

Research findings from a national survey of New Zealand businesses

An exploration of business experiences with government regulations

Report prepared for: Productivity Commission

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Executive summary

Background and objectives

The Productivity Commission is presently conducting two inquiries.

1. The Commission is investigating ways it boost productivity in the New Zealand services sector.
2. The Commission is investigating how to make improvements in the design and operation of regulatory regimes in New Zealand.

To help inform its inquiries the Commission seeks to carry out a survey to better understand the views and experiences of businesses in relation to three key areas:

- Purchasing services from other business, with a focus on: what types of services firms make use of (as inputs to their production), how competitive the markets are for these services, and how firms make choices between, and switch between, providers
- Investing in, and making use of, information and communications technology (ICT), with a focus on the types of ICT that firms use and invest in, and barriers that they face in effectively making use of ICT
- The impact of regulations, with a focus on the main regulations that impact on business and the types of effect of these regulations.

The results for the first two areas were published in January 2014 along with the 2nd interim report of the inquiry into boosting the productivity of the services sector.

Research methodology

Colmar Brunton carried out an online survey of 1,526 senior decisions makers in New Zealand businesses, excluding sole traders and those working in the Public Administration and Safety Industries. Fieldwork was conducted from 15 October to 7 November, 2013.

Key findings – regulatory institutions and practices

Businesses spend time and resources on regulatory requirements in different ways and these vary by industry group

- In the last two years, New Zealand businesses have most commonly spent significant time and resources on New Zealand regulatory requirements in finding out what is required (40%), providing the required information to government (33%), adjusting the business to regulatory changes (29%), and applying for consents and approvals (25%). Eight percent have been involved in dispute resolution processes. As might be expected, these results vary by industry group.

Around a third of businesses believe that regulation poses a barrier to expansion of their business

- Thirty four percent of businesses believe that regulation poses a barrier to expansion, with 8% indicating it is a 'significant barrier' and 26% indicating it is a 'barrier'. Those who view regulation as a significant barrier to expansion of their current business activities most commonly attribute this to the need to comply with new or more demanding regulations (74%) as well as the money and time spent in getting a license, permit or decision (62% for money and 60% for time).

Keeping up-to-date with regulation is difficult for a third of businesses and four in ten have experienced changed or additional regulatory requirements in the last two years often resulting in extra costs incurred

- Thirty two percent of businesses describe keeping up-to-date with regulation as being difficult and 12% describe it as easy (12%). The remainder either gave a neutral rating (47%) or were unsure (9%).
- In the last two years, 42% of businesses have experienced changed or additional regulatory requirements due to changed or additional regulation of the business' existing activities. Extra costs is the main impact of changed or additional regulatory requirements (77% of the 42% of businesses that have experienced the changed or additional requirements). 12% have experienced changed or additional regulatory requirements due to a change in the business's activities.

Nearly half of businesses expect a change in the regulations affecting them within the next two years. And while many of these businesses believe this will have a negative impact on the profit of their business, three in ten anticipate increased investment

- Nearly half (48%) of businesses believe that regulations affecting their business will change in the next two years, with an additional 28% being unsure. Among those who do believe regulations will change, over half (58%) believe the changes will have a negative impact on the profit of their business and less one in five (19%) believe they will have a positive impact. The remainder either believe the changes will have no material impact on the profit of the business (14%) or they are unsure of the nature of the impact (8%).
- Three in ten (30%) businesses that believe regulations affecting their business will change in the next two years anticipate the changes will result in an increase in investment, whereas 21% believe such changes will result in decreased investment. The remainder either think the changes will have no material impact on investment (34%) or are unsure (15%).

Businesses' views of regulators and regulations are polarised

- Businesses were presented with 24 statements depicting views of regulators and regulations. Some questions asked them to indicate the extent to which they agreed or disagreed with statements (a neutral option was allowed). Others asked them how often the behaviour or issue occurred (always, mostly, sometimes, rarely or never). Results for all statements are provided in the body of the report.

The most positive viewpoints are illustrated by the following findings:

- 57% agree that the relevant people in their organisation understand what the regulators do and why (14% disagree)
- 43% agree that interactions with regulatory compliance officers (such as inspectors) were friendly and not combative (12% disagree)
- 39% believe that organisations across their industry are either 'always' or 'mostly' treated fairly and consistently by regulators
- 37% agree that regulators were willing to work with the organisation to help them in complying with regulations (16% disagree)
- 34% agree that the level of inspections, monitoring or audits is appropriate to their organisation (21% disagree)

The most negative viewpoints are illustrated by the following findings:

- 49% believe that regulators 'rarely' or 'never' work with each other to reduce the paperwork or effort on organisations
- 48% disagree that fees charged by regulators are fair and reasonable (9% agree)
- 44% believe that regulators are 'rarely' or 'never' held to account for the quality of their work
- 41% agree that their business has spent a lot of money complying with regulation (23% disagree)
- 38% agree that regulators' decisions are unpredictable (15% disagree)
- 37% disagree that regulators understand the issues facing their organisation (25% agree)
- 35% disagree that the reasons behind regulators' decisions are clear (24% agree)
- Only 23% agree that regulatory staff are skilled and knowledgeable.

- Businesses were asked to think about politicians as ‘regulation makers’ and regulators as ‘implementers of regulation’. 44% of businesses view politicians and regulators as contributing equally to the regulatory costs of their business; 34% view regulators as the biggest source of regulatory cost and 22% of businesses view politicians as the biggest source of regulatory cost.

Conclusions

Businesses' views regarding the impact of regulations

There is considerable diversity in the impact of central and local government regulations on the New Zealand business community. Whilst significant proportions of businesses consider regulation to be a barrier to expansion, struggle with keeping up to date with regulatory changes, and experience or anticipate a negative financial impact on their business from changed or additional regulations, many are more neutral in their view of these things or take a positive stance.

Likewise, business attitudes towards regulators and regulations are often divided. However, the research findings do point to more positive attitudes towards the manner in which regulatory staff interact with businesses and greater dissatisfaction with issues surrounding regulatory decisions and business compliance costs.

The detailed sub-group analysis in the body of this report throws up some interesting themes. For example, both larger businesses and rural businesses appear to be more likely to face and incur costs from changed and additional regulations and view regulation as a barrier to expansion. Attitudinally, however, larger businesses seem more accepting of the role of regulators and regulations, whereas rural businesses hold quite negative attitudes towards various aspects of regulation including decisions made, fees, impacts on the business and regulatory staff.

Background and objectives

The New Zealand Productivity Commission (the Commission) was established in April 2011 to provide advice to the Government on improving productivity in New Zealand.

The Commission is presently conducting two inquiries.

1. The Commission is investigating ways to boost productivity in the New Zealand services sector.
2. The Commission is investigating how to make improvements in the design and operation of regulatory regimes in New Zealand.

To help inform its inquiries, the Commission has commissioned survey research to better understand the views and experiences of businesses in relation to three key areas:

- Purchasing services from other business, with a focus on what types of services firms make use of (as inputs to their production), how competitive the markets are for these services, and how firms make choices between, and switch between, providers
- Investing in, and making use of, information and communications technology (ICT), with a focus on the types of ICT that firms use and invest in, and barriers that they face in effectively making use of ICT
- The impact of regulations, with a focus on the main regulations that impact on business and the types of effect of these regulations.

This report presents the research findings of a national survey of New Zealand businesses to address these objectives. The research relating to the first two areas was published in January 2014 with the 2nd interim report of the inquiry into boosting productivity of the services sector.

Research methodology

Colmar Brunton carried out an online survey of 1,526 senior decisions makers in New Zealand businesses, excluding sole traders and those working in the Public Administration and Safety Industries. Fieldwork was conducted from 15 October to 7 November, 2013.

The average interview length was 13 minutes. The final questionnaire can be found in Appendix B.

The sample was sourced from Colmar Brunton's dedicated online panel of businesses. The sample was stratified by industry type and business size (number of employees). A disproportionate sampling scheme was used for the business size strata, where we under-selected smaller businesses (1-5 employees) and over-selected those with more employees. This has allowed more robust analyses for larger businesses. Prior to analyses, the data have been weighted (by business size and industry) so that the overall results are still representative of all businesses in the target population.

A profile of the sample on business demographic variables can be found in Appendix A.

The overall response rate to the survey was 44%.

Margins of error

The table below presents the maximum margins of error for the total sample size as well as sub-groups of businesses defined by their number of employees.

Maximum margins of error

Analysis group	Maximum margin of error*
Total sample size: 1,526	+/-2.5%
1-5 employees: 652	+/-3.8%
6-19 employees: 564	+/-4.1%
20-49 employees: 160	+/-7.7%
50+ employees: 150	+/-8.0%

*These maximum margins of error have been calculated at the 95% confidence level and assume simple random sampling.

Throughout this report, all sub-group differences noted are statistically significant differences at the 95% confidence level. Chi-square tests of difference were used for all subgroup analysis.

Additional notes to the reader

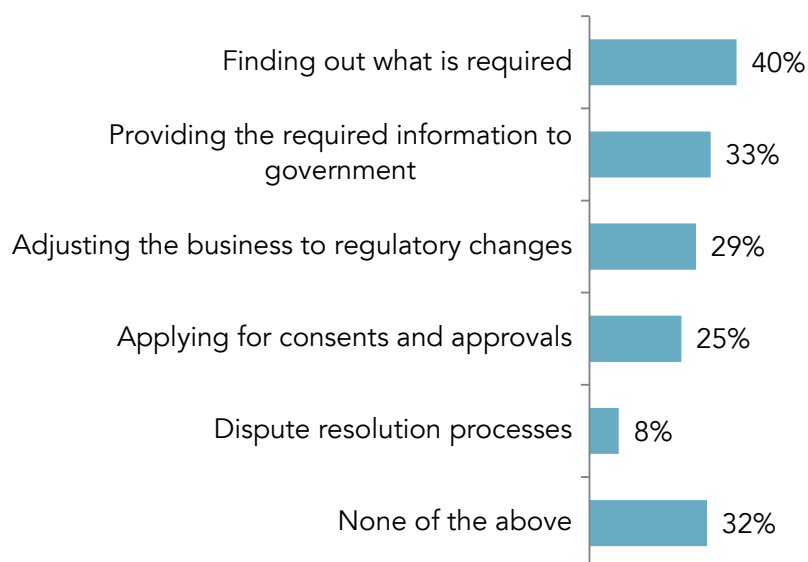
- For ease of reading the report, we refer to 'businesses' throughout this document. However, please note that the survey questions consistently referred to 'businesses or organisations'.
- Percentages in the tables and graphs may not add to 100% due to rounding or because respondents were able to give more than one answer to some questions.
- The base sizes shown in the tables and graphs use unweighted data (as the statistical reliability of results is determined by unweighted base sizes). The percentages in the tables and graphs use weighted data to ensure the survey results are representative of the population of interest.

Regulatory institutions and practices

Regulatory requirements

All businesses were asked what New Zealand regulatory requirements their business spent significant times and resources on in the last two years. They were prompted with the list shown in the graph below.

Regulatory requirements



Base: All businesses (1,526)

Source: Q3a

Spending time and resources on 'finding out what is required' is most common (40%), followed by the provision of information to government (33%), adjusting the business to regulatory changes (29%), and applying for consents and approvals (25%). Less than one in ten have been involved in dispute resolution processes.

As might be expected, there are strong difference in these results by industry and other sub-groups. These are summarised in the table overleaf.

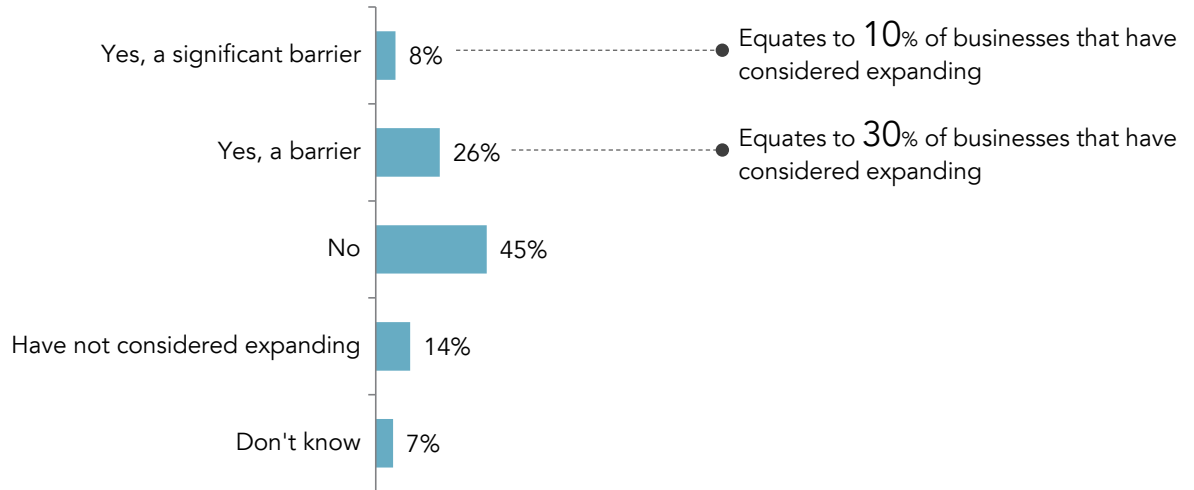
Sub-group differences in regulatory requirements

Regulatory requirement	Sub-group displaying high result
Finding out what is required (40%)	Financial and insurance services (53%) Businesses with an annual turnover of more than \$100,000 (43% versus 34% for businesses with up to \$100,000)
Providing the required information to government (33%)	Education and training (53%) Financial and insurance services (48%) Healthcare and social assistance (46%) Businesses with an annual turnover of more than \$500,000 (42%) Businesses with offices/operations in 2-4 locations (41%) Businesses with 6+ employees (40%) Businesses more than 10 years old (37%)
Adjusting the business to regulatory changes (29%)	Financial and insurance services (48%) Agriculture, forestry and fishing (40%) Healthcare and social assistance (39%) Businesses with offices/operations in 2-4 locations (43%) Businesses with an annual turnover of more than \$500,000 (40%) Businesses with 6+ employees (37%) Businesses 3+ years old (30% versus 18% for up to two years)
Applying for consents and approvals (25%)	Agriculture, forestry and fishing (43%) Construction (37%) Businesses with offices/operations in 2-4 locations (35%) Businesses with 20+ employees (35%) and 6-19 employees (30%) Businesses with an annual turnover of more than \$500,000 (33%) Businesses located in 'another city' (e.g. Hamilton, Napier-Hastings, Tauranga or Dunedin) (33%)
Dispute resolution processes (8%)	Rental, hiring and real estate services (23%) Finance and insurance services (18%) Businesses with offices/operations in 2-4 locations (13%)
None of the above (32%)	Information media and telecommunications (56%) Arts and recreation services (51%) Manufacturing (42%) Businesses with 1-5 employees (37% versus 23% for 6+ employees) Businesses with an annual turnover of up to \$500,000 (39% versus 22% among those with more than \$500,000) Businesses with offices/operations in 1 location (36% versus 22% for 2+ locations)

Whether regulation poses a barrier to expansion

All businesses were asked whether regulation poses a barrier to expansion of their current business activities.

Whether regulation poses a barrier to expansion



Base: All businesses (1,526)

Source: Q3b

Around one third (34%) of businesses believe that regulation poses a barrier to expansion, with 8% indicating it is a 'significant barrier' and 26% describing it as a 'barrier'. Among only businesses that have considered expanding their current business activities, 40% believe that regulation poses a barrier to some degree.

Additional analysis shows that the following sub-groups are more likely to believe that regulation poses a barrier to expansion (either a 'significant barrier' or a 'barrier'):

- Rental, hiring and real estate services (58%)
- Education and training (52%)
- Agriculture, forestry and fishing (46%)
- Businesses with 20+ employees (44%)
- Businesses in rural areas (42%)
- Businesses with an annual turnover of more than \$1 million (42%).

Reasons for regulation posing a barrier to expansion

Businesses that indicated regulation poses a significant barrier to expansion of their current business activities were asked why this is the case. They were prompted with the possible reasons listed in the table below.

Reasons for regulation posing a barrier to expansion

Reason	%
Your organisation will have to comply with new or more demanding regulations	74
Your organisation will have to spend a lot of time and effort to apply for license, permit or decision	62
Your organisation will have to spend a lot of money to get a license, permit or decision	60
You cannot predict the decision that the regulator will make	39
Your organisation will have to wait for a long time to get a license, permit or decision	29
The requirements for your organisation to get a favourable decision from the regulator are not clear	20
You don't think that your organisation will get a favourable decision from the regulator	14
Your organisation will have to meet different regulatory requirements in other parts of New Zealand	11
You don't know which regulator to apply to	8
Your organisation will have to meet different regulatory requirements overseas	6
Some other reason/Can't say	2

Base: Businesses that indicated regulation poses a significant barrier to expansion (136)

Source: Q3c

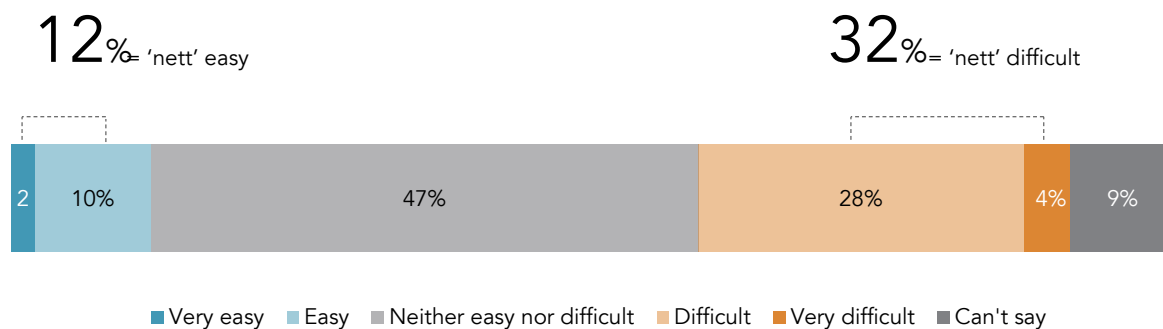
Businesses' reasons for believing that regulation poses a significant barrier to expansion of their current business activities most commonly centre on the need to comply with new or more demanding regulations (74%) as well as the money and time spent in getting a license, permit or decision (62% and 60% respectively).

Due to small base sizes, sub-group analysis does not reveal any significant differences of note.

Perceived difficulty in keeping up to date with regulation

All businesses were asked how easy or difficult it is to keep up-to-date with regulation. Results are illustrated in the chart below.

Perceived difficulty in keeping up to date with regulation



Base: All businesses (1,526)

Source: Q3d

The large majority of businesses either describe keeping up-to-date with regulation as being difficult to some degree (32%) or give a neutral rating of 'neither easy nor difficult' (47%). Few consider keeping up-to-date with regulation as being easy (only 12% indicated it was easy to some degree).

The following sub-groups are especially likely to describe keeping up-to-date with regulation as being easy to some extent:

- Transport, postal and warehousing (22%)
- Professional, scientific and technical services (17%)
- Exporters (16% versus 11% of non-exporters)

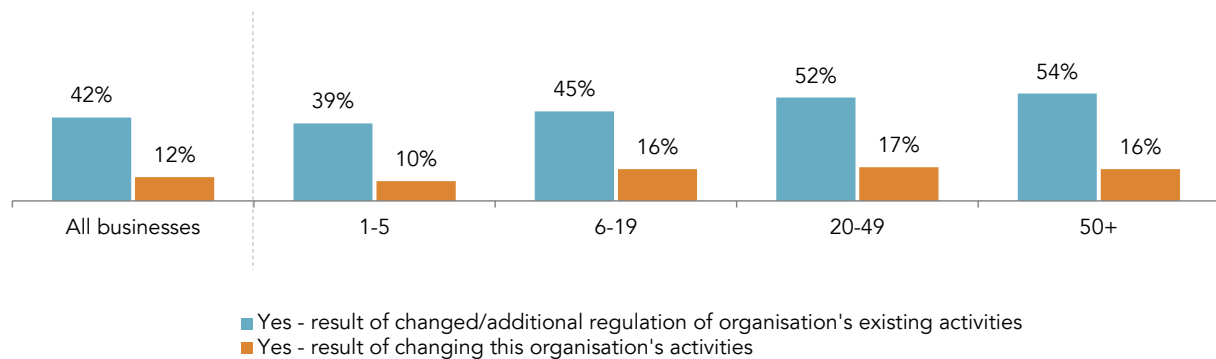
The following sub-groups are especially likely to describe keeping up-to-date with regulation as being difficult to some extent:

- Education and training (49%)
- Businesses with an annual turnover of more than \$1 million and up to \$10 million (40%)
- Businesses located in 'another city' (e.g. Hamilton, Napier-Hastings, Tauranga or Dunedin) (38%)
- Older businesses (37% of businesses over 10 years of age versus 28% of businesses 3-10 years of age and 19% of businesses up to two years of age).

Whether business has experienced changed or additional regulation requirements

All businesses were asked whether their business has experienced changed or additional regulatory requirements in the last two years. Results are shown below by business size.

Whether business has experienced changed or additional regulation requirements



Base: All businesses (1,526), 1-5 employees (652), 6-19 employees (564), 20-49 employees (160), 50+ employees (150)

Source: Q3e

Over half (54%) of businesses have experienced changed or additional regulatory requirements, with this mainly stemming from changed or additional regulation of the business's existing activities (42% versus 12% as a result of a change in the business's activities).

As illustrated in the chart, experiencing changed or additional regulatory requirements increases with business size. This is especially the case with changes/additions stemming from changed or additional regulation relating to a business's existing activities.

Additional sub-group analysis shows that the following businesses are more likely to have experienced changed or additional regulatory requirements stemming from changes or additional regulation of their existing activities:

- Education and training (55%)
- Agriculture, forestry and fishing (54%)
- Construction (54%)
- Rental, hiring and real estate services (54%)
- Businesses with an annual turnover of over \$500,000 (53%)
- Businesses with offices/operations in 2-4 locations (49%)
- Businesses over 10 years of age (48%)

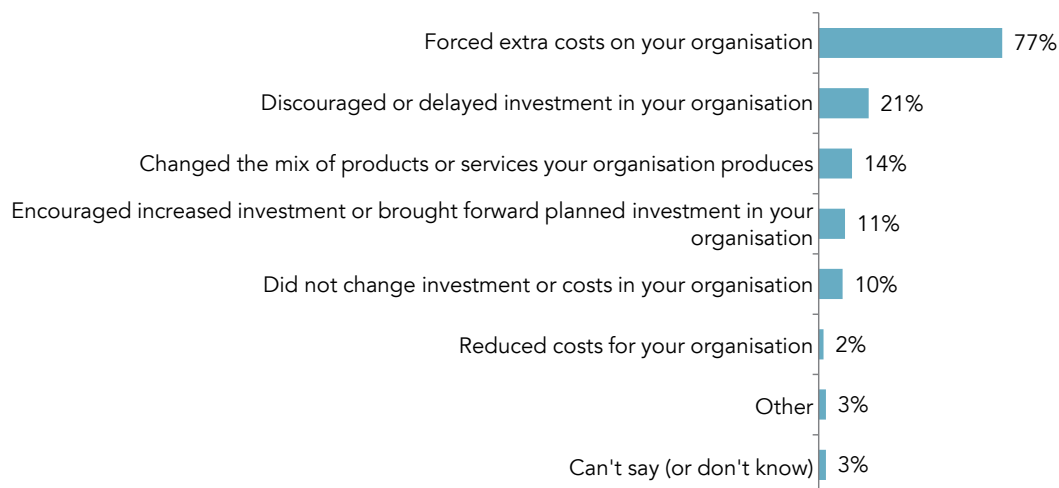
The following businesses are more likely to have experienced changed or additional regulatory requirements stemming from a change in the business's activities:

- Wholesale trade (23%)
- Businesses with offices/operations in 2-4 locations (20%)
- Exporters (18% versus 11% of non-exporters)
- Businesses with a turnover of more than \$10 million (22%).

Impacts of changes to regulation on business

Businesses that experienced changed or additional regulatory requirements in the last two years as a result of changed or additional regulation of its existing activities were asked whether the changes have had any of the impacts listed in the chart below over the last two years.

Impacts of changes to regulation on business



Base: Businesses that experienced changed or additional regulatory requirements as a result of changed or additional regulation of the business's existing activities (677)

Source: Q3f

Extra costs on the business is by far the most common impact, with around three quarters (77%) of businesses that experienced changed or additional regulatory requirements as a result of its existing activities identifying this as an impact.

The table overleaf summarises sub-group differences for these results.

Sub-group differences in impacts of changes to regulation on business

Impact	Sub-group displaying high result
Forced extra costs on your organisation (77%)	Businesses over 10 years of age (82% versus 70% for 6-10 years and 65% for up to 5 years) Businesses with an annual turnover of more than 1 million and up to \$10 million (85%)
Discouraged or delayed investment in your organisation (21%)	Businesses in Christchurch or Wellington (33%)
Changed the mix of products or services your organisation produces (14%)	Education and training (27%) Financial and insurance services (27%) Businesses with an annual turnover of more than 10 million (26%) Businesses in greater Auckland (20%)
Encouraged increased investment or brought forward planned investment in your organisation (11%)	Businesses with more than 50 employees (20%) Businesses with an annual turnover of more than 10 million (25%)
Did not change investment or costs in your organisation (10%)	Accommodation and food services (23%)
Reduced costs for your organisation (2%)	Businesses with an annual turnover of up to \$100,000 (8%) Businesses of 6-10 years of age (7%)

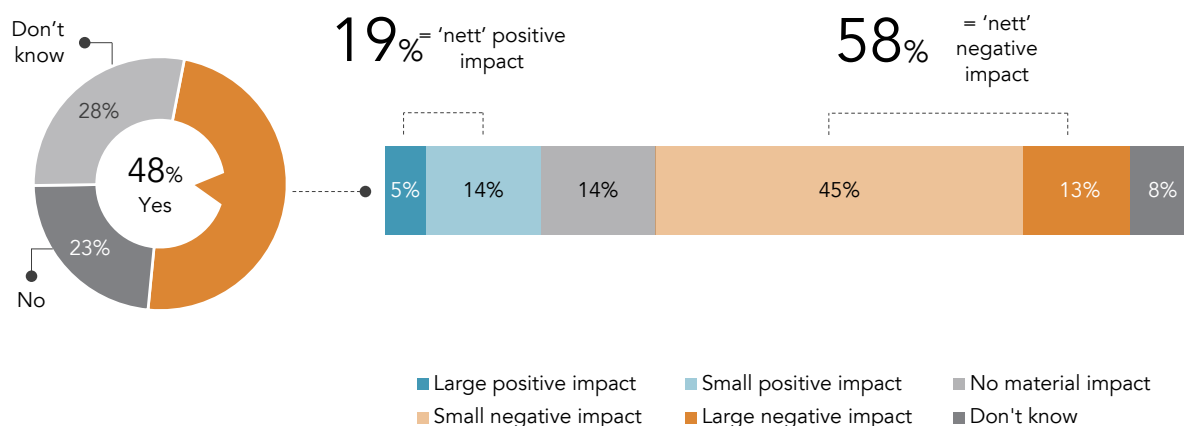
Perceptions of regulations changing in the next two years

All businesses were asked whether they believe that regulations affecting their business will change in the next two years. Those who believed regulations will change were then asked about the impact the anticipated changes will have on the profit of their business. The results to these two questions are shown in the graph below.

Perceptions of regulations changing in the next two years

Believe regulations will change in next 2 years

Impact on profit



Base: All businesses (1,526)

Source: Q3g

Base: Businesses that believe regulations will change in the next 2 years (763)

Source: Q3h

Nearly half (48%) of businesses believe that regulations affecting their business will change in the next two years, with an additional 28% being unsure. Among those who do believe regulations will change, over half (58%) believe the changes will have a negative impact on the profit of their business and less one in five (19%) believe they will have a positive impact. The remainder either believe the changes will have no material impact (14%) or they are unsure of the nature of the impact of their profit (13%).

The following sub-groups of businesses are more likely to believe that regulations affecting their business will change in the next two years:

- Agriculture, forestry and fishing (62%)
- Construction (59%)
- Businesses with 50+ employees (58%)
- Rural businesses (56%)
- Businesses with an annual turnover of more than \$1 million (59%).

The following sub-groups of businesses that believe that regulations affecting their business will change in the next two years are more likely than average (58%) to believe the changes will have a negative impact on the profit of their business:

- Agriculture, forestry and fishing (69%)
- Rural businesses (70%).

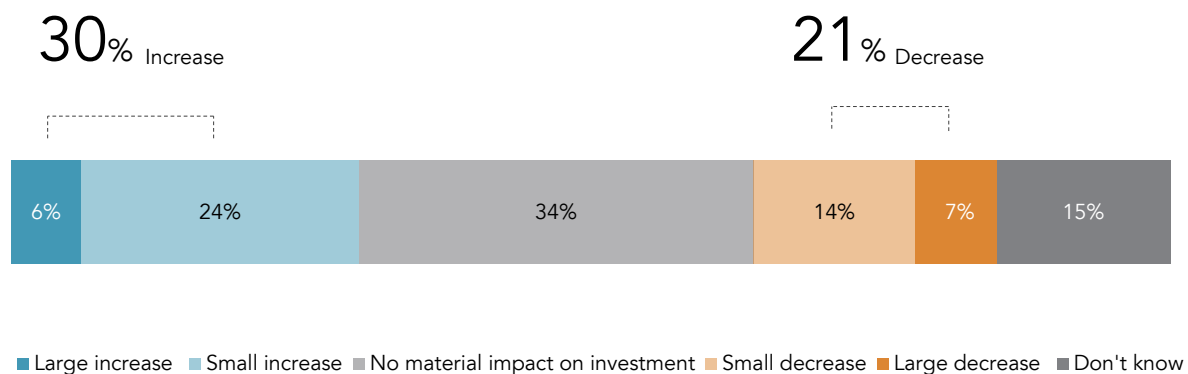
Conversely, the following sub-groups of businesses are more likely than the average (19%) to believe the changes will have a positive impact on the profit of their business:

- Retail trade (29%)
- Businesses in greater Auckland (25%).

Impact of changes in regulations on investment decisions of business

Businesses that believe regulations affecting their business will change in the next two years were also asked how the anticipated changes will impact the investment decisions of their business. Results are shown below.

Impact of changes in regulations on investment decisions of business



Base: Businesses that believe regulations will change in the next 2 years (763)

Source: Q3i

Three in ten (30%) businesses that believe regulations affecting their business will change in the next two years anticipate the changes will result in an increase in investment, whereas 21% believe such changes will result in decreased investment. The remainder either think the changes will have no material impact on investment (34%) or are unsure (15%).

A small number of significant sub-group differences are evident:

- Exporters are more likely than non-exporters to believe that there will be a large increase in investment in their business due to the regulation changes (11% versus 5% of non-exporters)
- Businesses with an annual turnover of more than \$10 million are more likely than average to believe that there will be a large increase in investment in their business due to the regulation changes (15% versus 6% on average)
- Businesses in the rental, hiring and real estate services sector are more likely to believe there will be some kind of increase (47% versus 30% on average).

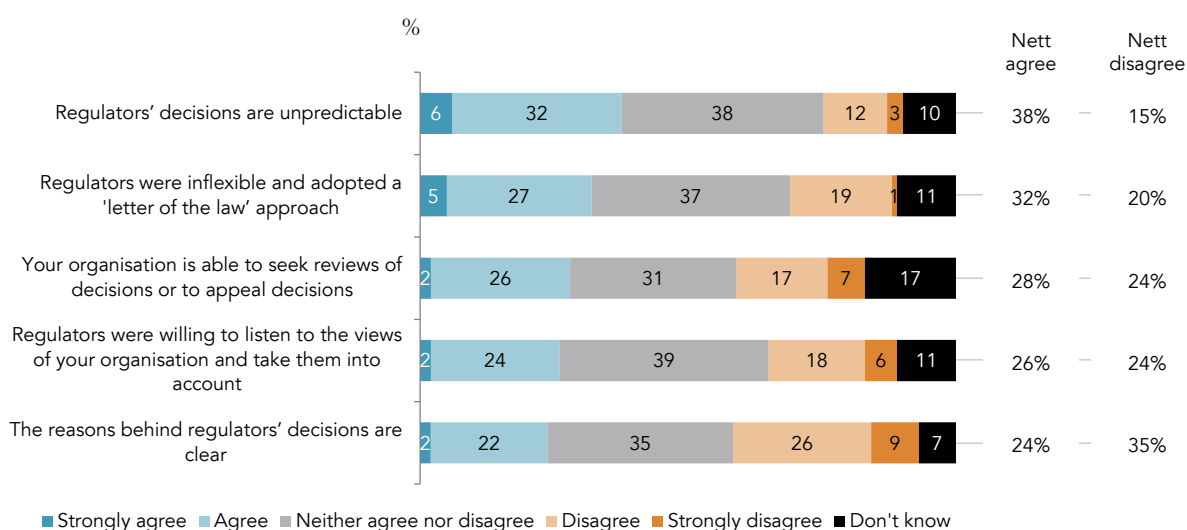
Perceptions of regulators and regulations

All businesses were presented with a series of statements describing regulators and regulations and asked to indicate the extent to which they agree or disagree with each one. For ease of interpretation, we have grouped these statements into various themes (as shown below).

Perceptions of regulators' decisions

Business perceptions of regulators' decisions are illustrated below.

Perceptions of regulators' decisions



Base: All businesses (1,526)

Source: Q3j and Q3k

Perceptions of regulators' decisions are fairly polarised for each of the statements, with support being highest for the notions that regulators' decisions are unpredictable (38% agree) and the notion that regulators are inflexible and adopt a 'letter of the law' approach (32% agree).

The table overleaf summarises sub-group differences.

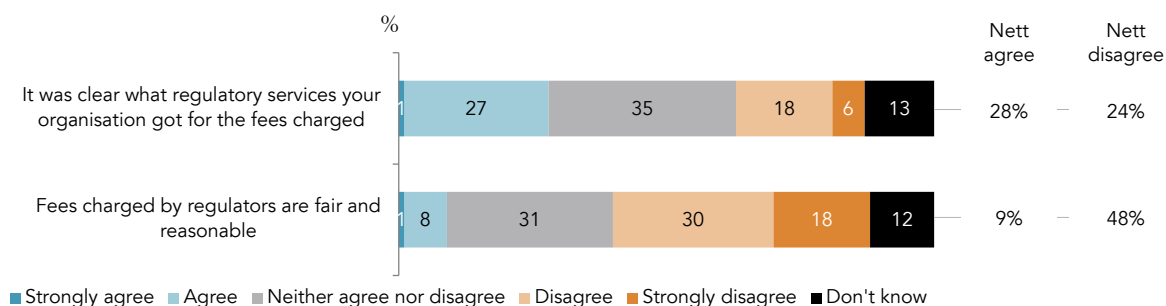
Sub-group differences in perceptions of regulators

Perception	Sub-group displaying high result	
	% agree (nett)	% disagree (nett)
Regulators' decisions are unpredictable (38% agree and 15% disagree)	Rental, hiring and real estate services (60%) Education and training (55%) Rural businesses (46%) Businesses with an annual turnover of more than \$1 million and up to \$10 million (46%) Businesses more than 3 years of age (39% versus 23% of businesses up to two years of age)	Exporters (19%) Businesses 3-5 years of age (21%)
Regulators were inflexible and adopted a 'letter of the law' approach (32% agree and 20% disagree)	Rental, hiring and real estate services (45%) Rural businesses (39%)	
Your organisation is able to seek reviews of decisions or to appeal decisions (28% agree and 24% disagree)	Businesses with 20+ employees (41%) Businesses with an annual turnover of more than \$10 million (43%)	Businesses with an annual turnover of more than \$1 million and up to \$10 million (31%)
Regulators were willing to listen to the views of your organisation and take them into account (26% agree and 24% disagree)	Businesses with 50+ employees (44%) Businesses with an annual turnover of more than \$10 million (41%) Transport, postal and warehousing (39%)	
The reasons behind regulators' decisions are clear (24% agree and 35% disagree)	Transport, postal and warehousing (37%)	Rental, hiring and real estate services (47%) Rural businesses (42%) Businesses with offices/operations in 2-4 locations (41%) Businesses with 20-49 employees (44%) Businesses over 10 years of age (40%)

Perceptions of regulators' fees

Perceptions of regulators' fees are shown below.

Perceptions of regulators' fees



Base: All businesses (1,526)

Source: Q3j and Q3k

Perceptions of regulators' fees are not especially favourable, with just over a quarter (28%) agreeing that it was clear what services the fees covered and 48% disagreeing that the fees charged are fair and reasonable.

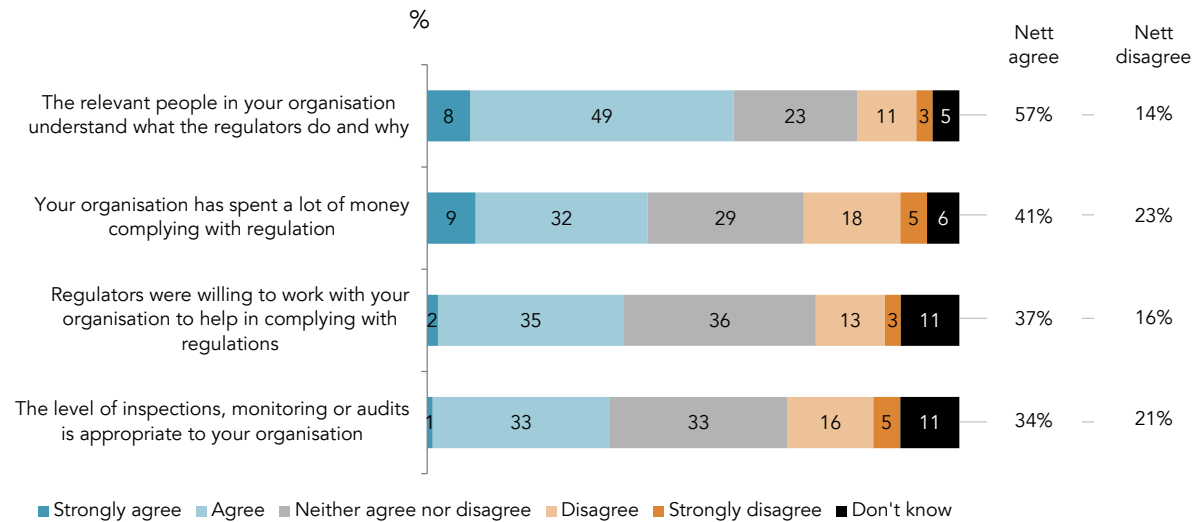
Sub-group differences in perceptions of regulators' fees

Perception	Sub-group displaying high result	
	% agree (nett)	% disagree (nett)
It was clear what regulatory services your organisation got for the fees charged (28% agree and 24% disagree)	Businesses with an annual turnover of more than \$10 million (40%)	Agriculture, forestry and fishing (35%)
	Businesses with 20-49 employees (38%)	Rural businesses (33%)
	Businesses 3-5 years of age (36%)	
Fees charged by regulators are fair and reasonable (9% agree and 48% disagree)	Transport, postal and warehousing (17%)	Construction (61%)
	Businesses up to two years of age (17%)	Agriculture, forestry and fishing (59%)
		Rural businesses (58%)

Perceptions of impacts on business

Perceptions of regulations and regulators in the context of the impact of regulations on the business are described below.

Perceptions of impacts on business



Base: All businesses (1,526)
Source: Q3j and Q3k

On a positive note, businesses are more likely to agree than disagree that their own staff understand what the regulators do and why, that the regulators were willing to work with the organisation to help with compliance, and that the level of inspections, monitoring or audits is appropriate to the business. However, a higher proportion of businesses agree, than disagree, that their organisation has spent a lot of money complying with regulation.

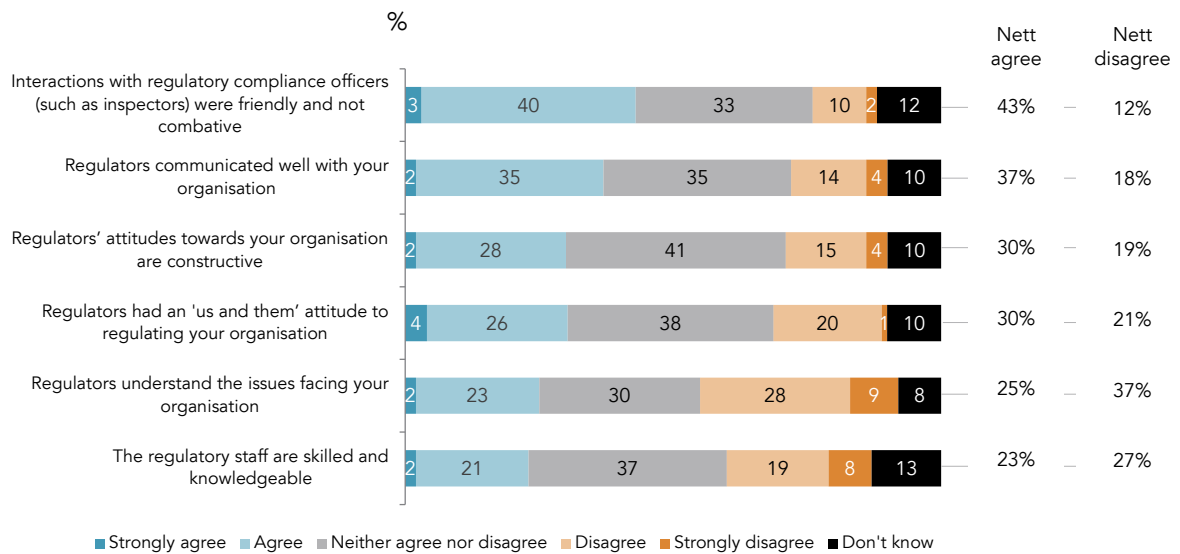
Sub-group differences in perceptions of impacts on business

Perception	Sub-group displaying high result	
	% agree (nett)	% disagree (nett)
The relevant people in your organisation understand what the regulators do and why (57% agree and 14% disagree)	<p>Businesses with an annual turnover of more than \$10 million (70%)</p> <p>Financial and insurance services (69%)</p> <p>Businesses with 50+ employees (68%)</p>	Retail trade (20%)
Your organisation has spent a lot of money complying with regulation (41% agree and 23% disagree)	<p>Rental, hiring and real estate services (55%)</p> <p>Construction (54%)</p> <p>Agriculture, forestry and fishing (53%)</p> <p>Businesses with 6+ employees (53%)</p> <p>Businesses with an annual turnover of more than \$500,000 (53%)</p> <p>Rural businesses (50%)</p> <p>Businesses with offices/operations in 2-4 locations (50%)</p> <p>Businesses over 10 years of age (46% versus 29% for up to 2 years)</p>	<p>Information media and telecommunications (58%)</p> <p>Businesses up to two years of age (34%)</p> <p>Businesses with an annual turnover of up to \$100,000 (32%)</p> <p>Professional, scientific and technical services (31%)</p> <p>Businesses with 1-5 employees (28% versus 14% for 6+ employees)</p>
Regulators were willing to work with your organisation to help in complying with regulations (37% agree and 16% disagree)	<p>Businesses with 50+ employees (52%)</p> <p>Businesses with an annual turnover of more than \$10 million (55%)</p>	
The level of inspections, monitoring or audits is appropriate to your organisation (34% agree and 21% disagree)	Businesses with 50+ employees (43%)	<p>Agriculture, forestry and fishing (33%)</p> <p>Rural businesses (30%)</p> <p>Businesses over 10 years of age (25% versus 15% for up to 10 years)</p>

Other perceptions of experience with regulators

Other perceptions of businesses' experiences with regulators are describe in the chart below.

Other perceptions of experience with regulators



Base: All businesses (1,526)

Source: Q3j and Q3k

Regulators are viewed most positively in terms of their officers being friendly (and not combative), communication with the business, and having constructive attitudes. For each of the statements describing these attributes, more businesses agreed than disagreed with the statement.

Conversely, regulators are viewed less positively for understanding the issues facing the business and the regulatory staff being skilled and knowledgeable. Businesses were more likely to disagree than agree with these notions. Further, businesses are somewhat more likely to agree than disagree that regulators had an 'us and them' attitude to regulating the business.

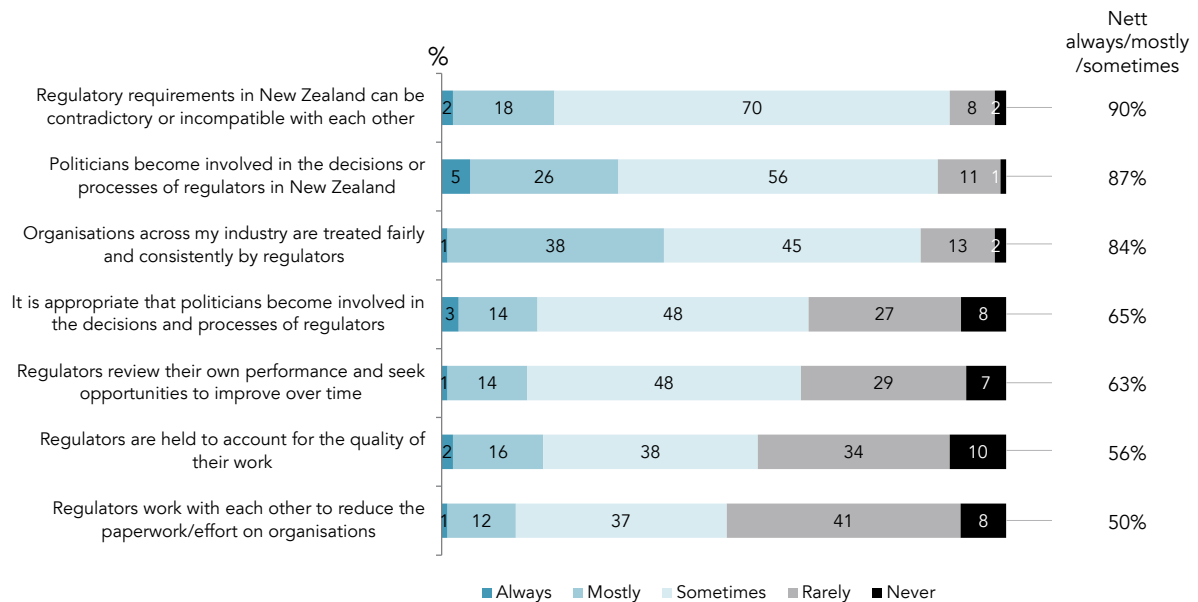
Sub-group differences in other perceptions of experiences with regulators

Perception	Sub-group displaying high result	
	% agree (nett)	% disagree (nett)
Interactions with regulatory compliance officers (such as inspectors) were friendly and not combative (43% agree and 12% disagree)	Accommodation and food services (56%) Businesses with 50+ employees (54%)	Rental, hiring and real estate services (31%)
Regulators communicated well with your organisation (37% agree and 18% disagree)	Transport, postal and warehousing (52%) Businesses with an annual turnover of more than \$10 million (50%) Businesses with 50+ employees (47%)	
Regulators' attitudes towards your organisation are constructive (30% agree and 19% disagree)	Businesses with 50+ employees (43%) Businesses with an annual turnover of more than \$10 million (39%) Businesses up to 5 years of age (37%)	Rental, hiring and real estate services (34%) Agriculture, forestry and fishing (27%) Rural businesses (25%) Businesses over 10 years of age (23% versus 12% for up to 10 years))
Regulators had an 'us and them' attitude to regulating your organisation (30% agree and 21% disagree)	Rental, hiring and real estate services (45%) Businesses with 20-49 employees (39%) Agriculture, forestry and fishing (38%) Businesses 3 years+ of age (31% versus 20% for up to two years)	
Regulators understand the issues facing your organisation (25% agree and 37% disagree)	Transport, postal and warehousing (44%) Businesses with an annual turnover of more than \$10 million (35%) Businesses up to 5 years of age (31% versus 23% for over 5 years)	Agriculture, forestry and fishing (47%) Businesses with 20-49 employees (47%) Rural businesses (46%) Businesses with an annual turnover of more than \$1 million and up to \$10 million (46%) Businesses over 10 years of age (42%) Exporters (45%)
The regulatory staff are skilled and knowledgeable (23% agree and 27% disagree)	Businesses up to 5 years of age (32% versus 20% for more than five years)	Agriculture, forestry and fishing (40%) Rural businesses (38%) Businesses over 10 years of age (31%)

Other perceptions of regulators and regulatory requirements

A number of other perceptions of regulatory requirements and regulator behaviours were measured. This time businesses were asked to indicate whether these things occur 'always', 'mostly', 'sometimes', 'rarely' or 'never'.

Other perceptions of regulators and regulatory requirements



Base: All businesses (1,526)

Source: Q31

Perceptions are again somewhat polarised. In a more positive vein, a large majority (84%) of businesses believe that organisations across their industry are treated fairly and consistently by regulators at least 'sometimes', with nearly four in ten (39%) believing that this is the case 'always' or 'mostly'. However, a large majority (90%) also believe that it is at least 'sometimes' the case that regulatory requirements in New Zealand can be contradictory or incompatible with each other.

Only half or small majorities feel that at least sometimes regulators work with each to other reduce the paperwork or effort on organisations (50%), that regulators are held to account for the quality of their work (56%), and that regulators review their own performance and seek opportunities for improvement (63%).

There is fairly widespread belief that politicians become involved in the decisions or processes of regulators in New Zealand, with 87% believing this is 'always, mostly or sometimes' the case. Opinion on the appropriateness of this is somewhat divided, although a small majority (65%) indicate it is at least sometimes appropriate.

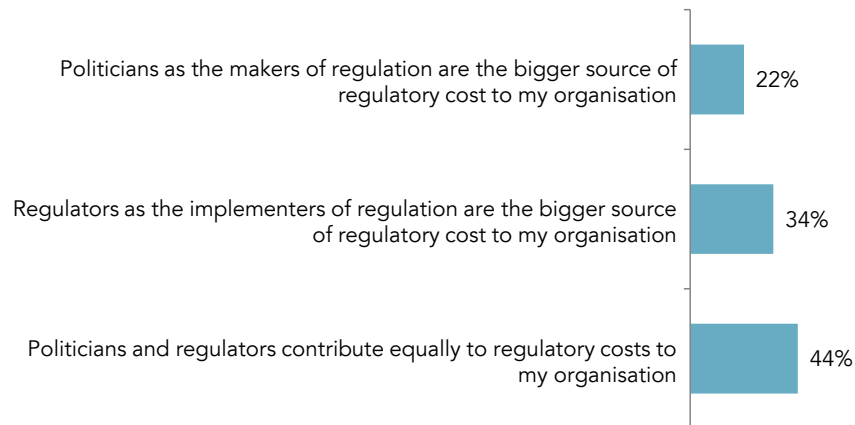
Sub-group differences in other perceptions of regulators and regulatory requirements

Perception	Sub-group displaying high result	
	% 'always/mostly'	% 'rarely/never'
Regulatory requirements in New Zealand can be contradictory or incompatible with each other (20% always/mostly and 10% rarely/never)	Businesses 3-5 years of age (29%)	Information media and telecommunications (19%) Professional, scientific and technical services (17%)
Politicians become involved in the decisions or processes of regulators in New Zealand (31% always/mostly and 12% rarely/never)	Electricity, gas, water and waste (55%) Businesses 3-5 years of age (40%) Businesses with 2+ locations (39%)	
Organisations across my industry are treated fairly and consistently by regulators (39% always/mostly and 15% rarely/never)	Professional, scientific and technical services (52%)	Construction (22%)
It is appropriate that politicians become involved in the decisions and processes of regulators (17% always/mostly and 35% rarely/never)	Businesses up to 2 years (27%) Accommodation and food services (26%)	Professional, scientific and technical services (48%)
Regulators review their own performance and seek opportunities to improve over time (15% always/mostly and 36% rarely/never)	Businesses 3-5 years of age (21%)	Businesses with an annual turnover of more than \$1 million and up to \$10 million (48%)
Regulators are held to account for the quality of their work (18% always/mostly and 44% rarely/never)	Transport, postal and warehousing (30%) Businesses up to 5 years of age (28%) Businesses in towns (26%)	Businesses more than 10 years of age (48% versus 32% for up to two years) Businesses with an annual turnover of more than \$1 million and up to \$10 million (55%)
Regulators work with each other to reduce the paperwork/effort on organisations (13% always/mostly and 49% rarely/never)	Retail trade (20%)	Education and training services (65%)

Perceptions of politicians and regulators

All businesses were asked to think about politicians as ‘regulation makers’ and regulators as ‘implementers of regulation’ and indicate which of the statements shown in the graph below most closely reflects the business’s view.

Perceptions of politicians and regulators



Base: All businesses (1,526)

Source: Q3m

Businesses most commonly view politicians and regulators as contributing equally to the regulatory costs of their business (44%). Among the remainder, attributing the source of the cost to regulators is somewhat more common than attributing it to politicians (34% of all businesses compared to 22% of all businesses respectively).

Sub-group differences in other perceptions of regulators and regulatory requirements

Perception	Sub-group displaying high result
Politicians as the makers of regulation are the bigger source of regulatory cost to my organisation (22%)	Rental, hiring and real estate services (35%) Education and training (37%)
Regulators as the implementers of regulation are the bigger source of regulatory cost to my organisation (34%)	Agriculture, forestry and fishing (44%) Health care and social assistance (44%)
Politicians and regulators contribute equally to regulatory costs to my organisation (44%)	-

Appendix A: Sample profile

Sample profile of respondents

Characteristic	n (weighted)	% (weighted)
Size of business (number of employees)		
1-5 employees	1018	67
6-19 employees	372	24
20-49 employees	71	5
50-99 employees	33	2
100+ employees	32	2
Size of business (annual turnover)		
\$30,000 or less	78	5
\$30,001 to \$100,000	255	17
\$100,001 to \$500,000	487	32
\$500,001 to \$1 million	237	16
More than \$1 million up to \$10 million	257	17
More than \$10 million up to \$100 million	50	3
More than \$100 million	20	1
Don't know	143	9
Industry		
Agriculture, forestry and fishing	218	14
Mining	2	0
Manufacturing	113	7
Electricity, gas, water and waste	18	1
Construction	173	11
Wholesale trade	69	5
Retail trade	155	10
Accommodation and food services	141	9
Transport, postal and warehousing	56	4
Information media and telecommunications	45	3
Financial and insurance services	36	2
Rental, hiring and real estate services	46	3
Professional, scientific and technical services	200	13
Administrative and support services	41	3
Public administration and safety	0	0
Education and training	61	4
Health care and social assistance	98	6
Arts and recreation services	53	3
Age of business		
Less than 1 year	32	2
1-2 years	80	5
3-5 years	248	16
6-10 years	293	19
Over 10 years	873	57

Characteristic	n (weighted)	% (weighted)
Location of main office		
Greater Auckland	454	30
Christchurch or Wellington (including Porirua, Hutt Valley and Kapiti Coast)	229	15
Other city (e.g. Hamilton, Napier-Hastings, Tauranga or Dunedin)	328	22
Town (e.g. Blenheim, Timaru, Pukekoe or Taupo)	229	15
Rural area	286	19
Number of locations (business' offices or operations)		
1 location	1172	77
2-4 locations	271	18
5-9 locations	33	2
10 or more locations	50	3
Exporter status		
Yes, exports goods or services overseas	290	19
No, does not export goods or services overseas	1236	81
Not-for-profit status		
Yes – not-for-profit organisation	108	7
No, not a not-for-profit organisation	1418	93
Overseas ownership/shareholding		
Yes – 50% or more is overseas owned	42	3
Yes – less than 50% is overseas owned	23	1
No – none of the business is overseas owned	1319	86
Don't know	34	2
Not relevant – not-for-profit organisation	108	7
Respondent's role in business		
Business owner	865	57
Chief Executive	31	2
Managing Director	80	5
Other Director, such as H.R. Director, Finance Director, Operations Director or other Executive Director	60	4
Partner or Principal Shareholder	212	14
Chairman, Non-Executive Director, Board member or Company Secretary	6	0
Finance Controller or Head of Accounts	99	6
Procurement Manager	16	1
Other member of the Executive/Senior Leadership Team (not described above)	157	10

Base: All respondents (1,526)

Source: S1, S2, S3, S4, S5, S6, S7, S8, S9, S10

Appendix B: Survey questions

Screening questions

- S1 Which of these best describes your role in your business or organisation? If you work in more than one organisation, please think about the one you spend most of your time working in.

Please select one only.

Business owner	1
Chief Executive	2
Managing Director	3
Other Director, such as H.R. Director, Finance Director, Operations Director or other Executive Director	4
Partner or Principal Shareholder	5
Chairman, Non-Executive Director, Board member or Company Secretary	6
Finance Controller or Head of Accounts	7
Procurement Manager	8
Other member of the Executive/Senior Leadership Team (not described above)	9
Other	10
None, I'm not employed or self-employed	11

CLOSE

CLOSE

- S2 Not including the owner, how many people are usually employed in your business or organisation?

Please select one only.

None (no employees other than the owner)	1
1 to 5 employees	2
6 to 19 employees	3
20 to 49 employees	4
50 to 99 employees	5
100 or more employees	6

CLOSE

S3 Which of the following best describes the industry your business or organisation operates in?
Please select one only

Agriculture, forestry and fishing	1
Mining	2
Manufacturing	3
Electricity, gas, water and waste	4
Construction	5
Wholesale trade	6
Retail trade	7
Accommodation and food services	8
Transport, postal and warehousing	9
Information media and telecommunications	10
Financial and insurance services	11
Rental, hiring and real estate services	12
Professional, scientific and technical services	13
Administrative and support services	14
Public administration and safety	15
Education and training	16
Health care and social assistance	17
Arts and recreation services	18

CLOSE

Please click on the 'next arrow' to go to the first question.

Regulatory Institutions and Practices

Q3a Regulations are New Zealand government and local authority laws and rules governing the way in which businesses carry out activities. They include Acts, bylaws, rules, notices, duties and codes of practice. For this survey we are not including tax regulation. A regulator is an organisation that makes and/or enforces regulations.

In the last 2 financial years, which of the following New Zealand regulatory requirements did your business or organisation spend significant time and resources on?

Please select all that apply.

Finding out what is required	1
Adjusting the business to regulatory changes	2
Providing the required information to government	3
Applying for consents and approvals	4
Dispute resolution processes	5
None of the above	6

Q3b Does regulation pose a barrier to you expanding your current business activities?

Please select one only.

Yes, a significant barrier	1
Yes, a barrier	2
No	3
Have not considered expanding	4
Don't know	5

Q3c Why does regulation pose a significant barrier to your business or organisation expanding its current activities?

Please select all that apply.

Your organisation will have to comply with new or more demanding regulations	1
Your organisation will have to spend a lot of money to get a license, permit or decision	2
Your organisation will have to spend a lot of time and effort to apply for license, permit or decision	3
Your organisation will have to wait for a long time to get a license, permit or decision	4
You don't think that your organisation will get a favourable decision from the regulator	5
The requirements for your organisation to get a favourable decision from the regulator are not clear	6
You cannot predict the decision that the regulator will make	7
You don't know which regulator to apply to	8
Your organisation will have to meet different regulatory requirements in other parts of New Zealand	9
Your organisation will have to meet different regulatory requirements overseas	10
Some other reason	11

Cant' say	12
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Q3d How easy or difficult is it to keep up-to-date with regulation?

Please select one only.

Very easy	1
Easy	2
Neither easy nor difficult	3
Difficult	4
Very difficult	5
Can't say	6

Q3e In the last 2 years has your business or organisation experienced changed or additional regulatory requirements?

Please select answers that apply.

Yes – as a result of changed or additional regulation of this organisation's existing activities	1
Yes –as a result of changing this organisation's activities	2
No	3
Don't know	4

Q3f Did the changes to regulation have any of the following impacts on your business or organisation over the last 2 years?

Please select all that apply.

Forced extra costs on your organisation	1
Reduced costs for your organisation	2
Encouraged increased investment or brought forward planned investment in your organisation	3
Discouraged or delayed investment in your organisation	4
Did not change investment or costs in your organisation	5
Changed the mix of products or services your organisation produces	6
Other	7
Can't say (or Don't know)	8

Q3g Do you believe that regulations affecting your business or organisation will change in the next 2 years?

Please select one only.

Yes	1
No	2
Don't know	3

Q3h What impact do you think the anticipated changes in regulation over the next 2 years will have on the **profit** of your business or organisation?

Please select one only.

Large positive impact	1
Small positive impact	2
No material impact	3
Small negative impact	4
Large negative impact	5
Don't know	6

Q3i How will the anticipated changes in regulation over the next 2 years impact on the **investment** decisions of your business or organisation?

Please select one only.

Large increase in investment due to changes	1
Small increase in investment due to changes	2
No material impact on investment	3
Small decrease in investment due to changes	4
Large decrease in investment due to changes	5
Don't know	6

Q3j Based on your experience with New Zealand regulators and regulations affecting your business or organisation, to what extent do you agree or disagree with the following statements? (If you have had interactions with multiple regulators, and the experience has been mixed, your answers should reflect your experience of the regulator that has the most impact on your business or organisation).

Please select one answer for each statement. Please note that the list contains a mixture of positive and negative statements.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
1) The relevant people in your organisation understand what the regulators do and why	1	2	3	4	5	6
2) Regulators understand the issues facing your organisation	1	2	3	4	5	6
3) The reasons behind regulators' decisions are clear	1	2	3	4	5	6
4) Your organisation is able to seek reviews of decisions or to appeal decisions	1	2	3	4	5	6
5) Regulators' decisions are unpredictable	1	2	3	4	5	6
6) Fees charged by regulators are fair and reasonable	1	2	3	4	5	6
7) The regulatory staff are skilled and knowledgeable	1	2	3	4	5	6

8) The level of inspections, monitoring or audits is appropriate to your organisation	1	2	3	4	5	6
9) It was clear what regulatory services your organisation got for the fees charged	1	2	3	4	5	6
10) Your organisation has spent a lot of money complying with regulation	1	2	3	4	5	6

Q3k Based on your experience with New Zealand regulators and regulations affecting your business or organisation, to what extent do you agree or disagree with the following statements? (If you have had interactions with multiple regulators, and the experience has been mixed, your answers should reflect your experience of the regulator that has the most impact on your business or organisation).

Please select one answer for each statement. Please note that the list contains a mixture of positive and negative statements.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
1) Regulators' attitudes towards your organisation are constructive	1	2	3	4	5	6
2) Interactions with regulatory compliance officers (such as inspectors) were friendly and not combative	1	2	3	4	5	6
3) Regulators were inflexible and adopted a 'letter of the law' approach	1	2	3	4	5	6
4) Regulators had an 'us and them' attitude to regulating your organisation	1	2	3	4	5	6
5) Regulators were willing to work with your organisation to help in complying with regulations	1	2	3	4	5	6
6) Regulators communicated well with your organisation	1	2	3	4	5	6
7) Regulators were willing to listen to the views of your organisation and take them into account	1	2	3	4	5	6

Q3l Which of the following most closely reflects your view?

Please select one answer for each statement.

	Always	Mostly	Sometimes	Rarely	Never
1) Regulatory requirements in New Zealand can be contradictory or incompatible with each other	1	2	3	4	5
2) Politicians become involved in the decisions or processes of regulators in New Zealand	1	2	3	4	5
3) It is appropriate that politicians become involved in the decisions and processes of regulators	1	2	3	4	5
4) Organisations across my industry are treated fairly and consistently by regulators	1	2	3	4	5
5) Regulators work with each other to reduce the paperwork/effort on organisations	1	2	3	4	5
6) Regulators are held to account for the quality of their work	1	2	3	4	5
7) Regulators review their own performance and seek opportunities to improve over time	1	2	3	4	5

Q3m Thinking about politicians as 'regulation makers' and regulators as 'implementers of regulation', which of the following statements most closely reflects your view?

Please select one only.

Politicians as the makers of regulation are the bigger source of regulatory cost to my organisation	1
Regulators as the implementers of regulation are the bigger source of regulatory cost to my organisation	2
Politicians and regulators contribute equally to regulatory costs to my organisation	3

Classifications

- S4 First of all, can we ask where your main office is located? (If your main office is overseas, please select the location of your main New Zealand office)

Please select one only.

Greater Auckland	1
Christchurch or Wellington (including Porirua, Hutt Valley and Kapiti Coast)	2
Other city (e.g. Hamilton, Napier-Hastings, Tauranga or Dunedin)	3
Town (e.g. Blenheim, Timaru, Pukekoe or Taupo)	4
Rural area	5

- S5 At how many locations does your business or organisation have offices or operations within New Zealand?

Please select one only.

One location	1
2-4 locations	2
5-9 locations	3
10 or more locations	4

- S6 Does your business or organisation export goods or services overseas?

Please select one only.

Yes	1
No	2

- S7 Is your organisation a not-for-profit organisation?

Please select one only.

Yes	1
No	2

- S8 Does any individual or business located overseas hold an ownership interest or shareholding in your business?

Please select one only.

Yes – 50% or more is overseas owned	1
Yes – less than 50% is overseas owned	2
No – none of the business is overseas owned	3
Don't know	4

- S9 For how many years has your business or organisation been operating?

Please select one only.

Less than one year	1
1-2 years	2
3-5 years	3

6-10 years	4
Over 10 years	5

S10 What was your business or organisation's total turnover (revenue) last year? Just your best estimate is fine.

Please select one only.

\$30,000 or less	1
\$30,001 to \$100,000	2
\$100,001 to \$500,000	3
\$500,001 to \$1 million	4
More than \$1 million up to \$10 million	5
More than \$10 million up to \$100 million	6
More than \$100 million	7
Don't know	8