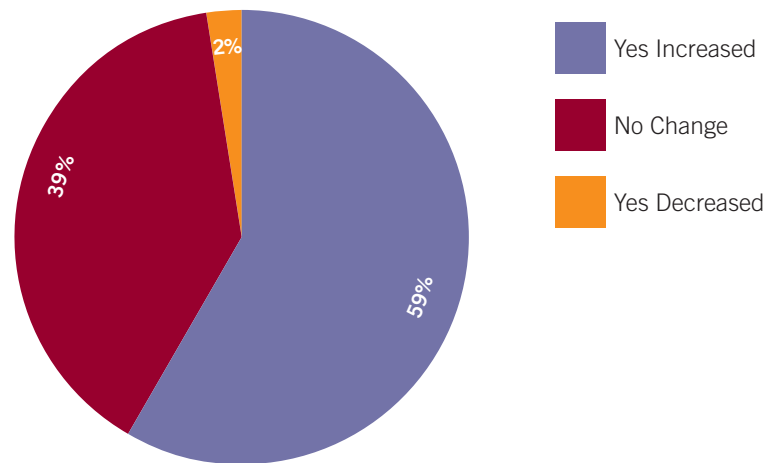
Figure 4.6 shows the responses to the item on whether the costs of compliance had increased or decreased in the last two years. Almost 60% of firms report that costs have increased while most of the remainder report that costs have remained unchanged. Medium-sized firms were more likely to report that costs had increased (see Appendix Table 2.4.6). The main reason for increased costs reported by firms was the introduction of new regulations (42% of those reporting an increase in costs).

Key finding: Almost 60% of firms report that the costs of compliance have increased in the last two years.

¹⁵ Optimus is a programme developed by Fáilte Ireland in 2004. It is an independently audited business and service excellence programme for the tourist industry.

Figure 4.6: Whether compliance costs of regulation have changed in last two years. Per cent of firms.

Whether compliance costs have changed in last two years



Although not directly comparable, the 2002 survey revealed a somewhat more pessimistic picture of the change in burden over time. In that survey, a higher proportion of firms felt that regulations are becoming more of a burden (62%), but 6% believed that regulations had become less of a burden over the previous five years.¹⁶

Outside expertise

Firms were asked whether they needed to bring in outside expertise to assist in compliance:

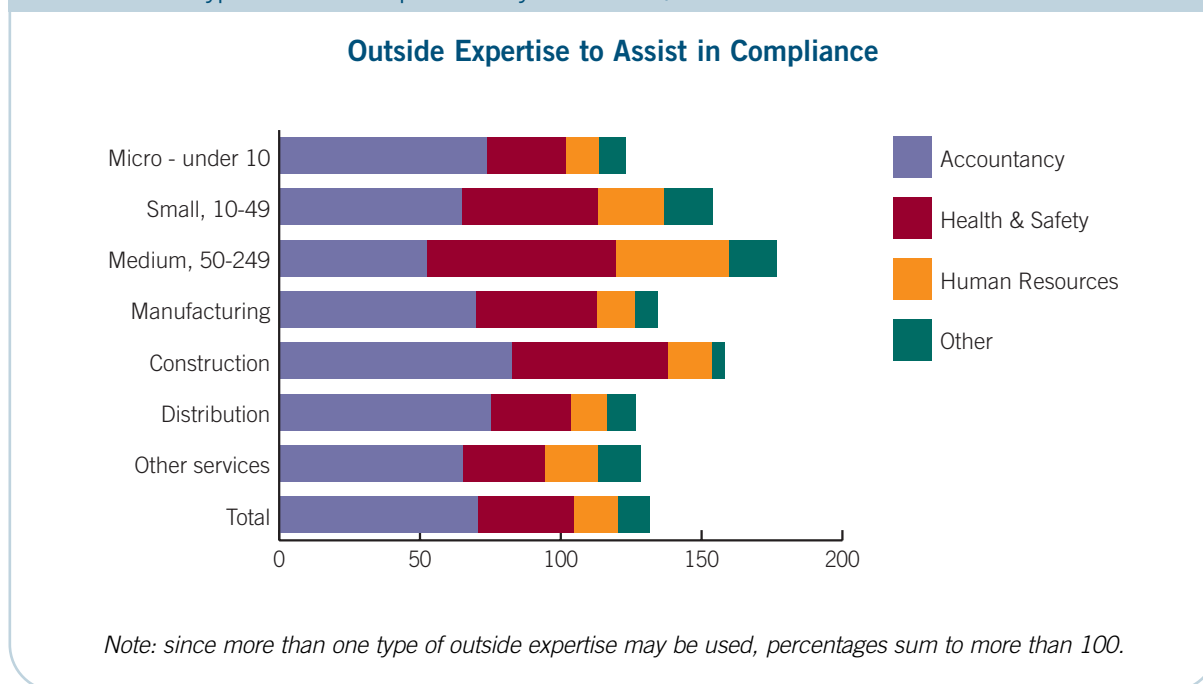
Do you need to bring in outside expertise to assist you in complying with regulatory requirements? This might include expertise in areas such as accountancy, legal expertise, human resource specialists or training courses for staff.

About 80% of firms bring in outside expertise for compliance-related activity, often more than one kind of outside expertise. As shown in Figure 4.7, this is mostly (71%) related to accountancy, but also (34%) to health and safety regulations.

Key finding: About 80% of firms bring in outside expertise for compliance related activity. This is mostly related to accountancy (71% of firms) but a third of firms also bring in expertise in relation to health and safety regulations.

Smaller firms are more likely than larger firms to buy in accountancy expertise; medium-sized firms and firms in construction and manufacturing are most likely to bring in health and safety expertise. Larger firms are more likely than smaller firms to bring in expertise in the Human Resources area.

Figure 4.7: Nature of outside expertise to assist in compliance. Per cent of firms who enlist outside expertise of different types to assist in compliance. (Note that more than one type of outside expertise may be enlisted).



CONCLUSIONS

In this Chapter we have focused on the burden and elements of the cost of compliance, including use of outside expertise and whether costs have increased in recent years. Among the findings are:

- ▶▶ Over half of firms consider that there is about the right amount of regulation, but a similar proportion find regulation in at least one area to be a ‘heavy burden’.
- ▶▶ Taxation was identified as a ‘heavy burden’ by about one quarter of firms, while returning statistical data to the CSO is identified as a ‘heavy burden’ about as often as health and safety and environmental regulation (one in seven companies).
- ▶▶ There was a visible shift in the relative ranking of types of regulation identified in this chapter as a ‘heavy burden’ compared to the regulations in the previous chapter identified as ‘most significant’.
- ▶▶ Taxation remains the area most often identified as both ‘most significant’ and ‘a heavy burden’, but health and safety regulation is less often identified as a ‘heavy burden’ than it is identified as ‘significant’. On the other hand, environmental regulations and statistical returns to the CSO are more likely to be identified as a ‘heavy burden’ than they are to be identified as ‘significant’. The responses to the qualitative interviews suggested that where regulations are seen as legitimate or necessary they are likely to be accepted, rather than being seen as burdensome.
- ▶▶ Both compliance and administrative burdens are a factor where burden is an issue.
- ▶▶ A high proportion of firms bring in outside expertise to assist in compliance-related activity – usually in the area of accountancy. Where online forms were used for reporting, they were found to be effective. Openness to using such technology was lower among the smallest firms.

Chapter 5: Competition and Competitiveness

In this Chapter we focus on the impact of business regulation on competition and competitiveness. One of the concerns expressed by business representatives in the preliminary qualitative interviews was that certain regulations, particularly if introduced in Ireland ahead of their implementation elsewhere in Europe, could negatively impact on the competitiveness of Irish firms in the European and worldwide markets.

Impact of regulation on broad areas of competition and competitiveness

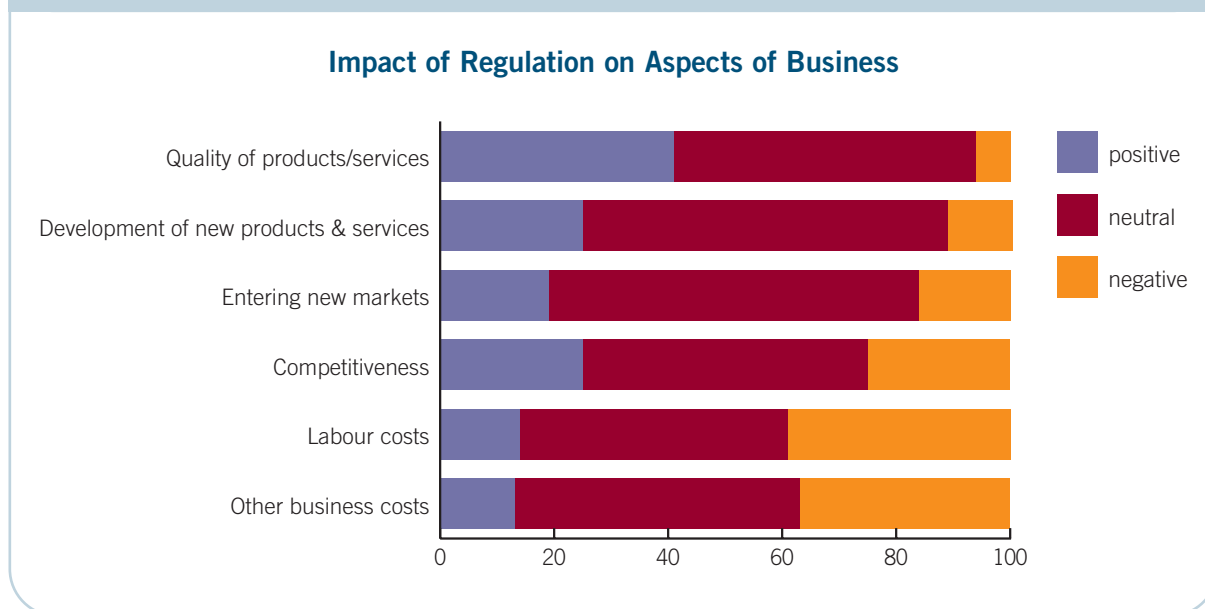
The first item exploring these broad economic impacts asked respondents whether the impact of regulation on a number of aspects of business is positive, neutral or negative. The item is as follows:

Thinking about the impact of complying with all regulations, is the impact on the following generally positive, generally negative or neutral from a business perspective?

- ▶▶ *Maintaining the quality of products or services.*
- ▶▶ *Development of new products and services.*
- ▶▶ *Entering new markets.*
- ▶▶ *Competitiveness.*
- ▶▶ *Labour costs.*
- ▶▶ *Other business costs (insurance, energy, transportation etc.).*

The results are shown in Figure 5.1. For all of the aspects of business, the largest number of firms reported a neutral impact, ranging from 65 per cent of firms reporting a neutral impact on entering new markets to 47% of firms reporting a neutral impact on labour costs.

Figure 5.1: Impact of regulation on aspects of business. Per cent of firms who state that regulation has a 'positive', 'negative' or 'neutral' impact on each aspect of business.



Key finding: The majority of respondents reported a neutral impact of regulation on competition and competitiveness. However, respondents tended to identify a positive impact on quality of products and services and a negative impact on costs.

There were important differences in impact between the items, however:

- ▶▶ More firms reported a positive than a negative impact on maintaining quality of the product or service (41 versus 6%).
- ▶▶ More firms reported a positive than a negative impact on the development of new products or services (25 per cent positive versus 12% negative).
- ▶▶ In the case of entering new markets the number of firms reporting positive or negative impact was fairly evenly balanced (16-19%).
- ▶▶ In terms of competitiveness, responses were also evenly balanced (25% each reporting a positive and negative impact).
- ▶▶ More firms reported a negative than a positive impact on labour costs (39 versus 14%, respectively) and other business costs (37 versus 13%, respectively). Even for costs, more firms reported a neutral than a negative impact.

The overall picture is one of a generally neutral impact, but a tendency towards a positive impact on quality of products and services and a negative impact on costs.

There were some differences by size of firm and by sector (see Appendix Tables 2.5.2 and 2.5.3). The positive impact on quality of goods and services tended to be cited more often by larger than by smaller firms while a negative impact on competitiveness was cited more frequently by firms in construction than in other sectors. Medium-sized companies more often cited a negative impact on labour and other business costs than did smaller companies.

Reasons for reporting negative impacts on labour costs

The follow-up qualitative interviews probed the reasons for the negative impact of regulation on labour costs. Several firms cited minimum wage legislation in this context, although several were also quick to point out that they had ‘no problem’ with it in principle. A small service sector company noted that *“Fifty per cent of staff are on the minimum wage. When it goes up it has a trickle on effect on the other fifty per cent who look for wage increases.”*

A number of interviewees mentioned the cost of training required by health and safety or other regulations. A micro firm in manufacturing said *“we have to employ people a certain amount of the time specifically to deal with the regulations affecting our business.”* A medium-sized company in the financial services sector also pointed to the costs of understanding and monitoring compliance: *“The financial sector is heavily regulated, consequently it requires a highly educated workforce to deal with compliance and corporate governance issues. Such people cost large sums of money.”*

A small engineering firm stated:

- “ The more regulation that is out there the more the staff need to know. This includes extra training thus increasing in labour costs. This is a negative impact due to specialisation needed of the work force.”

A hotel notes a more specific example: *“Under SI No 555 hoteliers can provide accommodation to employees however they can only take €54.13 a week from an employee for bed and meals. Hotels would be prepared to provide residence but not at a loss.”*

Impacts on competition

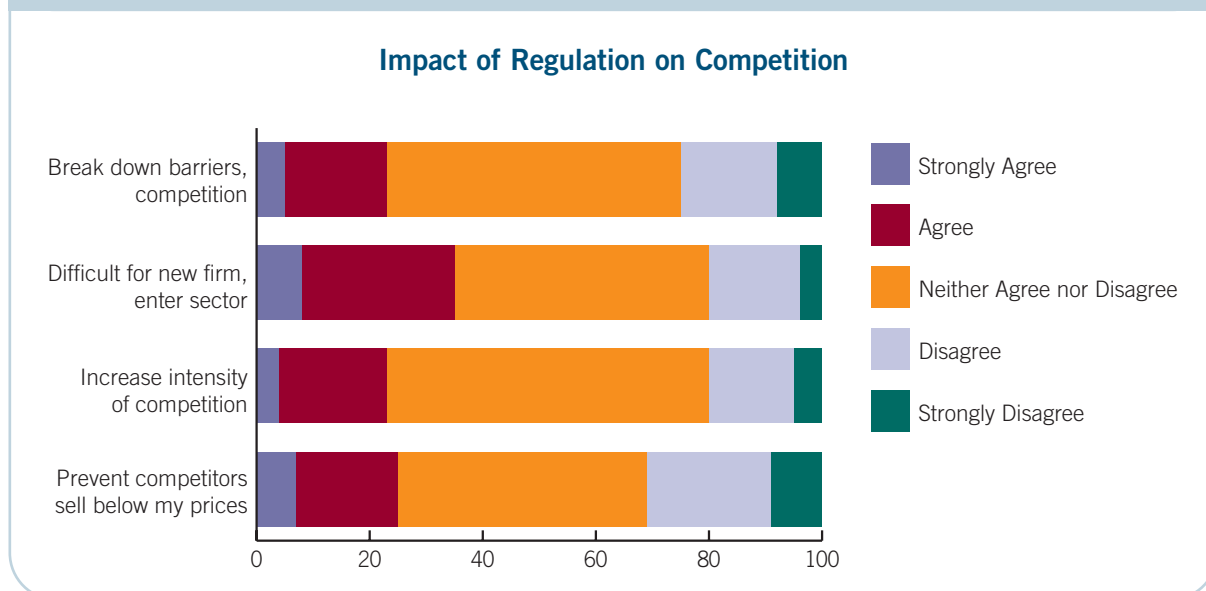
Figure 5.2 is based on responses to a set of items that deal more directly with competition. The item was worded as follows:

Please say to what extent you agree or disagree with the following statements regarding the impact of regulation on competition in your sector. Regulations...

- ▶▶ *help to break down barriers to competition.*
- ▶▶ *make it difficult for new firms to enter the sector.*
- ▶▶ *increase the intensity of competition between firms in this sector.*
- ▶▶ *prevent competitors unfairly selling below my prices.*

Responses were coded from 'strongly agree' to 'strongly disagree'. As shown in Figure 5.2, the responses tend to be neutral with 44-57% of firms responding that they 'neither agree nor disagree'.

Figure 5.2: Impact of regulation on competition. Per cent of firms who 'strongly agree' to 'strongly disagree' with each statement.



There were slightly more 'agree' responses to the item 'make it difficult for new firms to enter the sector', with just over one third of firms either agreeing or 'strongly' agreeing, compared to 20% of firms who disagreed. On the other hand, slightly more firms disagreed (31%) than agreed (25%) that regulation prevented competitors from selling at lower prices. The overall picture here, then, is that business considers that regulation is generally neutral in its impact on competition apart from some tendency for regulations to make it more difficult for firms to enter the sector.

There was little variation in responses to these items by firm size, sector or region (see Appendix Tables 2.5.5), although firms in construction were slightly more likely to agree that regulation made it more difficult for new firms to enter the sector.

The follow-up qualitative interviews provided additional insights into the views of firms regarding the impact of regulation on competition and competitiveness. The largest group of responses affirmed that regulation tended to make it difficult for firms to enter the sector. A micro firm in the retail sector noted that *“we have built it up over the years and feel we are at an advantage. I’m not sure if it would be as easy for others to enter the sector. ... If [we] were to set up now, it wouldn’t be as easy ... dealing with all the regulation.”*

A medium-sized manufacturing company felt that the regulatory requirements meant that *“people can’t go for it [licence] unless they are really committed. You need to set up an agreement with a customer for e.g. three years to do business with them. Because of the big investment, you need to have a contract with the customer and you will have this if you are set up in the business a while. It is therefore hard for firms to enter the sector, but it also protects [respondent’s] business.”*

In relation to the impact on competition, a medium-sized manufacturing firm said that

“to get up to the standards required us to know them all. This makes it difficult for new firms to enter the sector. We have been set up for the last 20 years so we have developed as the regulations have developed.”

A medium-sized company in financial services had a sector-specific example: *“In Ireland the financial sector is governed by ‘minimum activities’ - certain parts of the business have to be performed in Ireland and cannot be outsourced internationally. Because of the high labour cost base in Ireland, these low-end tasks requirements which cannot be outsourced raise the barrier to entry.”*

There were mixed views of whether regulation enhances competition. On one hand, a micro manufacturing firm felt that regulation *“creates a level playing field”*, while another micro firm in manufacturing felt that *“It’s not a level playing field when compared to the EU”*, because of the Irish regulatory environment.

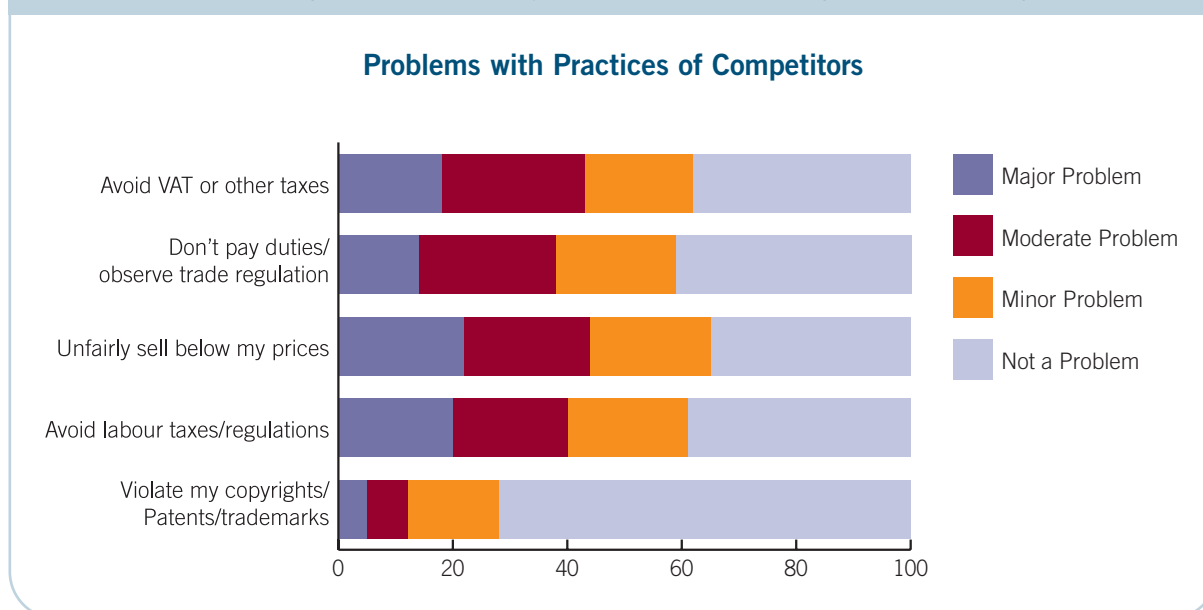
Practices of Competitors

Figure 5.3 shows the responses to a set of items on practices of competitors with regard to regulation. These items were designed to capture the degree to which firms believed their competitors were evading regulation. If firms believe this to be the case, there is likely to be a lowering of the perceived legitimacy of regulation and an increase in dissatisfaction. The items were worded as follows:

How much of a problem for your firm are the following practices of competitors in Ireland?

- ▶▶ *They avoid VAT or other taxes.*
- ▶▶ *They do not pay duties or observe trade regulations.*
- ▶▶ *They unfairly sell below my prices.*
- ▶▶ *They avoid labour taxes/regulations.*
- ▶▶ *They violate my copyrights, patents or trademarks.*

Figure 5.3: Problem with practices of competitors with respect to regulation. Per cent of firms who find each practice to be a ‘major’, ‘moderate’ or ‘minor’ problem or ‘not a problem’.



Apart from the item on violation of copyright or patents, about forty per cent of firms report that these practices of their competitors are a major or moderate problem. Competitors ‘unfairly selling below my prices’ and ‘avoiding labour taxes/regulations’ are most likely to be identified as a ‘major problem’. About one fifth of firms report a ‘major problem’ with these last two practices of their competitors.

There are some variations by sector and region, but no clear pattern by firm size. The main pattern is that these practices of competitors are more likely to be identified as a major problem by firms in the construction sector (see Appendix Table 2.5.7). A competitor avoiding VAT and other taxes is more of an issue for firms in the BMW region than other regions, but the differences by region are not as great as the contrast between the construction and other sectors.

Further detail on the perceived practices of competitors was elicited in the qualitative follow-up interviews. One medium-sized business in the hospitality sector argued thus: “*The competition is restaurants and bars in town. They pay cash in hand and do not keep rosters and employ young people after hours. The labour inspector will not prosecute bar, restaurant and petrol station owners for youngsters working past 10pm. [Respondent’s business] cannot and will not adopt any of these practices, therefore competition suffers.*” A micro firm in the hospitality sector also identified the ‘black economy’ and ‘payment of cash in hand’ by competitors as a problem.

A construction firm noted that “*If VAT is avoided this increases the price on their business. ... It is harder to compete if there is unfair selling below prices. It makes it more difficult to price a job and know there is hope of competing if there is avoidance of labour regulations*” on the part of competitors. Another small construction firm felt that firms who do ‘cash jobs may not comply with all the regulations’.

A small service-sector firm involved in training pointed to copyright violations by competitors who used course materials this firm had developed, but saw this as a minor problem.

CONCLUSIONS

- ▶▶ Businesses consider that regulation has a generally neutral impact on competitiveness and competition. Given that increased competition, along with labour costs, was identified as the major challenge faced by firms (see Chapter 2), we can conclude from this that regulation is seen as less important than other factors (perhaps a growth in the number of firms in the sector) which affect competition and competitiveness.
- ▶▶ However, there is some perception that regulation makes it more difficult for new firms to enter the sector, particularly in construction. The view that regulation made it difficult for new firms to enter the sector was reiterated in the qualitative follow-up interviews.
- ▶▶ The perception that practices of competitors with respect to regulation are a problem is likely to have an impact on legitimacy of regulation. Again, more firms in construction than in other sectors reported problems with the practices of competitors.

Chapter 6: Regulatory Agencies – Contact and Consultation

In this Chapter we turn to the relationship between business and Regulators. We examine which Regulators business is likely to have most contact with, the nature of that contact and the perception of the efficacy of the Regulator along a number of dimensions. We also examine the extent to which firms have been inspected or audited by Regulatory Agencies.

Regulator most often dealt with

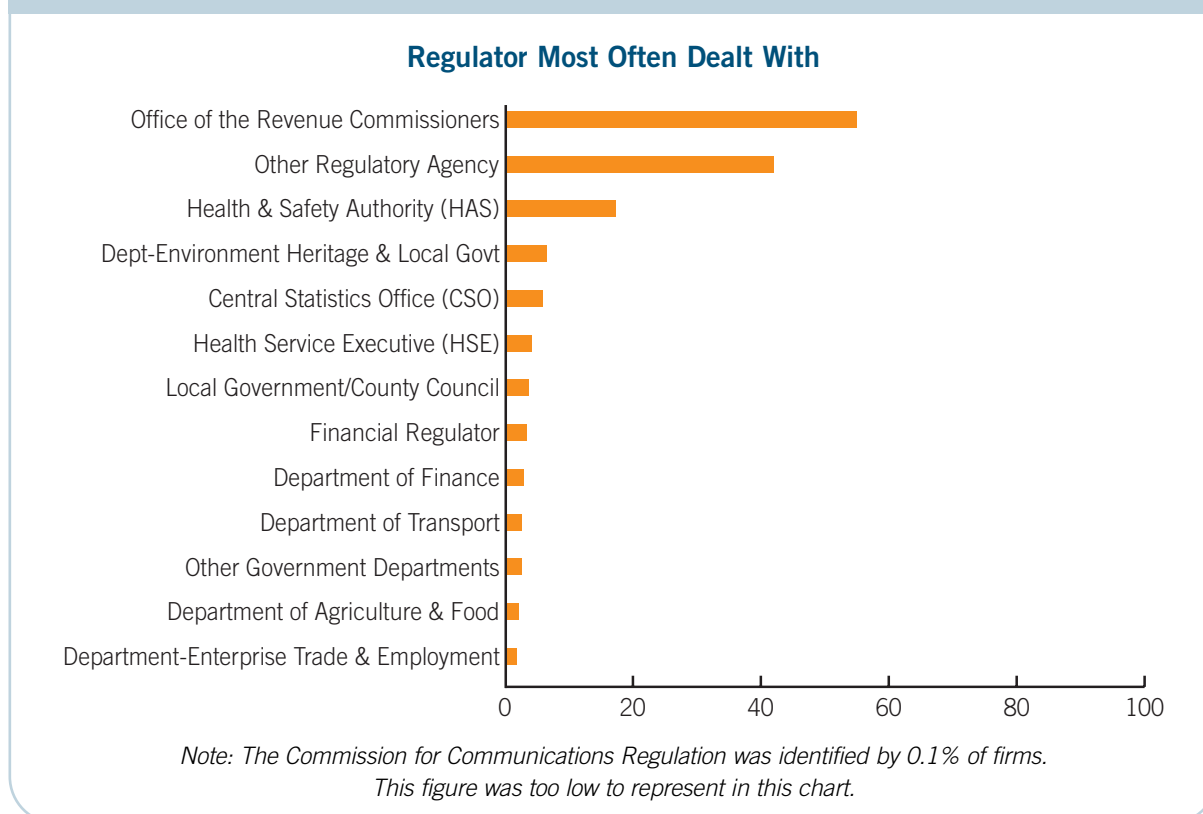
Firms were asked to list the Regulator or Regulators with whom they had the most regular contact:

What Regulator do you most regularly deal with regarding regulations affecting your business? [If there is more than one, please list in the order of importance in terms of overall impact on your business].

Up to three Regulators were recorded. Figure 6.1 indicates that the Regulatory Agencies most often dealt with were the Revenue Commissioners (over 50% of firms) and the Health and Safety Authority (18%), as well as a variety of ‘other regulatory agencies’ (43%). The latter tended to be very varied and were mainly sector-specific agencies such as the Law Society or the Pharmaceutical Society.

Key finding: The Regulator that businesses most often deal with is the Revenue Commissioners (over 50%) followed by the Health and Safety Authority (18%).

Figure 6.1: Regulator most often dealt with. Per Cent of firms identifying each Regulator



Most contact with the Regulator involved either seeking (42%) or providing (59%) information, or was in relation to an inspection or audit (35%; see Appendix Table 2.6.2).

Inspections and Audits

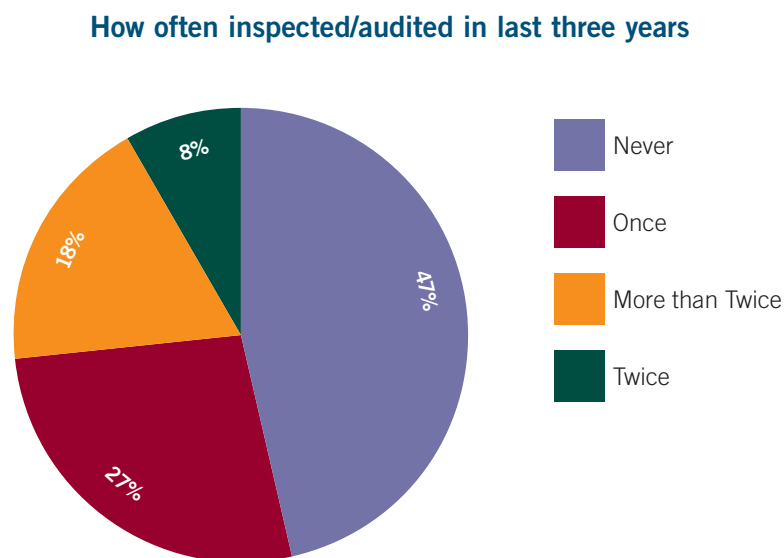
Firms were asked how often they had been inspected or audited in the last three years. The results are shown in Figure 6.2. Just over half of businesses were inspected or audited at least once in the last three years. About one in five was inspected more than twice.

Key finding: Just over half of businesses were inspected or audited at least once in the last three years. About one in five was inspected more than twice.

Size of firm is the main determinant of frequency of inspections/audits: most (over 70%) small, medium or large companies had been inspected or audited compared to only half of micro firms (see Appendix Table 2.6.3).

Most of the inspections or audits had been carried out by the Revenue Commissioners (2 out of five firms who had been inspected or audited) or by the Health and Safety Authority (one in seven firms).

Figure 6.2: How often inspected or audited in last three years (Per cent of firms).



Views of the Regulator

Firms were asked to respond to a series of statements about the Regulator with whom they most frequently had contact. As we have seen above, most of these firms were responding with respect to the Revenue Commissioners, since this was most often mentioned as the regulator with whom they had most contact. The items were worded as follows:

Business Regulation Survey

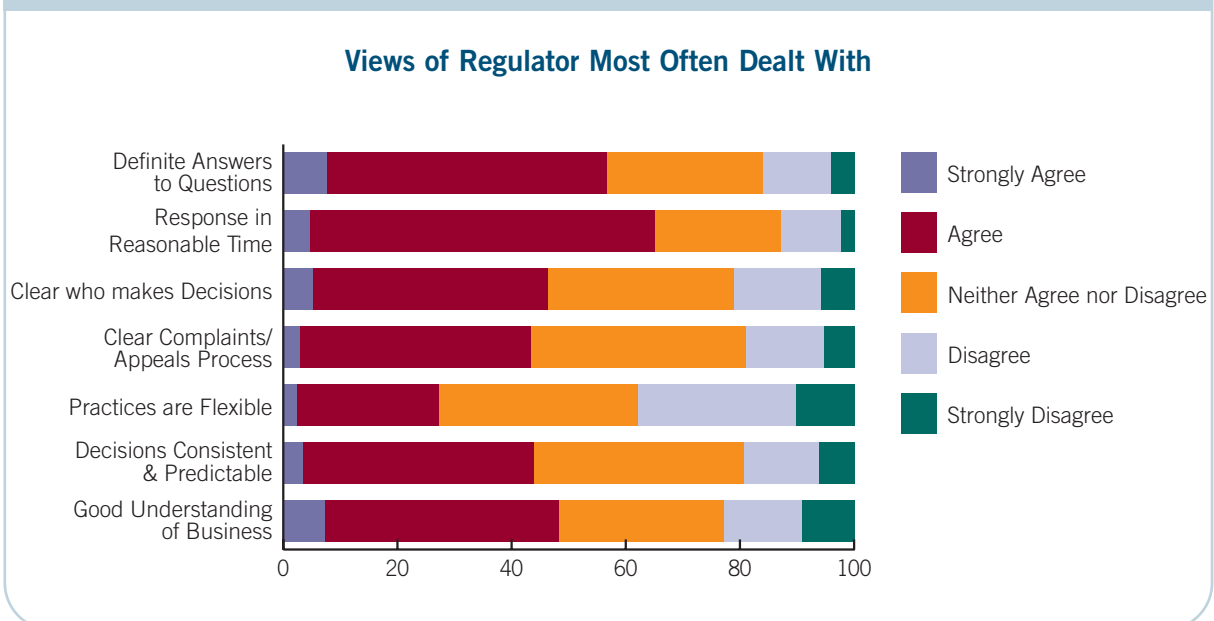
Please say to what extent you agree or disagree with the following statements about your contact with this Regulator ...

- ▶▶ Officials give definite answers to queries.
- ▶▶ The response of the Regulator is given within a reasonable time.
- ▶▶ It is clear who is responsible for regulatory decisions.
- ▶▶ The process for appeals and complaints is clear.
- ▶▶ The Regulator's practices are flexible and not bureaucratic.
- ▶▶ Decisions are consistent and predictable over time.
- ▶▶ This Regulator has a good understanding of the processes and practices in my business sector.

The results are shown in Figure 6.3. The items are worded so that an 'agree' response indicates a positive perception of the Regulator. In general, the perceptions of the Regulator are positive rather than negative. Over half of firms agree that the Regulator gives definite answers to questions and almost two thirds agree that the Regulator responds in a reasonable time, with fewer than one in six firms disagreeing with these statements. Responses to the items on it is 'clear who is responsible for making decisions' and the existence of 'clear complaints/appeal process' are also generally positive. Negative views are most likely to be expressed with respect to the item referring to flexibility of the Regulator: 38% of firms disagree with the statement '*the practices of the regulator are flexible and not bureaucratic*'.

Key finding: Perceptions of the Regulator dealt with most often are positive rather than negative. Most negative views are expressed in relation to the flexibility of the Regulator.

Figure 6.3: Views of Regulator dealt with most often. Per Cent of firms who 'Strongly Agree', 'Agree', 'Neither Agree nor Disagree', 'Disagree' or 'Strongly Disagree' with each statement.

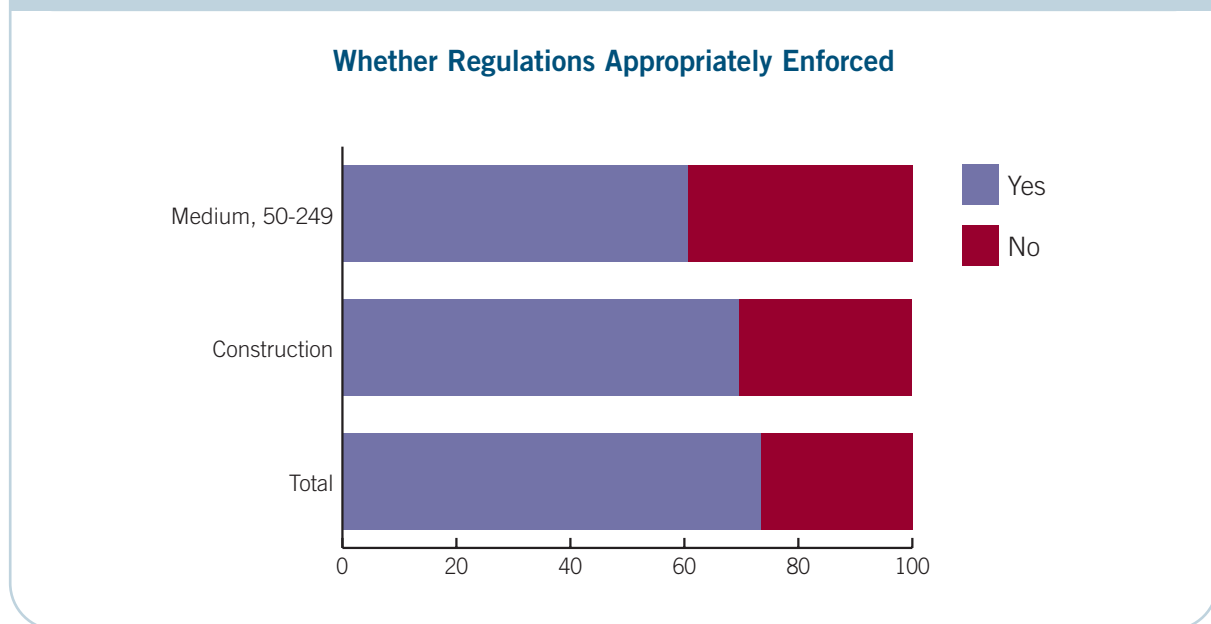


Another aspect of how Regulators are perceived concerns firms' views of the enforcement of regulations. Figure 6.4 shows that most (74%) firms consider that regulations affecting them are appropriately enforced. There are some differences by sector (with a somewhat lower proportion of firms in construction agreeing with the item) and more marked differences by size of firm, with a lower proportion of medium-sized firms (61%) agreeing that regulations are appropriately enforced.

Analysis of the reasons for firms suggesting that regulations were not appropriately enforced revealed that the most common complaint concerned inconsistency in enforcement across companies (14%) especially in medium-sized companies and in the construction sector. Manufacturing firms were more likely than those in other sectors to identify rigidity of enforcement as a problem.

Key finding: 74% of firms believe that regulations affecting them are appropriately enforced. Those who were negative in relation to enforcement referred in the main to inconsistency.

Figure 6.4: Views of whether regulations appropriately enforced. Per cent of firms in each category who believe regulations are appropriately enforced.



Insights from Qualitative follow-up Interviews

A number of examples of inconsistency in enforcement or interpretation of regulation emerged from the qualitative follow-up interviews. A micro company in transportation noted that *“H&S is the latest buzz word, however in this case inspection is very random e.g. tachograph.”*¹⁷

In some cases, these referred to inconsistencies across enforcing agencies. For instance, a small construction company noted the need for *“consistency of interpretation of regulations between Local Authorities.”* A medium-sized company in the services sector spoke of inconsistency *“between small and large establishments and between counties. For example, fire rated wooden cladding is allowed in one jurisdiction but not in another.”*

¹⁷ A tachograph is a machine that records measurements of speed and the times at which it was driven in a vehicle. It relates to directives dealing with hours of drivers.

Consultation and Communication

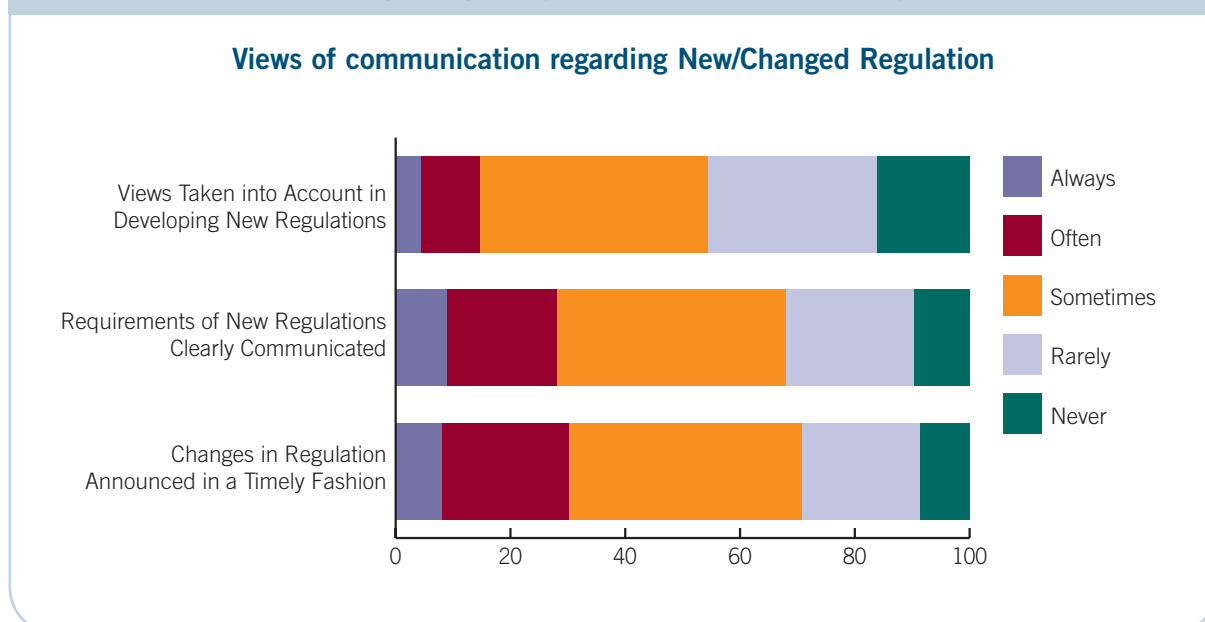
A further aspect of the relationship between the firm and the Regulator is that of communication. A number of items were included on the questionnaire to address this issue:

Please say whether, in your opinion...

- ▶▶ *The views of your business sector are taken into account when new regulations are being developed.*
- ▶▶ *The requirements of new regulations that affect your business are clearly communicated.*
- ▶▶ *Changes in regulations are announced in a timely fashion so that plans for compliance can be made.*

Responses were coded into four categories: 'Always', 'Sometimes', 'Rarely' and 'Never'. The results are shown in Figure 6.5.

Figure 6.5: Views of consultation and communication regarding new or changed regulations. Percent of firms responding 'Always', 'Often', 'Sometimes' 'Rarely' or 'Never' .



For the items on the communication of the requirements of new regulations and the timely announcement of changes, there are about the same proportion of positive and negative responses (28-32%) and a large fraction of relatively neutral responses ('sometimes' – 40-41%). Nonetheless, a significant minority of firms identify problems in communication in each of these areas. One third feel requirements are not clearly communicated and just under one third feel that changes in regulation are 'rarely' or 'never' announced in a timely fashion.

Views tend to be more negative regarding consultation in advance of developing new regulations, with 46% of firms believing the views of the sector are rarely or never taken into account and only 15% responding 'always' or 'often'.

Key finding: Views in relation to consultation tend to be somewhat mixed. There are more negative than positive views about the level of consultation that takes place with business regarding proposed regulations.

There are some differences by sector, with more negative views of consultation in advance of new regulation among firms in manufacturing and distribution and slightly more positive views among firms in construction (see Appendix Table 2.6.8).

In the 2002 survey, a higher proportion of respondents had given a negative assessment of the communication of new regulations than in the present Survey. A larger majority in 2002 agreed that ‘new regulations affecting my business are not communicated to me effectively’ (66%). Although the items are not directly comparable, the proportion of firms in the present study who agree that ‘the requirements of new regulations that affect your business are clearly communicated’ is about the same as the proportion who disagree.

Awareness of role of EU developments

A further aspect of communication regarding regulation concerns firms’ awareness of the role of developments and negotiations at EU level in shaping the Irish regulatory environment and also the intention of EU regulation to facilitate innovation. A number of items on the questionnaire addressed this issue:

The following items are about legislation originating at the EU level. Please say to what extent you agree or disagree with the following statements.

- ▶▶ *I am aware of developments at EU level to introduce legislation in my sector.*
- ▶▶ *Government Departments take account of the business requirements of my sector when negotiating EU legislation.*
- ▶▶ *EU legislation is helping to break down barriers that can stop business from expanding and being more innovative.*

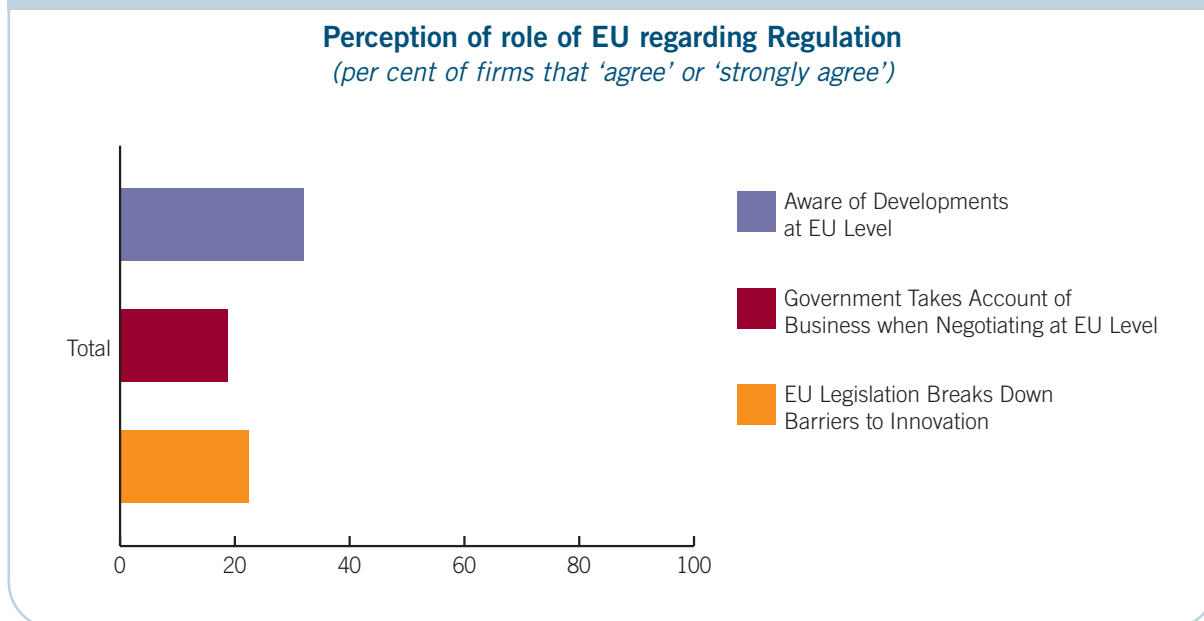
Responses were coded from ‘strongly agree’ to ‘strongly disagree’. As Figure 6.6 shows, there is a relatively low level of awareness among firms of developments at EU level affecting regulation in their sectors (32%), particularly in manufacturing and construction (fewer than one in four firms - see Appendix Table 2.6.9).

Key finding: There is a relatively low level of awareness among firms of developments at EU level affecting regulation in their sectors. Fewer than one in five firms feel that government takes account of the requirements of their business sector in negotiating at EU Level.

Fewer than one in five firms feel that government takes account of the requirements of their business sector in negotiating at EU level. There is also a negative perception of the efficacy of EU regulations in facilitating innovation, with fewer than one in four firms believing that EU legislation helps to break down barriers to expansion and innovation.

Larger companies are more aware of developments at EU level, as are companies in distribution and services (see Appendix Table 2.6.9). Small and medium companies have a more positive view of the efforts of Government to represent the views of their businesses than micro companies. Firms in construction and other services are also somewhat more positive in this respect than those in manufacturing and distribution.

Figure 6.6: Views of role of EU regarding regulation. Per cent of firms who ‘Agree’ or ‘Strongly Agree’ with each statement .



Suggestions for improving consultation

Firms were asked an open-ended question on how consultation with business could be improved. About 30% of firms responded with suggestions. The most common responses involved suggestions regarding the mode of communication, such as the need for “*more communication with businesses at a local level; regular forums*”; “*Newsletter bi-annually*”; “*Direct contact*”; “*a contact name one could ring at any time and discuss business problems*”; “*use of the web and improved web site information*”; or communication “*through trade associations and trade newsletters*”. A number of smaller firms felt that small businesses were not as frequently consulted: “*small family run business are never considered*” or “*more communication with smaller retailers who are being priced out of the market by larger outlets*”.

The next most common set of responses (4.5% of firms) involved an appeal for more communication, more open or earlier communication: for “*advance notification*”; “*A more open communication between owners and inspectors*”; “*by someone visiting small businesses to give us advice*”.

The third most common set of responses (4.2% of firms) appealed for a greater awareness and understanding of business concerns: There was a call for Regulators to “*Obtain clearer understanding of business mechanics*”; to recognise that it is “*very difficult as sole trader to keep up with all regulations as well as paperwork*”; or the need for “*better understanding by the Regulator of the broker market*”.

This issue was also explored in the qualitative follow-up interviews. Again, firms varied in the suggestions put forward. Some preferring direct communication (by letter or email) while others preferred to hear about new regulations from their representative organisations.

CONCLUSIONS

In this Chapter, the focus was on the perception that businesses had of the Regulator dealt with most often.

- ▶▶ Findings suggested a generally positive perception of the Regulator with which the firm had the most contact, but there was some tendency to disagree that the regulations are flexibly enforced. As noted in an earlier Chapter, this may not be entirely negative as there is an inevitable tension between consistency (the 'level playing field') and flexibility. Nevertheless, the majority of firms felt that regulations were appropriately enforced.
- ▶▶ Firms' views on the communication of the requirements of regulation and the announcement of new regulations were mixed, with about the same proportions of respondents giving positive and negative responses.
- ▶▶ There were more critical views of the extent of consultation before the introduction of new regulations. This points to the importance of Regulatory Impact Analysis (RIA), involving assessment of impacts and consultation with firms prior to the introduction of new regulations.
- ▶▶ Firms' suggestions for improved consultation were very varied, with some preferring direct contact between the Regulator and the firm while others preferred communication via the representative organisations.

Chapter 7: Conclusions

Overall, the Survey presents a relatively positive picture of the Irish regulatory environment for business. In general, firms felt that the overall amount of regulation is about right. It should be noted that the position of regulation, relative to other business challenges, mirrors findings for Europe generally from the ENSR survey of SMEs (see page 10).

Regulation is not the most significant challenge facing business – the challenge of labour costs and competition are more important. However, regulation was found to be more of a challenge than infrastructure or staffing issues.

Respondents generally indicated that regulation in Ireland was neither a positive nor negative force in relation to competitiveness and competition in individual markets. However, there was some concern about the impact of evasion by competitors, particularly among firms in the construction sector.

In identifying priority areas for Government intervention, firms were mainly concerned with the impact of the broader regulatory environment on costs and the security of supply or quality of service. Energy, taxation and banking/finance were identified as areas where government action is needed. In the reasons given by firms, it was evident that they were partly influenced by events occurring around the time of the survey, such as the increase in energy prices. However, qualitative interviews in January 2007 confirmed these issues as significant.

The areas of regulation that were found to be most significant were taxation and health and safety. In general, roughly two out of five firms expressed positive views regarding the area of regulation that was most significant for their business. Of the remainder, more firms express a neutral than a negative view, with about one quarter of firms expressing a negative view. Negative views were mainly centred on a lack of flexibility in implementing regulations (two fifths). Almost 30% of firms expressed negative views of the ease with which regulations can be understood and with the extent to which regulations are consistent with one another.

In the earlier qualitative interviews, business representatives expressed a concern that regulations impacted differently on firms of different sizes. The Survey found that smaller firms do tend to find compliance and reporting more burdensome than larger firms, particularly in the area of taxation. This leads to a certain tension between the desire for flexibility (which might include different enforcement strategies for firms of different sizes) and the concern with consistency in enforcement across firms.

The Regulator with whom the firm had most contact tended to be the Revenue Commissioners or the Health and Safety Authority. This suggests that regulatory reforms or simplification initiatives could most usefully be targeted in these sectors. Views of the Regulator most often dealt with were relatively positive.

Size of firm is the main determinant of frequency of inspections/audits: most (over 70%) of small, medium or large companies had been inspected or audited compared to only half of micro firms.

Among the findings regarding the burden and cost of regulation were the fact that over half of firms feel that there is about the right amount of regulation, but a similar proportion find regulation in at least one area to be a 'heavy burden'. Taxation was identified as a 'heavy burden' by about one quarter of firms while returning statistical data to the CSO is identified as a heavy burden about as often as health and safety and environmental regulation (by one in seven companies). Health and safety regulation is less often identified as a 'heavy burden' because although it is significant, firms seemed to see the importance and value of protecting the health and safety of their employees. On the other hand, environmental regulations and statistical returns to the CSO are more likely to be identified as a 'heavy burden' than they are to be identified as 'significant'.

Both compliance and administrative burdens are a factor where burden is an issue. A majority of firms felt that costs of complying with regulations had increased in recent years. This suggests that the Irish Government should continue its efforts on reducing compliance burdens generally rather than the policy being followed by some EU Member States in focussing primarily on the administrative burden.

In terms of communication with the Regulator regarding regulation, most criticism was expressed with regard to consultation in relation to new regulations. This suggests that Government Departments and Offices should make more effort to consult with businesses as part of the Regulatory Impact Analysis (RIA) process which is now compulsory. It is likely that as RIA processes further develop, businesses will become more aware of consultation as an inherent part of the regulatory process.

SUMMARY

- ▶▶ The findings in the Report point to a number of broad areas where regulatory reform is likely to have an impact on the largest group of firms.
- ▶▶ Taxation is the area most likely to be identified as significant and as a 'heavy burden' by firms. Addressing regulation in this area is likely to have the greatest impact overall in terms of reducing regulatory burden.
- ▶▶ The frequency with which VAT returns must be made was an issue, especially for smaller firms. The frequency with which actual returns, (as opposed to interim payments) are made, could be examined.
- ▶▶ The burden of taxation is relatively greater for smaller than larger firms, so a focus on reducing the burden for smaller firms is likely to be most productive overall.
- ▶▶ Online forms, where they were used, were generally found to be effective in reducing the reporting burden but smaller firms appear less open to using this technology. This suggests a need to identify ways in which such forms could be made more user-friendly.
- ▶▶ There is clearly room for improvement in relation to communication with business, particularly in relation to consultation prior to introducing new regulation. Since firms varied in their preference for direct contact versus communication through representative organisations, a combination of approaches may be most effective.
- ▶▶ Flexibility of enforcement and consistency of enforcement were identified as areas of dissatisfaction. There is clearly some tension between these two principles that may be resolved by having clearer and more transparent guidelines on the circumstances (e.g. firm size, new regulations, major increase in enforcement activity) in which 'allowances' will be made.
- ▶▶ Where there is a perception that competitors are not complying with regulations, there is likely to be a greater sense of dissatisfaction with the regulation. This seemed to be more of an issue in construction and in the hospitality sector than elsewhere. It is not clear whether the perception needs to be addressed by clearer communication of how enforcement is undertaken, or by clearer guidelines as to when some flexibility in enforcement will be entertained.

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Technical Appendix: Methodology of the Survey

The Survey of Business Attitudes to Regulation adopted a broad definition of regulation including acts of the Oireachtas and secondary legislation enacted by ministers, but also subsidiary rules and regulations such as those made by Local and Regional Authorities and self-regulatory bodies.

Following a review of work on business regulation conducted elsewhere, the methodology adopted for the present study involved three phases. The first phase was a series of qualitative interviews with business representatives in a range of sectors in Ireland. The second phase involved a quantitative postal survey of firms to build up a representative picture of the concerns of business with regard to regulation.¹⁸ The third phase was a set of qualitative interviews with 30 of the firms who responded to the quantitative phase in order to probe in more depth some of the issues arising from the Survey.

Initial Qualitative Interviews

The purpose of this exercise was to gather feedback on the proposed sets of items to include in the main Survey so as to ensure that areas of most relevance and concern to Irish businesses were covered.

These qualitative interviews were conducted with a number of businesses and business representatives. An outline was used to structure the interview, following the broad groups of items to be included in the questionnaire, and comments of the respondents were recorded in writing. The topics covered in the interviews were:

- ▶▶ Context (challenges faced by businesses and the context in terms of market share, profitability, capital investment, innovation).
- ▶▶ Areas of regulation – assessment of how best to categorise broad areas of regulation for the Survey.
- ▶▶ Information that should be collected on each area of regulation.
- ▶▶ Process of developing new regulations, including consultation with businesses.
- ▶▶ View of the general level of compliance with regulations among the firms in the sector.
- ▶▶ Contacts with Regulators (seeking and giving information, inspections and audits).
- ▶▶ Impact of regulation on business (costs, competitiveness etc.).
- ▶▶ Quantifying the impact (actual compliance and administrative burden) – whether this is feasible in the context of a survey.
- ▶▶ Other aspects of impact – including positive impact of regulation.
- ▶▶ Scope for change and improvement.

Information was obtained from ten business representatives, five by personal visit, four by telephone and one preferred to respond by email. Seven of the interviews were with individual business people, while three were with members of representative organisations (banking, small and medium enterprises, construction). The respondents were chosen so as to provide inputs from businesses of different sizes and across a range of sectors. Their backgrounds were as follows:

- ▶▶ Banking sector (with background in taxation).
- ▶▶ Food sector (especially small artisan producers and restaurants).
- ▶▶ Large computing ICT/ semi conductor manufacturer.
- ▶▶ Insurance sector (compliance officer).
- ▶▶ Multinational company in pharmaceutical sector.
- ▶▶ Retail sector (small electrical goods retailer).

¹⁸ The Questionnaire is reproduced in full at the end of this Appendix.

- ▶▶ Retail sector (large grocery chain).
- ▶▶ Representative association for small and medium enterprises (background in accounting).
- ▶▶ Representative association of construction sector.
- ▶▶ Representative organisation for banking sector.

The length of the interview ranged from 20 minutes to over one hour, with the shorter interviews being completed by telephone. All respondents were provided with a copy of the outline of topics in advance and were briefed on the purpose of the study.

A number of points were made in these initial qualitative interviews that resulted in modifications to the proposed questionnaire:

- ▶▶ The Survey should begin with an item that attempts to put regulation in the broader context of challenges faced by business.
- ▶▶ Respondents felt it was useful to break regulation into the three proposed areas (employment, taxation and environment), rather than seeking to group all regulation together. The burden of statistical returns to the CSO was not seen as among the most significant. Other areas of regulation specifically mentioned included company law (the audit exemption rule for small firms) and planning regulations (for the construction sector). The latter were subsequently subsumed under the broad category of environmental regulations.
- ▶▶ It would be useful to have information on each broad type of regulation dealing with the frequency of returns/requests for information, whether there is scope for technology in reducing the burden of regulation and whether the Regulator is sufficiently familiar with the processes involved in the sector. Following the pilot, this information was requested through asking respondents about the area of regulation which was most significant for each business.
- ▶▶ It was suggested that the impact of regulation on competitiveness be examined, including possible positive impact on competitiveness such as whether regulations help to break down barriers to competition and innovation.
- ▶▶ The consensus was that information on the cost of compliance is important, but that it may be difficult to obtain. One suggestion was to ask whether costs had increased or decreased in recent years. Another suggestion was to gather information on the nature of outside expertise required for compliance. A further suggestion was to attempt to separate the burden of actual compliance from the reporting requirements of regulation.
- ▶▶ A question on whether regulations are too inflexible was proposed by exploring whether regulation is proportionate to the risk involved.
- ▶▶ The issue of consistency (across regulations or across inspectors) was also raised.
- ▶▶ Several respondents raised the issue of whether enforcement should be 'loose' or 'tight', that is consistent and strict, on the one hand, versus flexible and taking account of individual circumstances, on the other. Some different views were expressed on the scope for administrative discretion and it was suggested that Regulatory Agencies tend to err on the side of caution.

The Quantitative Survey

The Sample

The sample of firms was selected from the Kompass database. This is a listing, with contact details, of 115,000 businesses operating in Ireland, with information on industrial sector and numbers employed. After excluding all public sector organisations¹⁹, the sample was stratified by size, sector and region. The size categories used were:

- ▶▶ Micro (1-9 employees)
- ▶▶ Small (10-49 employees)
- ▶▶ Medium (50-250 employees)
- ▶▶ Large (250 or more employees)

The sectors were:

- ▶▶ Manufacturing
- ▶▶ Construction
- ▶▶ Distribution (wholesale and retail)
- ▶▶ Other services (all other non-manufacturing firms)

The region categories were:

- ▶▶ Dublin (including Dublin city, and the former Dublin county areas of Fingal, Dublin South and Dun Laoghaire - Rathdown)
- ▶▶ Border, Midlands and West regions
- ▶▶ Elsewhere (South East, South West, Mid-East and Mid-West).

Following a pilot test of the main questionnaire by telephone in June 2006 the main Survey was conducted by post, beginning in July 2006. The experience from the pilot suggested that it is very difficult to engage chief executives and compliance officers in a telephone interview. As a result, the main Survey was conducted by post with telephone follow-up to encourage firms to return the questionnaire. There were four mail shots and intensive telephone follow-up with the businesses to ensure that the correct person had received the questionnaire. This was considered to be the owner or chief executive in smaller businesses and the compliance officer in larger firms who have such a position. Each firm was contacted by telephone at least twice. As well as the paper questionnaire, firms were offered the option of completing an electronic version by email.

A total of 823 usable questionnaires were completed, representing a response rate of 36%. The response rate ranged from 29% for small firms to 41% for micro firms, and was somewhat lower in the construction sector (28%) than in other economic sectors.

Detailed response rates are provided in Appendix Table 2.1.1 to 2.1.3, as well as an indication of the impact of the number of cases available for analysis on the precision of the results, that is, on the margin of error associated with each reported figure (Appendix Table 2.1.4)

Although large firms (over 250 employees) were included in the survey, the number of responses from large firms is small (38 firms). The results for large firms need to be treated with caution because the small sample size means that the figures are subject to a wide margin of error.

¹⁹ The Survey covered private sector and commercial semi-state firms.

Sample Weighting

Before analysing the data, the data were weighted to compensate for differences in response rates between firms of different sizes and in different sectors. Information on size, sector and region were obtained from the Kompass database of firms. The weighting ensures that the results are representative of all businesses in Ireland.

Characteristics of businesses responding to the Survey

The majority of businesses responding to the Survey had one branch (81%) and almost two thirds had been in operation for more than 10 years. As one might expect, large businesses are more likely to have multiple branches: over three fifths of medium enterprises and four out of five large enterprises. Businesses in distribution and services are more likely than those in manufacturing and construction to have multiple outlets. There are only slight differences in this variable by region.

Small businesses tend to have been in operation for a shorter time. 62% of micro businesses have been established more than ten years, compared to almost 80% of medium and large businesses.

Businesses in distribution and services, and those in Dublin, tend to be newer than businesses in construction and manufacturing, but even among these companies the majority had been in operation for over ten years.

Follow-Up Qualitative Interviews

These interviews were conducted with a subset of firms who had participated in the quantitative Survey. Research staff conducted interviews with 32 companies between 8 January and 26 January 2007. The purpose of these short qualitative interviews was to probe in more depth some of the issues arising from the quantitative Survey. Permission to re-contact the firm was requested at the end of the questionnaire, and about half of the firms consented to be recontacted. The interviews were conducted by telephone after the list of topics was sent to the firms. Interviews took 20-30 minutes to complete. Responses were recorded verbatim and were collated to provide qualitative depth and context to the findings from the Survey.

The main topics covered in the qualitative follow-up interviews were:

- ▶▶ Perceived impact of regulation of other businesses (competitors, suppliers, customers) on respondent's business
- ▶▶ What do firms understand by the 'flexibility' with which regulations are implemented?
- ▶▶ What do firms understand by the level of consistency across regulations?
- ▶▶ On the questionnaire, firms were asked for an estimate of the total business time spent on compliance. What did respondents include under this heading?
- ▶▶ If relevant, why were firms dissatisfied with the level of consultation regarding the introduction of new regulations?
- ▶▶ If relevant, in what ways does regulation have a negative impact on labour costs?
- ▶▶ If relevant, in what respects does regulation affect competition in the sector?
- ▶▶ If relevant, in what ways do the practices of competitors impact adversely on the respondent's business?
- ▶▶ What did firms in mind in identifying a priority area for government intervention? Would the priority area selected be the same now?

The findings from the qualitative follow-up interviews provide a rich set of concrete examples of the ways in which regulation affects businesses.

Survey of Business Attitudes to Regulation, 2006

SECTION A: Background

A1 Which of the following best describes your company? [TICK ONE BOX ONLY].

- Irish owned private company 1 Subsidiary of overseas company 3 Semi-state 5
Irish owned public company 2 Franchise 4 Sole trader 6
Other (please specify) _____ 7

A2 How many branches or outlets does your company currently have throughout the Republic of Ireland? _____ branches/outlets. [NOTE: MUST BE ONE OR MORE]

A3 [IF MORE THAN ONE] **Are you able to answer in relation to the overall operations of the company in Ireland or in relation to the branch or outlet where you are located?**

- All-Ireland 1 Local branch/outlet ONLY 2

[IF MORE THAN ONE BRANCH IN IRELAND, A4 TO A7 SHOULD REFER TO ALL-IRELAND OR LOCAL BRANCH/OUTLET - AS PER ANSWER AT A3. IF POSSIBLE, PLEASE ANSWER IN RELATION TO THE OVERALL OPERATION OF YOUR COMPANY IN IRELAND]

A4 What is the total number of persons currently engaged in your company, on a full-time and part-time basis? By part-time we mean usually working less than 30 hours per week. Please include proprietors, owners and managers.

_____ full-time _____ part-time

A5 What is the main activity of your business or organisation?

A6 How long has your business been operating?

- Less than 2 years 1 2 - 4 years 2 5 - 10 years 3 More than 10 years 4

A7 Which of the following would you say are the three most important challenges facing your business today? Please rank the most important challenges from 1 to 3. [RANK 1,2,3]

- | | | | |
|--|-------|---|-------|
| a Increased competition | _____ | d Labour Costs | _____ |
| b Inadequate infrastructure - transport, communications or other | _____ | e Other business costs such as insurance or local authority charges | _____ |
| c Regulation | _____ | f Staffing issues (recruitment, turnover) | _____ |

SECTION B: Areas of Regulation

For the purpose of completing this questionnaire, the term “Regulator” is used to cover “Independent or Sectoral Regulators, and any Government Department/Office with a regulatory function.”

B1 Is your business regulated by a regulator outside of Ireland? Yes 1 No 2

If yes, please answer the questions in relation to regulators in Ireland.

B2 How much impact does each of the following areas of regulation have on your business?

[TICK ONE BOX ON EACH LINE BELOW]

	A major impact	A moderate impact	Little impact	No Impact
a. Income Tax and Corporation Tax	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
b. VAT	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
c. Customs Regulations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
d. Health & Safety regulations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
e. Other Employment Law	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
f. Environmental Legislation	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
g. Company Law	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
h. Return of statistical data to CSO	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
i. Other (please specify)				
(1) _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
(2) _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
(3) _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4

B3 Which of the above areas listed from (a) to (i) is most significant for your business?

[PLEASE SELECT ONLY ONE AREA]

B4 Thinking now of the area of regulation that is most significant for your business, do you agree or disagree with the following statements?

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
a. The regulations are easy to understand	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
b. The regulations achieve their objectives	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
c. The regulations are flexible enough to be implemented efficiently	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
d. The regulations are consistent with one another	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
e. Despite the number of regulations, it is still possible to comply	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
f. The regulations are appropriately enforced	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

SECTION C: Contact with Regulators

C1 What Regulator do you most regularly deal with regarding regulations affecting your business? [If there is more than one, please list in the order of importance in terms of overall impact on your business].

(1) _____
 (2) _____
 (3) _____

C2 Which of the following best describes the nature of your contact? [TICK ALL THAT APPLY]

- a. Seeking information on a regulation 1
- b. Providing information required under a regulatory requirement 2
- c. Lobbying about a proposed regulation 3
- d. Inspection 4
- e. Other (please specify) _____ 5

C3 How frequently have you been inspected or audited by any regulator in the past three years?

- Never 1 Once 2 Twice 3 More than twice 4

C4 [IF ONCE OR MORE OFTEN] Which Regulator(s)? _____

Please answer the following questions (C5 to C8) in relation to the regulator you most often deal with.

C5 How often do you have to make returns/supply information to this regulator?

- Less than once a year 1 Annually 2 2-3 times a year 3 4-6 times a year 4 More than 6 times a year 5

C6 Please say to what extent you agree or disagree with the following statements about your contact with this regulator

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
a Officials give definite answers to queries	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
b The response of the Regulator is given within a reasonable time	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
c It is clear who is responsible for regulatory decisions	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
d The process for appeals and complaints is clear	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
e The Regulator's practices are flexible and not bureaucratic	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
f Decisions are consistent and predictable over time	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
g This Regulator has a good understanding of the processes and practices in my business sector	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

C7 Do you think that regulations are appropriately enforced? Yes 1 → GO TO C9 No 2 → GO TO C8

C8 [IF NO] Is this because... [TICK ALL THAT APPLY]

- a enforcement is too rigid 1
- b enforcement is inconsistent across companies 2
- c there are not enough inspections or audits 3
- d other (please specify) _____ 4

C9 In your opinion, what is the general level of compliance with regulations among the firms in your industry?

- High 1 Moderate 2 Low 3

SECTION D: Compliance with Regulations

D1 Please say whether complying with regulations in each of the following areas is not a burden, a moderate burden or a heavy burden for your business.

	Not a burden	A moderate burden	A heavy burden
a. Income Tax and Corporation Tax	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
b. VAT	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
c. Customs regulations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
d. Health & Safety regulations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
e. Other Employment Law	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
f. Environmental Legislation	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
g. Company Law	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
h. Return of statistical data to CSO	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
i. Other (please specify)			
(1) _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
(2) _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
(3) _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3

PLEASE TICK
ONE BOX ON
EACH LINE.

D2 For those areas where compliance is a heavy burden, please say whether it is the actual requirements of the regulation, the reporting requirements or both that is most burdensome.

[For example, in the case of VAT, actual compliance means paying the VAT due, while the reporting requirement refers to the requirement to make VAT returns].

Actual requirements of regulation 1 Reporting requirements 2 Both 3

D3 In your experience, are you required to provide the same information to a number of different regulators?

Yes 1 No 2 → GO TO D5

D4 [IF YES] Please give details _____

D5 Is there any one requirement to supply information to a regulator that is most burdensome for your business?

Yes 1 → GO TO D6 No 2 → GO TO D7

D6 [IF YES] Please give details _____

D7 Do you use online forms for making returns to any regulator?

Yes 1 → GO TO D9 No 2 → GO TO D8

D8 If online forms were available, would you use them? Yes 1 No 2

D9 How effective are online forms in reducing the reporting burden?

Very Effective 1 Fairly effective 2 Not very effective 3 Not at all effective 4

SECTION E: Impact of Regulations

E1 Thinking about the impact of complying with all regulations, is the impact on the following generally positive, generally negative or neutral from a business perspective?

	Positive	Neutral	Negative
Maintaining the quality of products or services	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Development of new products and services	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Entering new markets	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Competitiveness	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Labour costs	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
Other business costs (insurance, energy, transportation etc.)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3

E2 Please say to what extent you agree or disagree with the following statements regarding the impact of regulation on competition in your sector.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
<i>Regulations</i>					
a help to break down barriers to competition	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
b make it difficult for new firms to enter the sector	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
c increase the intensity of competition between firms in this sector	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
d prevent competitors unfairly selling below my prices	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

E3 Thinking about regulation in your sector, would you say there is

Too much regulation 1 About the right amount of regulation 2 Too little regulation 3

E4 How much of a problem for your firm are the following practices of competitors in Ireland?

	Major problem	Moderate problem	Minor problem	Not a Problem
a. They avoid VAT or other taxes	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
b. They do not pay duties or observe trade regulations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
d. They unfairly sell below my prices	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
e. They avoid labour taxes/regulations	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
f. They violate my copyrights, patents or trademarks	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4

E5 How much time would you estimate that your business spends on an annual basis in complying with regulations that affect your business? Perhaps you can provide an estimate as a percentage of total work hours.

_____ % of total work hours (0-100)

E6 How confident are you of this figure?

Very confident 1 Fairly confident 2 Not very confident 3 Not at all confident 4 Cannot provide figure 5

E7 Do you need to bring in outside expertise to assist you in complying with regulatory requirements? This might include expertise in areas such as accountancy, legal expertise, human resource specialists or training courses for staff.

Yes 1 → GO TO E8 No 2 → GO TO E9

F3 The following items are about legislation originating at the EU level. Please say to what extent you agree or disagree with the following statements.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
a I am aware of developments at EU level to introduce legislation in my sector	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
b Government Departments take account of the business requirements of my sector when negotiating EU legislation	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
c EU legislation is helping to break down barriers that can stop business from expanding and being more innovative	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

F4 Which area of regulation do you think that the Government should tackle as a priority? Please think specifically of the regulations affecting each of these areas rather than other issues such as investment in the areas. [PLEASE TICK ONE BOX]

Energy regulation	<input type="checkbox"/> 1
Finance/Banking regulation	<input type="checkbox"/> 2
Taxation regulations	<input type="checkbox"/> 3
Telecommunications regulation	<input type="checkbox"/> 4
Transport regulation	<input type="checkbox"/> 5
Other regulation	<input type="checkbox"/> 6 (specify, if other) _____

Please give reasons for your answer

F5 As part of a follow-up study in the near future, we may be contacting some businesses again to gather further information on these issues. If your company were selected, would you be happy for us to contact you again?

Yes 1 No 2

Thank you very much for taking the time to complete this survey.

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Appendix 2: Detailed Tables

Appendix Table 2.1.1: Response Rate by size, sector and region				
		<i>Proportion completed</i>	<i>Valid N</i>	<i>N completed</i>
<i>Size</i>	Micro, under 10	41%	1172	475
	small, 10-49	29%	819	240
	medium, 50-249	38%	185	70
	large, 250+	30%	126	38
<i>Sector</i>	Manufacturing	42%	479	202
	Construction	28%	388	108
	Distribution	30%	687	205
	Other services	41%	748	308
<i>Region</i>	Dublin	33%	792	260
	BMW	38%	673	253
	South & East	37%	837	310
Total		36%	2302	823

Appendix Table 2.1.2: Number of cases available by analytical categories					
<i>Size:</i>		<i>Micro - under 10</i>	<i>Small, 10-49</i>	<i>Medium, 50-249</i>	<i>Large, 250+</i>
<i>Sector</i>	Manufacturing	105	61	26	10
	Construction	71	26	8	3
	Distribution	137	55	8	5
	Other services	162	98	28	20
<i>Region</i>	Dublin	140	77	29	14
	BMW	160	68	16	9
	South & East	175	95	25	15
Total		475	240	70	38

Unweighted, 823 cases

Appendix Table 2.1.3: Number of cases available by sector					
<i>Sector:</i>		<i>Manufacturing</i>	<i>Construction</i>	<i>Distribution</i>	<i>Other services</i>
<i>Size</i>	Micro - under 10	105	71	137	162
	Small, 10-49	61	26	55	98
	Medium, 50-249	26	8	8	28
	Large, 250+	10	3	5	20
<i>Region</i>	Dublin	62	26	61	111
	BMW	59	37	66	91
	South & East	81	45	78	106
Total		202	108	205	308

Unweighted, 823 cases.

Appendix Table 2.1.4:
Indicative Margin of Error (ME) for percentages estimated on samples of different sizes (95% confidence level)

<i>Sample size</i>	<i>Margin of error</i>	<i>Sample size</i>	<i>Margin of error</i>
20	21.9%	300	5.7%
40	15.5%	350	5.2%
50	13.9%	400	4.9%
60	12.7%	450	4.6%
70	11.7%	500	4.4%
80	11.0%	550	4.2%
90	10.3%	600	4.0%
100	9.8%	700	3.7%
150	8.0%	800	3.5%
200	6.9%	850	3.4%
250	6.2%	900	3.3%

Note: Assuming simple random sample and sample percentage of 50%.

For sample percentages greater or less than 50% M.E. is lower.

Appendix Table 2.1.5: Characteristics of businesses by size, sector and region

	<i>Number branches in Ireland</i>		<i>Age of business</i>		
	One	Two or more	Under 5 years	5-10 years	11+ years
<i>Micro - under 10</i>	86.8	13.2	13.5	24.1	62.4
<i>Small, 10-49</i>	67.0	33.0	5.1	19.9	75.1
<i>Medium, 50-249</i>	53.9	46.1	5.6	14.4	80.0
<i>Large, 250+</i>	19.7	80.3	8.5	12.6	78.9
<i>Manufacturing</i>	86.4	13.6	5.8	23.1	71.1
<i>Construction</i>	86.9	13.1	8.0	17.8	74.2
<i>Distribution</i>	78.6	21.4	10.8	23.7	65.5
<i>Other services</i>	79.0	21.0	15.1	23.0	61.9
<i>Dublin</i>	79.8	20.2	13.4	22.4	64.2
<i>BMW</i>	78.7	21.3	10.0	25.9	64.1
<i>South & East</i>	83.3	16.7	11.4	20.7	67.9
Total	80.9	19.1	11.6	22.7	65.7

Weighted, 823 cases. Row percentages

Appendix Table 2.2.1: Per Cent ranking each challenge as most important by size, sector and region

		<i>Increased competition</i>	<i>Inadequate Infrastructure</i>	<i>Regulation</i>	<i>Labour costs</i>	<i>Other business costs</i>	<i>Staffing issues</i>
<i>Size</i>	Micro - under 10	28.2	6.9	12.6	23.3	15.0	5.9
	Small, 10-49	23.0	5.9	11.4	43.3	8.2	8.6
	Medium, 50-249	29.1	5.5	6.2	42.6	7.7	10.0
	Large, 250+	36.9	5.9	0.0	38.9	0.8	14.8
<i>Sector</i>	Manufacturing	26.2	6.7	8.3	32.4	12.8	4.4
	Construction	20.6	2.7	14.2	32.7	13.7	6.9
	Distribution	31.9	5.0	12.3	27.2	12.8	6.7
	Other services	26.4	8.6	12.6	25.7	13.6	7.6
<i>Region</i>	Dublin	30.1	5.5	12.4	25.0	14.4	8.0
	BMW	26.4	7.8	12.0	28.1	14.4	4.5
	South & East	26.3	6.6	11.5	29.9	11.7	7.3
Total		27.4	6.6	11.9	27.9	13.2	6.7

Weighted, 823 cases. Row percentages.

Appendix Table 2.2.2: Which area of Regulation should be tackled as a priority

		<i>Area of regulation- tackle as priority</i>					
		<i>Energy</i>	<i>Finance/ banking</i>	<i>Taxation</i>	<i>Telecomm-unications</i>	<i>Transport</i>	<i>Other</i>
<i>Size</i>	Micro - under 10	37.3	17.9	26.1	3.7	5.9	9.1
	Small, 10-49	35.2	14.7	18.1	10.4	8.8	12.8
	Medium, 50-249	34.6	17.1	19.3	9.2	10.7	9.1
	Large, 250+	30.3	27.1	14.5	0.8	2.6	24.7
<i>Sector</i>	Manufacturing	41.0	17.5	22.7	5.2	5.0	8.5
	Construction	30.4	19.2	26.4	7.7	8.3	8.0
	Distribution	39.7	15.4	25.7	2.1	5.7	11.4
	Other services	34.4	18.3	23.1	6.6	7.5	10.2
<i>Region</i>	Dublin	33.7	19.8	20.1	7.3	8.8	10.3
	BMW	40.6	18.2	25.0	3.7	4.3	8.2
	South & East	36.0	15.1	26.4	4.6	6.8	11.2
Total		36.7	17.4	24.1	5.1	6.6	10.0

Weighted, 823 cases. Row percentages.

**Appendix Table 2.2.3:
Reasons given by Type of Regulation Which Should be Tackled by Government as a Priority**

<i>Reasons</i>	<i>Finance/ Energy</i>				<i>Total</i>
	<i>regulation</i>	<i>banking regulation</i>	<i>Taxation regulation</i>	<i>Other regulation</i>	
Cost / impact on costs	34.9	17.8	23.4	18.5	22.0
Lack of competition in sector (cost)	8.4	7.4	0.0	1.7	4.0
Security/quality of supply/service	4.9	0.0	0.0	23.3	5.7
Need to encourage alternatives	4.6	0.0	0.0	0.0	1.4
Need efficiency/environmental concerns	4.0	0.0	0.0	1.8	1.8
Problem with existing regulation or its enforcement	1.2	16.5	29.9	12.8	11.2
Problem with regulator	2.0	0.0	2.0	0.9	1.2
Other / general	7.4	5.2	2.6	11.3	5.6
Transparency/accountability/standards	0.2	18.1	0.8	6.9	4.6
No reason given	45.2	41.1	44.3	32.8	49.8

Weighted, 823 cases. Up to 3 reasons coded, so sum is greater than 100%. Columns percentages.

Appendix Table 2.3.1: Impact of broad areas of regulation by size, sector and region

	<i>A major impact</i>	<i>A moderate impact</i>	<i>Little impact</i>	<i>No impact</i>	<i>Major or moderate</i>
Income and Corporation Tax	37.0	38.6	16.9	7.4	75.7
VAT	41.7	34.2	11.6	12.6	75.9
Customs and Excise Regulations	6.4	14.5	25.7	53.3	20.9
Health and Safety Regulations	31.6	39.1	20.9	8.4	70.6
Other Employment Law	15.3	36.0	29.9	18.8	51.3
Environmental Regulations	19.8	37.1	25.3	17.8	56.9
Company Law	10.9	31.6	28.8	28.7	42.5
Statistical Returns to CSO	9.4	27.1	37.3	26.3	36.4
Other Regulations	11.0	1.1	0.0	87.9	12.0

Weighted, 823 cases. Row percentages.

Appendix Table 2.3.2: Which type of Regulation is most significant - by size, sector and region

	<i>Income & Corporation Tax</i>		<i>Customs & Excise</i>	<i>Health & Safety</i>	<i>Other & Employment Law</i>	<i>Other Environ.</i>	<i>Statistical Company returns to CSO</i>		
	<i>VAT</i>	<i>Law</i>					<i>Law</i>	<i>to CSO</i>	<i>Other</i>
Micro - under 10	24.7	33.2	0.8	19.6	4.6	7.1	2.2	1.3	6.6
Small, 10-49	16.9	16.3	1.2	36.1	8.3	7.4	3.3	0.0	10.5
Medium, 50-249	15.5	9.4	1.2	52.8	7.9	10.1	0.0	0.3	2.9
Large, 250+	12.2	9.2	3.8	26.6	8.4	6.6	2.6	0.0	30.5
Manufacturing	24.6	20.5	2.1	30.0	4.4	9.0	2.6	0.5	6.4
Construction	27.2	21.1	0.0	42.0	0.5	3.6	0.0	0.0	5.6
Distribution	18.9	38.1	1.8	18.8	3.6	12.7	1.1	0.6	4.4
Other services	23.4	27.1	0.2	22.0	8.1	3.8	3.5	1.6	10.4
Dublin	25.5	21.3	2.4	25.5	4.4	8.4	1.7	2.6	8.2
BMW	22.1	37.0	0.2	17.5	3.0	8.6	1.6	0.6	9.3
South & East	20.9	28.4	0.3	27.5	8.0	5.6	3.3	0.0	6.0
Total	22.6	28.6	0.9	24.1	5.5	7.3	2.3	1.0	7.6

Weighted, 823 cases. Row percentages.

Appendix Table 2.3.3: Views of the regulation (the type of regulation most significant for this business)

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
Regulations are easy to understand	4.8	37.2	28.6	21.7	7.6
Regulations achieve their objectives	5.0	38.4	33.8	16.9	5.9
Regulations-flexible enough, implement	2.8	27.4	29.3	31.8	8.8
Regulations-consistent with one another	2.9	29.4	38.9	22.6	6.3
Despite number, still possible to comply	4.2	53.1	26.4	11.5	4.7
Regulations are appropriately enforced	6.1	36.6	28.7	19.7	8.8

Weighted, 823 cases. Row percentages.

Appendix Table 2.3.4: Positive Views of the Regulation (the type of regulation most significant for this business) by sector size and region

	<i>Easy to understand</i>	<i>Achieve objectives</i>	<i>Flexible</i>	<i>Consistent</i>	<i>Feasible to comply</i>	<i>Appropriately enforced</i>
	%	%	%	%	%	%
<i>Size</i>						
Micro - under 10	41.4	43.0	30.9	32.7	56.2	43.1
Small, 10-49	45.3	43.5	26.9	30.6	60.9	43.4
Medium, 50-249	38.2	44.9	26.8	32.8	57.1	31.8
Large, 250+	47.3	56.5	39.6	29.5	69.4	45.9
<i>Sector</i>						
Manufacturing	41.2	44.0	28.3	28.8	54.5	43.2
Construction	46.4	46.2	36.7	39.9	56.5	40.9
Distribution	46.4	43.2	27.5	34.2	52.0	41.0
Other services	38.6	42.6	31.2	30.7	62.2	44.0
<i>Region</i>						
Dublin	37.2	43.3	28.6	28.6	59.4	40.8
BMW	49.9	52.3	35.2	39.6	56.7	47.8
South & East	40.0	37.3	27.8	29.8	56.4	40.5
Total	42.0	43.4	30.2	32.3	57.3	42.7

Weighted, 823 cases. Per cent who strongly agree or agree.

Appendix Table 2.3.5: Positive views of the regulation by the type of regulation most significant for this business

	<i>Easy to understand</i>	<i>Achieve their objectives</i>	<i>Flexible enough</i>	<i>Consistent with one another</i>	<i>Still possible to comply</i>	<i>Appropriately enforced</i>
	%	%	%	%	%	%
Income & corporation tax	42.1	46.0	32.6	34.2	64.6	39.5
VAT	53.9	52.7	33.1	38.4	60.3	53.4
Health & safety regulations	43.6	46.9	35.0	36.1	62.3	37.0
Other	30.0	29.5	20.0	24.9	47.2	36.9
Total	42.0	43.4	30.2	32.3	57.3	42.7

Weighted, 823 cases. Per cent who strongly agree or agree.

Appendix Table 2.4.1: Overall view of amount of regulation in sector

		<i>Overall Amount of Regulation in your sector ...</i>		
		<i>Too much regulation</i>	<i>About the right amount of regulation</i>	<i>Too little regulation</i>
<i>Size</i>	Micro - under 10	35	55	10
	Small, 10-49	35	55	10
	Medium, 50-249	43	52	5
	Large, 250+	35	64	1
<i>Sector</i>	Manufacturing	31	61	7
	Construction	37	50	13
	Distribution	36	56	8
	Other services	36	53	11
<i>Region</i>	Dublin	31	58	12
	BMW	39	53	8
	South & East	36	54	9
Total		35	55	10

Weighted, 823 cases. Row percentages.

Appendix Table 2.4.2: Extent to which different types of regulation are a heavy burden (d1) by size, sector and region

		<i>Income & corporation tax</i>		<i>Customs regulation</i>	<i>Health & safety</i>	<i>Other employment law</i>	<i>Environ. legislation</i>	<i>Company law</i>	<i>Statistical returns to CSO</i>
<i>Size</i>	Micro - under 10	25	31	3	14	9	17	8	13
	Small, 10-49	16	19	5	16	14	15	9	19
	Medium, 50-249	14	17	4	38	26	27	7	28
	Large, 250+	4	8	4	18	9	19	0	30
<i>Sector</i>	Manufacturing	21	21	5	26	13	23	9	16
	Construction	22	25	2	24	12	9	9	12
	Distribution	25	34	3	11	8	21	5	16
	Other services	22	28	3	12	11	13	10	15
<i>Region</i>	Dublin	15	19	4	12	8	13	8	15
	BMW	19	26	1	16	11	16	7	18
	South & East	31	36	4	17	13	20	9	13
Total	23	28	3	15	11	17	8	15	

Weighted, 823 cases. Row percentages.

Appendix Table 2.4.3: Where compliance is a heavy burden, whether it is the reporting requirement, actual compliance or both, (d2)

		<i>Regulation/reporting requirements/both</i>					
		<i>Actual requirements of legislation</i>	<i>Reporting requirements</i>	<i>Both</i>	<i>N/A (not a heavy burden)</i>	<i>Don't know</i>	<i>Any a heavy burden</i>
<i>Size</i>	Micro - under 10	15	8	25	47	5	53
	Small, 10-49	13	14	24	46	4	54
	Medium, 50-249	20	14	28	32	7	68
	Large, 250+	10	22	26	41	1	59
<i>Sector</i>	Manufacturing	20	11	23	40	6	60
	Construction	13	12	17	55	3	45
	Distribution	14	9	29	42	6	58
	Other services	13	10	25	49	3	51
<i>Region</i>	Dublin	11	10	20	55	4	45
	BMW	17	11	24	43	5	57
	South & East	16	9	29	42	4	58
Total		15	10	25	46	5	54

Weighted, 823 cases. Row percentages.

Appendix Table 2.4.4: Use of online forms by size, sector and region (d3)

		<i>Use of online forms</i>		
		<i>Already use</i>	<i>Would use if available</i>	<i>Would not use</i>
<i>Size</i>	Micro - under 10	28	27	45
	Small, 10-49	42	40	18
	Medium, 50-249	44	47	9
	Large, 250+	62	36	2
<i>Sector</i>	Manufacturing	32	24	44
	Construction	26	35	39
	Distribution	31	27	42
	Other services	33	34	33
<i>Region</i>	Dublin	35	35	29
	BMW	28	35	37
	South & East	31	23	45
Total		32	30	38

Weighted, 823 cases. Row percentages.

Appendix Table 2.4.5: Effectiveness of online forms by size, sector and region (d9)

		<i>Online forms reducing reporting burden</i>				
		<i>Very effective</i>	<i>Fairly effective</i>	<i>Not very effective</i>	<i>Not at all effective</i>	<i>Don't know</i>
<i>Size</i>	Micro - under 10	45	46	6	1	2
	Small, 10-49	42	46	10	2	1
	Medium, 50-249	29	64	2	0	4
	Large, 250+	12	82	4	0	2
<i>Sector</i>	Manufacturing	31	59	9	0	1
	Construction	33	61	6	0	0
	Distribution	37	47	10	1	4
	Other services	52	42	3	2	2
<i>Region</i>	Dublin	49	46	4	1	0
	BMW	36	54	6	3	0
	South & East	41	45	9	0	5
Total		42	48	6	1	2

Weighted, 281 cases - firms who use online forms. Row percentages.

Appendix Table 2.4.6: Whether compliance costs have changed in the past two years by size, sector and region (e11)

		<i>Compliance costs changed past 2 years?</i>			
		<i>Yes increased</i>	<i>Yes decreased</i>	<i>No change</i>	<i>Don't know</i>
	Micro - under 10	52.9	2.7	37.3	7.1
	Small, 10-49	56.9	0.6	36.7	5.8
	Medium, 50-249	72.1	1.6	21.5	4.7
	Large, 250+	48.8	0.0	35.1	16.1
	Manufacturing	50.4	3.2	39.9	6.4
	Construction	54.0	0.5	36.0	9.4
	Distribution	57.6	3.4	33.6	5.4
	Other services	53.8	1.4	37.3	7.5
	Dublin	54.5	1.5	37.6	6.4
	BMW	52.5	1.8	37.4	8.3
	South & East	55.6	3.1	35.1	6.3
Total		54.4	2.2	36.5	6.9

Weighted, 823 cases. Row percentages.

		Appendix Table 2.4.7: Nature of outside expertise brought in to assist in compliance (e7-e8)				
		Outside expertise				
		Accountancy	Health & Safety	Human Resources	Other	None
Size	Micro - under 10	73.6	28.1	11.9	9.4	20.1
	Small, 10-49	64.8	48.2	23.6	17.2	22.9
	Medium, 50-249	52.5	67.0	40.1	17.0	20.7
	Large, 250+	40.7	53.2	43.7	37.3	21.8
Sector	Manufacturing	69.8	43.1	13.2	8.2	19.9
	Construction	82.4	55.6	15.7	4.4	16.1
	Distribution	75.1	28.4	12.7	10.5	20.6
	Other services	65.3	29.0	18.8	15.2	22.0
Region	Dublin	65.5	36.9	19.9	14.7	23.4
	BMW	69.2	28.8	16.4	10.9	21.9
	South & East	75.3	34.9	12.2	9.8	17.8
Total		70.6	33.8	15.7	11.6	20.7

Weighted, 803 cases. Up to 4 types coded, so sum may exceed 100%. Row percentages.

Appendix Table 2.5.1: Impact of regulation on aspects of business (positive, neutral or negative - e1)				
		Positive	Neutral	Negative
Maintaining quality of products/services		41	53	6
Development of new products & services		25	64	12
Entering new markets		19	65	16
Competitiveness		25	50	25
Labour costs		14	47	39
Other business costs		13	50	37

Weighted, 823 cases. Row percentages.

Appendix Table 2.5.2: Positive impact of regulation on aspects of business by size, sector and region (e1)							
		Maintaining quality of products/services	Development of new products & services	Entering new markets	Competitiveness	Labour costs	Other business costs
Size	Micro - under 10	40	25	19	25	13	14
	Small, 10-49	40	22	18	22	14	11
	Medium, 50-249	52	38	30	32	18	9
	Large, 250+	56	27	29	30	21	19
Sector	Manufacturing	35	23	15	21	8	9
	Construction	47	31	24	26	21	20
	Distribution	42	27	22	25	14	14
	Other services	41	22	18	26	14	13
Region	Dublin	31	14	11	16	7	6
	BMW	42	25	22	25	19	18
	South & East	47	32	23	31	15	15
Total		41	25	19	25	14	13

Weighted, 823 cases. Row percentages.

Appendix Table 2.5.3: Negative impact of regulation on aspects of business by size, sector and region (e1)

		<i>Quality of products/ services</i>	<i>New products & services</i>	<i>Entering new markets</i>	<i>Competitiveness</i>	<i>Labour costs</i>	<i>Other business costs</i>
<i>Size</i>	Micro - under 10	6	11	16	24	38	37
	Small, 10-49	9	13	15	31	41	36
	Medium, 50-249	4	12	21	24	55	46
	Large, 250+	4	13	9	21	44	12
<i>Sector</i>	Manufacturing	8	12	19	27	42	40
	Construction	2	10	10	32	43	37
	Distribution	7	8	15	21	39	38
	Other services	6	14	17	26	37	35
<i>Region</i>	Dublin	8	14	19	25	38	33
	BMW	6	13	15	25	32	35
	South & East	5	9	14	26	46	41
Total		6	12	16	25	39	37

Weighted, 823 cases. Percentages by row reporting a negative impact.

Appendix Table 2.5.4: Impact of regulation on competition (e2)

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Neither Agree nor Disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
Break down barriers,competition	5	18	52	17	8
Difficult for new firm,enter sector	8	27	45	16	4
Increase intensity of competition	4	19	57	15	5
Prevent competitors sell below my prices	7	18	44	22	9

Weighted, 823 cases. Row percentages.

Appendix Table 2.5.5: Impact of regulation on competition – Percentage of firms agreeing (e2)

		<i>Help break down barriers, competition</i>	<i>Make difficult for new firms to enter sector</i>	<i>Increase intensity of competition</i>	<i>Prevent competition, sell below my prices</i>
<i>Size</i>	Micro - under 10	23	34	23	24
	Small, 10-49	22	39	25	29
	Medium, 50-249	18	37	26	25
	Large, 250+	23	43	27	24
<i>Sector</i>	Manufacturing	20	33	17	21
	Construction	28	43	34	34
	Distribution	24	34	24	31
	Other services	22	35	23	20
<i>Region</i>	Dublin	18	30	19	21
	BMW	20	36	26	25
	South & East	28	38	24	28
Total		23	35	23	25

Weighted, 823 cases. Percentage who 'agree' or 'strongly agree'.

Appendix Table 2.5.6: Practices of competitors (e2)				
	<i>Major problem</i>	<i>Moderate problem</i>	<i>Minor problem</i>	<i>Not a problem</i>
They avoid VAT or other taxes	18	25	19	38
Don't pay duties/observe trade regulation	14	24	21	40
Unfairly sell below my prices	22	22	21	35
Avoid labour taxes/regulations	20	20	21	38
Violate my copyrights/patents/trademarks	5	7	16	72

Weighted, 823 cases. Row percentages.

Appendix Table 2.5.7: Practices of competitors - Major problem(e2)						
		<i>Don't pay duties/</i>			<i>Avoid</i>	<i>Violate my</i>
		<i>They avoid</i>	<i>Observe</i>	<i>Unfairly sell</i>	<i>labour</i>	<i>copyrights/</i>
		<i>VAT or</i>	<i>trade</i>	<i>below my</i>	<i>taxes/</i>	<i>patents/</i>
		<i>other taxes</i>	<i>regulation</i>	<i>prices</i>	<i>regulations</i>	<i>trademarks</i>
<i>Size</i>	Micro - under 10	19	16	23	20	5
	Small, 10-49	12	10	22	20	7
	Medium, 50-249	17	13	21	30	3
	Large, 250+	0	1	4	5	0
<i>Sector</i>	Manufacturing	18	16	24	26	4
	Construction	21	22	30	33	7
	Distribution	19	14	24	19	4
	Other services	16	12	19	16	6
<i>Region</i>	Dublin	15	15	21	16	5
	BMW	21	16	24	20	4
	South & East	17	13	22	23	7
Total		18	14	22	20	5

Weighted, 823 cases. Percentage where these practices a major problem.

Appendix Table 2.6.1: Regulators with whom firm most often has contact	
Regulators Most Often Dealt With	Percentage
Office of the Revenue Commissioners	55.6
Health & Safety Authority (HSA)	17.5
Dept-Environment Heritage & Local Govt	6.5
Central Statistics Office (CSO)	5.8
Health Service Executive (HSE)	4.1
Local Government/County Council	3.6
Financial Regulator	3.3
Department of Finance	2.8
Department of Transport	2.6
Other Government Departments	2.6
Department of Agriculture & Food	2.1
Department-Enterprise Trade & Employment	1.7
Commission for Communications Regulation	0.1
Other regulatory agency	42.5

Weighted, 823 cases. Up to 3 mentioned, so sum >100%. Column percentages.
 'Others' is a varied category, e.g. Law Society, Pharmaceutical Society.

Appendix Table 2.6.2: Nature of contact with Regulator

<i>Nature of contact with Regulators</i>	<i>Total</i>
Provide information required	58.9
Seeking information on a regulation	41.6
Inspection	34.6
Lobbying about a proposed regulation	7.6
Other	2.3

Weighted, 823 cases. Up to 4 mentioned, so sum >100%. Column Percentages.

Appendix Table 2.6.3: How often inspected/audited by size, sector and region

		<i>How often inspected/audited-past 3yrs</i>			
		<i>Never</i>	<i>Once</i>	<i>Twice</i>	<i>More than twice</i>
Size	Micro - under 10	51.6	25.7	6.9	15.8
	Small, 10-49	32.6	31.3	12.9	23.3
	Medium, 50-249	27.0	29.4	11.2	32.5
	Large, 250+	8.9	30.9	7.3	52.9
Sector	Manufacturing	55.3	19.0	8.0	17.7
	Construction	42.9	27.4	7.5	22.2
	Distribution	45.8	29.4	7.4	17.5
	Other services	44.2	28.4	8.9	18.4
Region	Dublin	48.9	28.7	9.2	13.2
	BMW	42.0	25.2	7.9	24.9
	South & East	47.9	26.9	7.6	17.6
Total		46.5	26.9	8.2	18.4

Weighted, 823 cases. Row percentages.

Appendix Table 2.6.4: Views on Regulator dealt with most often (c6)

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Neither Agree nor Disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
Definite answers to questions	7.6	49.1	27.2	12.0	4.2
Response in reasonable time	4.7	60.4	22.1	10.4	2.4
Clear who makes decisions	5.2	41.1	32.7	15.1	5.8
Clear complaints/ appeals process	2.9	40.4	37.7	13.7	5.2
Practices are flexible	2.4	24.8	35.0	27.6	10.1
Decisions consistent & predictable	3.4	40.4	36.9	13.0	6.4
Good understanding of business	7.2	41.1	28.9	13.6	9.2

Weighted, 823 cases. Row percentages.

Appendix Table 2.6.5: Whether Regulations Appropriately Enforced by size, sector and region			<i>Regulations appropriately enforced?</i>	
			<i>Yes</i>	<i>No</i>
Size	Micro - under 10		74.4	25.6
	Small, 10-49		73.1	26.9
	Medium, 50-249		60.6	39.4
	Large, 250+		76.2	23.8
Sector	Manufacturing		74.6	25.4
	Construction		69.5	30.5
	Distribution		75.2	24.8
	Other services		72.9	27.1
Region	Dublin		68.5	31.5
	BMW		75.3	24.7
	South & East		75.7	24.3
Total		73.5	26.5	

Weighted, 823 cases. Row percentages.

Appendix Table 2.6.6: Problems in enforcement by size, sector and region			<i>Problems in enforcement</i>				
			<i>Too rigid</i>	<i>Inconsistent across companies</i>	<i>Not enough inspections / audits</i>	<i>Other problems</i>	<i>None mentioned</i>
Size	Micro - under 10		9.0	12.7	4.5	1.8	78.2
	Small, 10-49		9.1	13.8	6.3	1.7	75.3
	Medium, 50-249		9.0	25.9	7.4	0.8	63.7
	Large, 250+		2.4	14.7		16.9	66.0
Sector	Manufacturing		11.6	9.3	2.5	0.8	79.7
	Construction		8.5	21.1	3.7	3.8	72.5
	Distribution		9.6	14.1	5.4		77.9
	Other services		7.5	13.0	5.6	3.3	76.1
Region	Dublin		7.2	18.3	6.5	1.5	73.0
	BMW		10.7	12.2	4.2	1.5	77.0
	South & East		9.0	11.0	4.1	2.6	79.6
Total		8.9	13.5	4.8	1.9	76.9	

Weighted, 823 cases. Row percentages. Up to 4 problems may be cited so percentages may sum to more than 100%.

Appendix Table 2.6.7: Perception of consultation and communication (F1)					
	<i>Always</i>	<i>Often</i>	<i>Sometimes</i>	<i>Rarely</i>	<i>Never</i>
Views taken into account in developing new regulations	4.4	10.3	39.7	29.4	16.2
Requirements of new regulations clearly communicated	8.9	19.1	40.0	22.2	9.8
Changes in regulation announced in a timely fashion	8.0	22.1	40.6	20.7	8.6

Weighted, 823 cases. Row percentages.

Appendix Table 2.6.8: Negative perceptions of consultation and communication by size, sector and region (F1)				
		<i>Views taken into account in developing new regulations</i>	<i>Requirements of new regulations clearly communicated</i>	<i>Changes in regulation announced in a timely fashion</i>
Size	Micro - under 10	47.9	33.7	30.0
	Small, 10-49	38.5	28.1	28.5
	Medium, 50-249	44.5	27.4	28.3
	Large, 250+	21.1	11.0	8.4
Sector	Manufacturing	50.1	43.4	29.9
	Construction	31.1	29.1	24.7
	Distribution	54.0	32.1	36.9
	Other services	41.3	28.1	25.0
Region	Dublin	39.7	33.7	31.2
	BMW	44.5	28.3	25.8
	South & East	50.6	33.3	30.3
Total		45.6	32.0	29.3

Weighted, 823 cases. Per cent responding 'rarely' or 'never' by row.

Appendix Table 2.6.9: Awareness of developments at EU level by size, sector and region (F1)				
		<i>Aware of developments at EU level</i>	<i>Government takes account of business when negotiating at EU level</i>	<i>EU legislation breaks down barriers to innovation</i>
Size	Micro - under 10	30.6	18.0	22.8
	Small, 10-49	34.4	21.6	21.3
	Medium, 50-249	38.8	23.0	25.0
	Large, 250+	47.6	14.4	10.9
Sector	Manufacturing	22.9	16.1	22.6
	Construction	24.6	21.6	20.7
	Distribution	34.3	14.9	18.4
	Other services	35.4	22.1	25.5
Region	Dublin	33.8	19.7	25.1
	BMW	28.4	16.7	18.7
	South & East	32.9	19.7	23.1
Total		31.9	18.8	22.4

Weighted, 823 cases. Per cent who 'strongly agree' or 'agree'.



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