



Press Release

25 April 2007

Reducing administrative pressures could save business in Ireland €500 million annually

Business in Ireland could potentially save €500 million each year if regulatory burdens were reduced, according to the Business Regulation Forum. The Forum, chaired by Dr Donal de Buitléir of AIB, published its report today (Wednesday 25 April 2007) which found that the administrative and regulatory burden on Irish business is perceived to be too high and affecting Ireland's competitiveness in the international economy.

"In Europe significant steps are being taken to reduce regulatory pressures and it is imperative that Ireland follows that lead if competitiveness is to be maintained. The European Commission has identified better regulation, particularly burden reduction, as a top priority for improving European competitiveness in the Lisbon Growth and Jobs strategy, with a commitment to reduce the administrative burden of European regulation by 25% by 2012," said the Chairman of the Forum, Donal de Buitléir.

Speaking at the launch of the report Minister for Enterprise, Trade and Employment, Mr Micheál Martin TD said "I welcome the report of the Business Regulation Forum and would like to thank Donal de Buitléir and the members of the Forum for their work over the last 15 months. The report clearly highlights a number of priority action areas to improve the regulatory environment for business."

He continued "Regulation is a relatively low cost mechanism for boosting our competitiveness and it is essential that the regulatory regime for business in Ireland does not impose unnecessary significant burdens. The Government has requested that the Department of Enterprise, Trade and Employment lead a cross-Departmental and agency drive, working in co-operation with business, in addressing the regulatory burdens identified.

Donal de Buitléir added, "Reducing the administrative burdens of regulation for Irish business would benefit both enterprise and the public sector in Ireland. It would modernise

some practices within the public system and make it operate more efficiently. International evidence has shown that for this to be achieved it will require an impartial measurement of the regulatory burdens and setting out specific objectives and timelines, in consultation with business and a strong political commitment.”

The report of the Business Regulation Forum is based on submissions received from Irish businesses, dialogue with key stakeholders, in depth research on the impact of regulation on business in Ireland and research on international developments in better regulation.

A copy of the report is available for download at www.businessregulation.ie

Ends

Notes to editors

The Business Regulation Forum (BRF) was established in 2005 by the Minister for Enterprise, Trade and Employment, Mr Micheál Martin TD, to advise on regulatory matters impacting on business.

The Forum has recommended that a burden reduction programme for Ireland should have the following characteristics:

1. It should focus on the five areas where regulation has been identified as most burdensome in Ireland: tax, health & safety, environmental regulation, requests for statistical information, and employment & company law;
2. The Standard Cost Model should be used to measure the burdens within these areas as well as benefits achieved;
3. There should be a target, calculated as a percentage of GNP or expressed as an absolute amount, based on what has been achieved in other countries;
4. There should also be a clear time-frame.

During 2006, the BRF:

- Invited submissions from individual consumers, companies, organisations and interest groups on their views of the regulatory environment in Ireland and how it could be improved for business.
- Commissioned a number of case studies of companies of different sizes across a range of sectors in order to map the current regulatory landscape for enterprise in Ireland.
- Assessed the potential for Ireland adopting a methodology for measuring and reducing the administrative burden of regulation on business.
- Engaged in dialogue with key Government Departments, agencies, regulators, business representatives, as well as national and international regulatory experts.

Research and administrative support to the Forum was provided by Forfás.

Explanation of The Standard Cost Model

- The Standard Cost Model (SCM) is a methodology that has been developed internationally for determining the source of administrative burdens imposed by regulation. It quantifies the cost of complying with information requests from Government.

- This methodology can be used to measure the burden of a single law, selected areas of legislation or all legislation within a country. Furthermore, the SCM is suitable for measuring simplification proposals as well as the administrative consequences of a new legislative proposal.
- The SCM estimates the cost of complying with each information obligation using the following cost parameters:
 - Price: internal wage cost or costs for external services;
 - Time: the amount of time required to complete the administrative activity; and
 - Quantity: the size of the population of businesses affected by the regulation and the frequency that the activity must be carried out each year.

Combining all these elements gives the basic SCM formula:

Price (time x tariff) x Quantity (population x frequency)

- The SCM identifies the specific information obligations within regulations that are costing businesses the most and quantifies costs so that targets can be set and progress measured over time.