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Quantifying Compliance Costs of Small Businesses in New Zealand

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Abstract

This paper reports on a small-scale study of the compliance costs of small New Zealand businesses. Participating firms were asked to keep a record of both time spent and expenditure directly incurred over a thirteen-week period. This differs from previous studies that rely on a firm's recall of how much time has been spent on compliance over the previous year. The results suggest that New Zealand small businesses, on average, spend less time and money on compliance than has been indicated in previous studies. However, a number of firms do perceive compliance to be a major issue, and in some cases this perception prevents firms from expanding.

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1. Introduction

“New Zealand, a small, far-off country of which most people know little, has attracted disproportionate interest from economists over the last two decades. It was once one of the most protected and regulated economies in the developed world. But in the 1980s and early 1990s, it became the liberaliser’s darling, as it pursued market reforms more dramatically than any other economy – including Margaret Thatcher’s Britain. New Zealand was hailed with promises that it would change from the “Poland of the Pacific” into another Hong Kong.” (The Economist, 2000:83)

As illustrated by the quote from *The Economist* above, New Zealand went from being one of the most regulated to least regulated of the developed economies of the world in the space of a decade, beginning in the mid 1980s. However, in recent years the business community in New Zealand has argued that a new wave of regulation, in the form of compliance costs, has replaced many of the old regulations. The aim of this paper is to quantify the extent of these compliance costs for small businesses.

There is a widespread perception in the New Zealand business community that compliance costs, particularly for small to medium size enterprises, are high. There is also recognition by the New Zealand Government that compliance costs are potentially a serious constraint on entrepreneurship and economic growth (Ministerial Panel 2001, Cullen, Swain and Wright 2001).

The existing evidence on this matter is of two types. The first consists of international comparisons compiled by many different agencies (World Bank 2004). The second consists of surveys specific to New Zealand, including one where the Government itself solicited voluntary responses and submissions (Ministerial Panel 2001) and one where Business New Zealand (KPMG 2003) surveyed firms belonging to the regional associations making up that organisation.

The aim of this project is to examine, in detail and independently, both the financial and opportunity costs of compliance for a sample of small businesses in New Zealand. Without any prior conceptions on the extent of such costs, we designed a survey that would allow us to record each participating firm's time spent and dollar costs over a period of thirteen weeks. In addition, we conducted an in-depth interview with each firm at the beginning of the survey period and followed up with further clarifying questions at the end of the survey. As well as allowing us to gather quantitative information, this approach allows us to examine attitudes that may constrain entrepreneurial activities. Although the resource intensity of the method restricted the size of our sample, we believe that the results complement other forms of analysis.

The outline of this paper is as follows. In section 2, we outline some theoretical economic background on compliance costs. Section 3 reviews the New Zealand situation and some of the work that has been done in New Zealand on compliance costs to date. Section 4 presents our method for investigating this issue through the medium of structured interviews with a sample of the owners or managers of small firms. Section 5 details our findings. Section 6 concludes and suggests areas for further research.

2. Economic theory of regulation and compliance costs

There are widely varying views of the role of government in a modern society. At one extreme, some would assign to government only the roles of protecting the country from outside invasion, of maintaining order internally, and of providing public goods. On the other hand, some would say that market failure is so pervasive, going well beyond the inadequate provision of public goods, that the government is justified in intervening in almost all transactions to correct it. The public interest theory of regulation derives directly from the analysis of market failure (Utton 1986:13). However, because of the difficulty of explaining a good deal of actual regulation as the response of government to market failure, the capture theory of regulation was developed, notably in the seminal work of Stigler (1975). Stigler's key idea is that, even if regulation is first designed in the public interest, it is soon captured by those with the greatest interest in it; that is, the industry under regulation.

The explanation and origin of regulation need not concern us here except to note that the

specific set of policies of the government of a modern economy tends to emerge over time “in response to such specific economic events as price changes, quantity constraints, environmental hazards” (Spulber 1989:15). Problems are tackled as they arise and with the information to hand, without the benefit of perfect knowledge. Given this “path dependent” nature of regulation (Magnusson 2001:108) it is hardly to be expected that the regulatory environment will, in any sense, be optimal. Specifically, it is most unlikely that compliance costs will be at a minimum. Therefore, one needs to examine the regulatory environment from time to time and ask whether a different environment would be more efficient.

It is important that any given regulatory intervention should achieve what it set out to achieve at minimum cost to other activities. Unintended consequences ought to be avoided. Old regulations should be examined to see if they are still necessary and desirable. If possible, regulatory changes should be subject to cost-benefit analysis. In this spirit, the New Zealand Government now requires any proposed legislative, regulatory or rule change to be subject to a *Business Compliance Cost Statement* (Ministry of Economic Development 2001a) as part of a commitment to examine the net benefit of any proposed change.

Definition of compliance costs is not an easy matter. We do not mean it to include costs imposed by just any government action. It is arguable whether government activity that involves tax or expenditure should be included. Certainly taxation liabilities themselves, while often the focus of complaint, are not compliance costs, but the costs of doing the paperwork associated with taxation liabilities are. So, too, are the costs of complying with regulations requiring businesses to collect and submit information to various government agencies (for example, surveys required by Statistics New Zealand), as well as the costs of meeting legal obligations relating to third parties (for example, health and safety regulation). Private industry may well be able to shift such costs to the end consumer but, in the first place, the impact of regulation will be on the industry itself.

Apart from taxation, the two main types of regulation that impact on businesses are:

- (1) Regulation to reinforce the advantages of the price mechanism by preventing monopoly situations or by preventing monopoly power from being exercised. This is sometimes known as anti-trust policy.
- (2) The “new” social regulation. This term includes regulation about occupational health and safety, environmental protection, discrimination and consumer protection. Such regulation, including the imposition of standards and informational requirements has vastly expanded

since the 1960s (Utton 1986:75).

The first strand of industry regulation is directed mainly at larger enterprises and is therefore of limited relevance to the small firms that are the focus of our study. The “new” social regulation does not attempt to deal with market structure, conduct or performance of large firms but affects the way all businesses operate and imposes costs on them. The costs of compliance with such regulation tend to fall disproportionately on smaller enterprises (Ministry of Economic Development 2001b:4).

Our theme, then, is that given the necessity of some regulation, but acknowledging that it imposes costs, there is a need for cost-benefit analysis of new and existing regulatory frameworks. *Ceteris paribus*, an increase in regulation will see a corresponding increase in the costs of compliance. However, we should keep in mind that it is unlikely to be true that a firm would not comply with any regulation unless it were forced to do so. A firm may comply with much of current regulation, not because it is forced to, but because some degree of compliance represents rational profit-maximising behaviour anyway. For example, firms presumably find it in their interest to take at least some steps to protect their staff from injuries, such as requiring them to wear protective equipment. If one attempts to calculate compliance costs, it is necessary to work with, not gross costs, but rather with net incremental costs. We need to keep this point in mind because any data gathered inevitably relate, in the first instance, to total compliance costs.

3. Review of the New Zealand situation

Spulber (1989:12) notes that in many countries there has “been an extensive series of efforts to take government out of the marketplace.” In the New Zealand context, the most extensive recent period of “de-regulation” followed the election of the Fourth Labour Government in 1984 and continued through at least the earlier years of the subsequent National administration from 1990. Yet this period can be seen as one of a number of cycles of de- and re-regulation. Quite recently there has been a perception amongst business organizations that the extent of current regulation, some of it put in place since the election of the latest Labour administration in 1999, imposes excessive costs on businesses.

Bollard (1987:26-28) details the history of regulation in New Zealand from the early days of

the colony down to the 1980s. He notes that in “its earliest days the New Zealand legislature was hesitant about regulating commerce at all reflecting a strong self-regulatory ethos of the pioneer economy.” Early pieces of legislation were passed in response to particular perceived problems. For example, the first direct regulatory measure was the Agricultural Implement Manufacture Importation Sale Act (1905), which had the intention of limiting competition from imports, based on an “infant industry” argument. There followed, in 1908, the Monopoly Prevention Act, which was designed to prevent unreasonably high prices of flour, potatoes and wheat. One can note already the tendency for one regulation to build on another in what has been called the “tar-baby” effect (Utton 1986:26). The snowballing of regulation continued throughout the Depression and War years, with a period of rolling back of regulation evident in the 1950s. The stagflation of the 1970s led to a re-imposition of price controls and heavy regulation of the financial services sector. Labour came to power in 1984 with an apparent commitment to rapid restructuring and few ties to major industrial lobbies. Regulatory reform taking five main lines quickly followed:

- (1) Price control was removed.
- (2) Removal of import licences and the reduction in industry protection/ assistance.
- (3) Changes in the way state trading activities were handled, notably the separation of commercial and governmental functions, and the promise of “commercial” criteria for the management of state owned enterprises.
- (4) The reform of a wide range of controls on production and distribution in many industries including freezing works, cement, milk, transport, and finance.
- (5) The promotion of competition by means of the 1986 Commerce Act. The government felt that de-regulation of industry was not enough on its own, but had to be complemented by strengthened competition law. The competition law was designed to remove or prevent constraints imposed by “private or voluntary” regulation.

The economic reforms of the Fourth Labour Government (1984-90) were extensive and swift, with their extent and pace overwhelming even key figures at times.² The National Party, re-elected in 1990, broadly accepted the thrust of reforming policy and “extended it to areas that had largely been untouched: those of social policy and industrial relations” (Goldfinch 2000: 101). It was, in fact, the Fifth Labour Government’s attempts to roll back reform in some

² Consider, for example, David Lange’s (the Prime Minister at the time) famous comment in 1987 that it was time to pause for a cup of tea.

areas, notably labour relations³, which led to its perception as not business-friendly. This, in turn, seems to have prompted government efforts to address this perception by means of the Ministerial Panel on Business Compliance Cost. This Panel was set up by the Ministers of Commerce and Finance in December 2000. The Panel (Ministerial Panel 2001:141) was asked to “provide advice to the Government on ways to reduce unnecessary or over-burdensome compliance costs to businesses arising from central and local government regulation.” The panel was required to pay particular attention to the burden imposed on small- to medium-sized enterprises (SMEs) because of the prevalence of small firms in the New Zealand economy. Businesses employing five or fewer staff (micro-businesses) make up about with 84% of New Zealand enterprises. Businesses employing fewer than 50 staff make up nearly 99% of enterprises.⁴

As part of its consultation process, the Ministerial Panel sent out a questionnaire asking businesses to identify their key compliance costs and to estimate these costs. There was not a huge response to this approach; although the questionnaire was widely distributed, only 86 responses were returned. However, taken in conjunction with 98 formal submissions and a series of regional meetings, the responses do provide some useful guidance on what businesses see as the main issues, rather than any quantitative estimates of costs. The Panel did identify the principal Acts of Parliament perceived by the business sector as imposing burdensome costs.

Six particular Acts of Parliament were identified to the Panel most frequently by business as the source of compliance cost burden. These were: Income Tax Act 1994, Resource Management Act 1991, Health and Safety in Employment Act 1992, Accident Insurance Act 1998, Employment Relations Act 2000, and Statistics Act 1975. In addition, some sector-specific pieces of legislation were mentioned. These included: Hazardous Substances and New Organisms Act 1996, Local Government Act 1974, Funding Powers Act 1988, Building Act 1991, Forest and Rural Fires Act 1977, Conservation Act 1987, Privacy Act 1993, Financial Reporting Act 1993, Securities Act 1978, as well as various transport, food production and consumer legislation.

³ The repeal of the 1991 Employment Contracts Act and its replacement with the Employment Relations Act (2000) being the most high-profile example.

⁴ These are the figures for 2002 as reported in KPMG (2003:11, Table 1) and are sourced from Statistic New Zealand’s Business Demography Statistics.

The Government responded to the Ministerial Panel's report with its own strategy (Ministry of Economic Development 2001b:3). This included, as well as a general commitment to ongoing monitoring and reduction of compliance costs, the implementation of policy requiring that each new legislative proposal be subject to a Business Compliance Cost Statement. A unit within the Ministry of Economic Development (the Business Compliance Cost Unit) was established to oversee this process.

While business organizations appear to have responded positively to this initiative, in 2003 Business New Zealand began its own attempt to collect data on compliance. Its stated intention is to conduct an annual survey "painting a picture of compliance cost levels and trends costs (KPMG 2003:3). The method used for the first survey conducted in the period from 30 June to 11 July 2003 was web-based. The total number of respondents was 760 (KPMG 2003:9). The regional associations making up Business New Zealand sent their members an email back-grounding the survey and urging their participation. Response therefore required that a business have access to the internet⁵ and take the time to complete the web survey. These considerations would appear to bias responses towards those thinking compliance costs to be a major issue as well as towards larger businesses. Indeed, only 33.2% of responses were from businesses with 0-9 employees, although these businesses constitute 91.9% of New Zealand firms. The remaining 66.8% of responses came from firms with over 10 employees (KPMG 2003:11). The Business New Zealand survey's accuracy may also be potentially compromised by the requirement to report a year's information on compliance costs by recall at a point in time. Nevertheless, it does provide the only estimate of compliance costs, both in terms of time spent and direct dollar expenditure, with which we can compare our own results.

4. Study method

Our purpose in the present study is to try to acquire independent and detailed compliance cost information with a particular emphasis on small businesses that, as noted above, comprise the vast majority of New Zealand firms. Our survey design is a compromise between imposing an excessive burden on our participants and collecting accurate information.

⁵ Although a paper option was available, only 11 responses were paper-based (KPMG 2003:9).

Using the issues identified by the Ministerial Panel (2001) and our own knowledge of business as a guide, we attempted to compile a list of all possible compliance costs. Using this list we designed a preliminary questionnaire, which is presented in Appendix A. This questionnaire was intended as a guide for use by the interviewer in a face-to-face interview with the owner or manager of each participating firm. The questions were designed to allow us to establish each firm's understanding of, and attitudes to, compliance costs, as well as to collect basic data relating to firm size.

On completion of this questionnaire we sought each firm's further participation in our research by way of a 13-week commitment to completing a weekly diary of time and dollars spent on activities related to compliance costs. On the basis of its responses to the initial questionnaire, we designed a form, customised for each firm, for completion each week. We requested these forms be mailed back to us at the end of each week of the study and we followed up late forms with a phone call.

We aimed to recruit twenty-five small businesses, defined as firms employing twenty workers or fewer, to take part in the study from the greater Dunedin area.⁶ Five different types of business were surveyed: garages, small engineering firms, hair-dressers, motels and cafes. The final sample included 5 cafes, 5 engineering firms, 5 garages, 4 hairdressers and 6 motels. The firms were chosen at random from the Yellow Pages of the *Otago Phone Book*. A letter was sent to firms inviting them to participate and they were then contacted by phone to ask if they were prepared to participate. The take-up rate differed somewhat across firm types. Twenty engineering firms were invited to take part, before 5 agreed to participate, giving a take-up rate of 25 percent. The rates for the other business types were 25 percent for hairdressers, 33 percent for motels, 45 percent for cafes and 100 percent for garages. The overall take-up rate was 36 percent.⁷

The survey was conducted in three stages. The first stage involved conducting a preliminary structured interview with each firm using the questionnaire described above. Typically the interview was conducted with the owner-operator of the firm, but in some cases the interview was conducted with the person who did the book keeping and other office type work (e.g. a

⁶ Dunedin has a population of approximately 120,000 and is the main centre of the Otago province, situated in the South Island of New Zealand. Dunedin is the fourth largest urban centre in New Zealand, behind Auckland, Wellington and Christchurch.

⁷ It has to be acknowledged that those firms which agreed to participate may well have perceived compliance costs as a greater issue than those who did not. Therefore, the participants in our survey may tend to over-state the problem, although perhaps not to the same extent as those in Business New Zealand's survey.

spouse who did the book work from home).⁸ The interviews were conducted face to face by either one of the authors or a research assistant. Twenty-five firms were interviewed. All firms but two had been in business for a period of at least twelve months. One firm had been in business for only two weeks and another for over six months.⁹ Firms were then asked if they would be prepared to keep a record of all time and money spent on compliance for a period of thirteen weeks. All firms agreed to do this, but in the end only 18 firms provided us with thirteen weeks' worth of data. Once these results had been analysed, firms were invited to take part in a follow up interview. Thirteen firms took part in the follow up interview. A detailed discussion of the results from the study is presented below.

5. Findings

Results from the preliminary interviews

The preliminary interview began with some background questions about the size of the firm. The responses are summarised in Table 1. A typical firm in the survey is quite small. For example, the median firm employs only 4 effective full time workers (FTEs), including the owner, and has an annual turnover of \$350, 000. This compares with a median FTE of 16 in the Business New Zealand survey, but is close to the average FTE size of 4.74 for New Zealand. (KPMG 2003:15). In that sense, although quite a small sample, our survey is representative of the typical New Zealand firm. It should be noted that there is one firm in the sample that is significantly larger than the others, employing 19 effective full time workers (the next highest is 7.5) and having an annual turnover of \$1.5 million (the next highest is \$1 million).

[Table 1 about here]

Questions were also asked about how the firm maintained its financial accounts. Eighteen of the 25 firms operate a system of computerised accounts, 24 do their own day-to-day book keeping (the other firm employs an accountant) and 4 prepare their own annual accounts.

⁸ In the remainder of the paper, when discussing the firm's opinion on a particular issue, it is the interviewee that is being referred to.

⁹ Both firms were retained in the sample, however the firm that had only been in business for a few weeks was excluded from the part of the analysis that asked about compliance in the previous 12 months (the results presented in Table 2).

Having obtained this background information on the firm, the questions turned to compliance costs. The purpose of the first question was to establish the firm's understanding of the term "compliance cost". The question asked, "When you hear people talk about compliance costs, what do you understand them to mean?" Sixteen of the people interviewed demonstrated that they had a very clear idea of what compliance costs were, the remaining 9 either had only a vague idea of what compliance costs were, or said they did not know. A common misunderstanding was to think of the amount of tax paid as a compliance cost, rather than focusing on the time and money spent paying that tax.

The next question asked whether compliance costs were a major issue, a minor issue or no issue at all for their business. There was little consensus on this across firms. Compliance costs were identified as a major issue for 8 firms, as a minor issue for 11 firms and no issue at all for 4 firms. Two firms were unsure how to respond.¹⁰

Firms were next asked "How do compliance costs impact on you and your business?" Some firms thought compliance was a much greater problem than did others. At one extreme, two firms reiterated that compliance costs were not an issue and did not impact on their business. On the other hand, one firm stated that they have *not* taken on additional workers because of the compliance costs involved, and another firm argued that compliance would make them think again before buying another business. Two firms commented on what they perceived as the inflexibility and pedantic attitudes of government departments. Another firm objected strongly to doing unpaid work for the government and 7 firms stated that the major problem was the time compliance took. One engineering firm pointed out that their engineers were expected to become familiar with the health and safety policies of any new clients. The firm's response has been to stop working for some large clients where this is particularly time consuming.

Firms were then shown a list of compliance costs and asked which they had faced in the previous 12 months. For compliance costs they had encountered, they were asked to put that cost into one of the following categories: provides some benefit to my business at a reasonable cost, provides some benefit to my business but at excessive cost, provides no benefit to my business, don't know. Table 2 shows the number of firms that encountered each compliance cost (shown in the second column of the table), and the number that put it into

¹⁰ The face-to-face nature of the interviews allowed us to distinguish this sort of genuine "don't know" response from confusion about the question or unwillingness to respond.

the different categories (shown in columns three to six). Note that the firm that had only been in business for a few weeks has been excluded from this part of the analysis, so the total number of firms is 24.

[Table 2 about here]

There are 40 different compliance costs that at least one firm in the survey was confronted with in the 12 months prior to the interview date. In addition, there were another twelve compliance costs that firms chose to list under the heading of miscellaneous, with each cost being mentioned by only one firm. These are shown in Panel I of Table 2.

The most commonly encountered compliance costs were those relating to tax regulations (Panel A of Table 2), employment relations (Panel B), health and safety (Panel C), checking and filing ACC premiums¹¹ (Panel D), filling in Statistics New Zealand questionnaires and filing returns with the Companies Office (Panel E). All of these affected at least half of the firms in the sample. The least popular compliance costs were those relating to taxation regulations and filing returns with the Statistics New Zealand, with the majority of firms seeing these as conferring no benefits on the firm. However, it should be acknowledged that two firms did think the Statistics New Zealand questionnaires were beneficial to their business at a reasonable cost. Both were motels, and commented that it was useful to receive the statistical summaries back from the Department of Statistics. It is also interesting to note that of the five firms who thought preparing GST (Goods and Services Tax) returns provided some benefit to their business at a reasonable cost, four were motels. Most firms took a softer line when it came to health and safety in employment issues. Almost all firms thought that staff training in hazard management and monitoring hazards conferred some benefit on their business at reasonable cost. One firm even commented on the helpfulness of Occupational Safety and Health staff. However, understanding the Act and reporting incidents and accidents was not so popular. It should also be remembered that one of the engineering firms saw health and safety issues as a major barrier to doing business.

It is also of interest to recall that one of the firms in response to an earlier question had strongly objected to doing the government's work for it. Several of the least popular

¹¹ ACC stands for the Accident Compensation Corporation. This agency administers New Zealand's accident compensation scheme which is a scheme providing personal injury cover for anyone injured in New Zealand, whether at work or not. The scheme is funded, in part, by levies paid by both employees and employers. The employee levy is deducted at source at the same time as income tax.

compliance costs (in the sense of firms saying they were of no benefit to the firm at all) were those that could fall into this category. Examples include making Court, WINZ or IRD ordered deductions from an employee's wages, deducting student loan repayments, verifying the earnings of employees making ACC claims and filling in questionnaires.¹² Some people may argue that GST returns also fall into this category.

To summarise, the results from the preliminary interview indicate that although compliance is perceived as a major problem by a significant number of firms, this is not the majority view. Only 8 of the 23 firms that answered the relevant question thought that compliance costs were a major issue. This is despite the fact that there are some compliance costs that impacted on virtually all (or in one case all) firms in the sample over the previous 12 months. It is also interesting to note that for some of these costs most firms thought the compliance cost concerned conferred no benefit on their business. A good example is the preparation of GST returns. All 24 firms spent time on this task with 15 stating this conferred no benefit on the firm. Similar stories can be told with regard to preparing PAYE and income tax returns and paying employees for statutory and annual holidays.¹³ The negative view of tax, employment relations and health and safety regulations amongst the small firms in our study is consistent with the Business New Zealand survey (KPMG 2003: 20).

Why then did so many firms argue that compliance costs are not a major issue for their firm? In some cases, there seems to be a genuine recognition of some value to the firm from "compliance"; that is, the net cost is less than the gross cost of compliance, although it is not easy to quantify the difference. Another possibility could be that, for some firms, compliance is not a particularly time consuming task.

It should also be remembered that for the firms that did think compliance costs were a major issue, this was a strongly held view. For example, recall that for one firm compliance was given as a reason for not expanding the workforce, another owner said he/she would think again before going into business and another firm refused to work for some potential clients because of the compliance issues involved. Contrary to the hypothesis advanced above that

¹² WINZ stands for Work and Income New Zealand, which is part of the Ministry of Social Development. WINZ is the agency responsible for helping people find work and for paying income support (e.g. unemployment benefits). IRD stands for the Inland Revenue Department. WINZ and the IRD sometimes require employers to make automatic deductions from employees' wages, in addition to income tax. One example is deducting student loan repayments.

¹³ PAYE stands for Pay as You Earn Tax. This income tax is collected off the employee by the employer at source.

compliance may not be particularly time consuming for some firms, 7 firms said the major problem with compliance costs was the time involved in complying.

It would seem the different firms have had different experiences of, and attitudes to, compliance costs. Some firms claim that compliance is time-consuming with others suggesting it is not. The issue of exactly how much time different firms spend on compliance and the extent to which this varies across firms, is the focus of the second part of the study.

Diary of Time and Money Spent on Compliance

At the end of the preliminary interview firms were invited to keep a record of the time (and money) spent on compliance over a 13-week period, beginning in June/July 2003.¹⁴ Firms who agreed to take part were supplied with a time sheet for each week, which they were asked to return at the end of each week. Firms that did not send returns in promptly were reminded by phone. Eighteen of the original 25 firms saw the survey through to completion.¹⁵ The summary statistics on firm size for these 18 firms are given in Table 3 below. Note that these summary statistics are not much different to those for the full sample of 25 firms.

[Table 3 about here]

It should also be noted that of these 18 firms, 10 described compliance costs as a minor issue in the preliminary interview. Six firms described compliance as a major issue and the remaining two gave no response. None of the four firms that described compliance as “not an issue at all” completed the 13 weeks of time sheets. This suggests the 18 firm sample is not representative of the 25 firm sample, and may bias the results towards finding high amounts of time and money spent on compliance.¹⁶

The amount of time spent on compliance per week by firm type is shown in Table 4. Note that of the 18 firms included in this part of the survey, 4 are motels, 4 cafes, 3 hairdressers, 3 engineering firms and 4 garages.

¹⁴ Firms did not all participate during exactly the same 13-week period because they entered the diary phase of the study immediately after the preliminary interview.

¹⁵ A small number of firms had one or two weeks missing. These firms were kept in the survey. For these firms, all averages reported below are based on the number of weeks for which returns were made.

[Table 4 about here]

Before discussing the results presented in Table 4, it should be noted that of the four garages in the sample, two chose to include the time taken to put Warrant of Fitness stickers on cars, and the paper work associated with issuing a Warrant of Fitness, as a compliance cost. In our view, this activity is a service for which customers are charged, not a compliance cost.

Garages expressed frustration at the low fee they feel they have to charge for warrants in order to keep customers' other business, but this has more to do with competitive forces than compliance costs. In any case, given that we only have this information for two out of the four garages, we chose not to count this as a compliance cost for the sake of consistency. The average amount of time the two garages spent issuing warrants was 11 hours and 55 minutes per week.

The results presented in Table 4 show that the average amount of time spent on compliance by the 18 firms was just over an hour per week. The maximum figure is 159 minutes (2 hours and 39 minutes) and the minimum a mere 6 minutes per week. Only one firm spent more than two hours a week on compliance, with another firm spending exactly two hours a week on compliance. Another 5 firms spent between one and two hours per week on compliance, with the remaining 11 firms spending less than an hour a week on compliance. There is some degree of variation across firm types with hair-dressers, engineering firms and motels all spending more than twice as much time on compliance as garages. However, in a small sample, these differences may not be significantly different in a statistical sense.

An obvious question to ask is whether spending one or two hours a week on compliance is a lot of time or not. There is probably no correct answer to this question, and to someone running a business, this may well be a significant intrusion into the working week. However, we can state that this is not a high proportion of a forty-hour working week. This figure also stands in striking contrast to those of the Business New Zealand study. That study reports annual hours spent on compliance costs were 271 for firms of 1 to 5 FTEs, which equates to 313 minutes per week. This amounts to more than five times our average finding. In fact, the longest time any firm in our sample spent on compliance costs was 159 minutes per week or about 138 hours per year. Moreover, for firms of sizes 6-9 FTEs and 10-19 FTEs the Business New Zealand survey reports annual hours spent as 654 and 743, respectively (KPMG 2003:36), which is up to 15 times what we found. There are various possible

¹⁶ As does the self-selection problem discussed in footnote 5.

explanations for this. One possibility¹⁷ is that our results are based on recording the amount of time they spend on compliance week by week, rather than relying on recall of how much time they spent on compliance for a whole year. It is possible that when asked to recall how much was spent on compliance, there may be a tendency to over estimate. This is consistent with the fact that several firms in our study stated in the preliminary interview that they spent a lot of time on compliance, but that only one firm actually turned out to spend more than two hours per week on compliance.

We also calculated the average amount of time spent on compliance per employee. The results are presented in Table 5. Hairdressers spend the most time on compliance per employee, whether measured on the basis of the average or median. Focusing on the average suggests that engineering firms are the next highest, but this is dominated by one firm, which explains why the median figure for engineering firms is so much lower than the average. Across all firm types, firms spend an average of 10.74 minutes per employee on compliance per week. This amounts to slightly over 9.3 hours per FTE per annum. Using the same conservatively estimated hourly wage rate as the Business New Zealand study (KPMG 2003:35) gives an estimate of \$177 per FTE p.a. This estimate differs by an order of magnitude from that found by KPMG (2003:36, Table 26). For firms with fewer than five employees that study found these costs to be \$1628 per FTE p.a.¹⁸

[Table 5 about here]

It is also of interest to consider whether firms who stated in the preliminary interview that compliance was a major issue tend to spend more time on compliance than firms that said it was a minor issue. Recall that of the 18 firms that completed the time sheets, 6 described compliance as a major issue and 10 as a minor issue. No firms said that compliance was not an issue, and 2 firms did not provide an answer. The summary statistics obtained when firms are disaggregated into major and minor are given in Table 6. The sample was not disaggregated by firm type, because of the small number of firms this would have given in each category.

¹⁷ Our sample is, of course, restricted to the Otago region, but it is scarcely credible that small businesses in this region are much more efficient at handling compliance costs than firms in other regions.

¹⁸ Table 26 of KPMG (2003) reports an “average internal cost” for such firms of \$5160. Using the average total cost and average total cost by FTE also reported in Table 26, this figure can be converted to an FTE basis. For firms in the ranges of 6-9 and 10-19 FTE the corresponding costs per FTE p.a. are \$1729 and \$1206, respectively, both figures way out of line with our findings.

[Table 6 about here]

It would seem that the amount of time spent on compliance is consistent with the answers given in the preliminary interview, in the sense that the firms that said compliance as a major issue spent more than twice as much time on compliance as those that said it was a minor issue.

The analysis now turns to the amount of money spent on compliance. Getting information on the amount of money spent on compliance is not as straightforward as gathering information on the amount of time spent on compliance. One key reason for this is that money spent on compliance tends to occur on a less regular basis than does time. For example, the major expense for many firms is likely to be paying their accountant to do their income tax return, but this happens only once a year (and most firms did not pay their accountant at all during the sample period, even though all firms use the services of an accountant). It is also open to debate what proportion of this is actually a compliance cost. If firms were preparing annual accounts anyway, then the marginal cost of preparing a tax return will be minimal. However, if the only reason firms prepare annual accounts is to meet tax regulations, the whole cost could be considered a compliance cost.

Having said this, we attempted to estimate how much firms spent on compliance in the following manner. All 18 firms provided information each week on the amount of money they spent on compliance. As part of the follow up interview, described more fully below, we asked firms how much they had paid their accountant in the calendar year 2003. Thirteen of the 18 firms agreed to take part in the follow up interview.¹⁹ However, the firm that had not been in business for a full year had to be excluded, as they had not had to prepare an income tax return. For the remaining 12 firms we are able to derive an estimate of how much money they spend on compliance per week. Of these 12 firms, 3 are motels, 2 cafes, one a hairdresser, 2 engineering and 4 garages. To obtain the estimate of the dollar cost of compliance we assume that all of the money paid to the firm's accountant represents a compliance cost. We then added on any other dollar costs of compliance from the weekly summaries, additional to those involving the payment of an accountant. By assuming that all money paid to an accountant represents a compliance cost we are obtaining an upper bound on the amount of money spent on compliance.

¹⁹ Of the remaining firms, one had changed ownership since the survey had been conducted, and the other four chose not to take part.

Given the small number of firms in some firm types, it does not seem worth reporting the results by firm type. Table 7 reports the average dollar amount spent on compliance per week across all firms. Also shown is the amount spent on compliance if payments to accountants are excluded. Other summary statistics are also provided.

[Table 7 about here]

The average dollar amount spent on compliance per week was \$110.19 (or \$5730 per annum), with a median of \$73.44 (\$3818 p.a.). The largest amount spent per week by any one firm was \$464.05 (\$24,131 p.a.). However, the firm concerned noted that this was due to the fact that it was their first year in business, and they would expect their accounting costs to be significantly lower in subsequent years. The next highest figure was \$222.53 per week (\$11,572 p.a.). For 8 firms the figure was less than \$100 per week (\$5200 p.a.), although only 2 firms recorded a figure of less than \$50 per week (\$2600 p.a.). According to the KPMG (2003:36, Table 26) survey, firms with FTEs in the range 0-5 in their sample spent, on average, over \$21,000 p.a on such costs, rising to \$31,429 for firms in the 10-19 FTE range, very notably more than all but the one firm in our sample new to business.

It is clear from table 7 that payments to an accountant make up the majority of compliance costs. Not obvious from the table is the fact that, for three firms, payments to an accountant were the only compliance cost incurred. After payments to an accountant, the next largest compliance cost was the payment of memberships to an organisation firms were required to belong to. This particular cost was highest for garages, which are required to belong to the Motor Trade Association if they issue Warrants of Fitness.

Follow-up Interviews

The analysis of the time spent on compliance above suggested that, although a significant number of firms in the sample considered compliance to be a major issue, there was only one firm that spent more than two hours a week on compliance issues. To explore this issue more fully, we contacted each of the 18 firms and asked them a series of follow up questions, including the question discussed above about how much they paid their accountant in 2003. A letter was sent to each firm listing the follow up questions. The letter was followed up with

a phone call and the questions answered over the phone. Thirteen firms took part in the follow up interview. We asked two questions about the time spent on compliance. The first was to report back how much time they spent on compliance per week during the sample period and to ask whether they still considered compliance to be a major or minor issue as indicated in the preliminary interview. The second question asked whether they spent a solid period of time on compliance each week, or whether this was done over several smaller periods of time.

Of the 13 firms that took part in the follow up interview, one had not indicated in the preliminary interview whether compliance costs were a major or minor issue for their firm. Of the remaining 12 firms, 5 had described compliance as a major issue, and 7 as a minor issue. When asked if they wished to change their mind, 10 kept to their original view. Two of the firms that had originally described compliance as a minor issue (both garages who had included the paper work associated with Warrants of Fitness as a compliance cost) now said that compliance was more than minor, but they stopped short of describing it as a major issue. The majority of the firms gave a reason for why they still thought compliance was a major or minor issue.

Two firms, both motels, who thought compliance costs were minor chose to elaborate. One firm said that although the number of compliance issues was increasing over time, the amount of time spent on each one was falling due to technology (e.g. computers). The other firm said that you got used to filling in all the forms, and that it filled in the down time when there was no other work to do.

Five of the firms that thought compliance was a major issue chose to elaborate. Two made the point that compliance is higher at certain times of the year (one suggested earlier in the year, the other later) that were not covered by the period of our survey. Another firm noted that they had spent a lot of time on health and safety issues immediately following the survey period. Two firms commented on the fact that it is not the total amount of time spent on compliance that is the problem, and one admitted that the total amount of time did not seem high. Instead the problem is that dealing with compliance takes up several small periods of time per week. There was also a suggestion from one firm that it is always in the back of your mind that there is some compliance issue that has to be dealt with and that it has to be done when government officials want it done. Another firm took the opportunity to reiterate that they deliberately kept their number of employees low, to minimise compliance costs.

Another firm reiterated that health and safety regulations made in unprofitable to work for some large clients.

When specifically asked the second question about whether compliance was dealt with in a solid block of time or several smaller periods of time, 8 of the firms said that they tended to spend several periods of time on compliance each week, 3 that they tended to do it in a solid block and 1 firm said that it varied.

These results suggest that even if the amount of time spent on compliance per week by the small businesses in our sample does not seem incredibly high, that compliance is still considered a major issue by a significant number of firms. There are different reasons for this. Some firms are of the view that the time they spend on compliance is high, whereas others are not so concerned about the total amount of time spent on compliance, but the fact that there are several compliance issues to deal with each week. This was seen as a source of stress by at least one firm.

6. Conclusion

This study of the extent of compliance costs facing small businesses in New Zealand took place in three stages: a preliminary interview, a 13-week period where records were kept of the time and money spent on compliance, and a follow-up interview. Twenty-five firms took part in the preliminary interview, 18 kept records for 13 weeks, and 13 took part in the follow-up interview. This is a reasonably small sample and it could also be argued that it would have been beneficial to conduct the survey over more than 13 weeks. However, keeping track of a large number of firms over a long period of time would be a major undertaking. Existing studies with larger samples are typically based on one interview, which is not conducted face to face, and rely on recall rather than getting firms to keep records on the amount of time spent on compliance. There is clearly a trade off between the size of the sample and the amount of information that can be extracted over time from a given firm.

One striking feature of the results is that different firms have different attitudes to compliance costs. Some firms in the sample perceived compliance as a serious issue that was preventing them from expanding their business, others saw compliance as being only a minor issue, or in some cases no issue at all. Some types of compliance came in for more criticism than others.

Those that were perceived as doing the government's work for them (e.g. PAYE returns) were the least popular, while some aspects of the health and safety regulations were looked on much more favourably.

The time sheets kept by firms suggest that most firms spend somewhere in the region of one to two hours per week on compliance issues. Some firms consider this to not be excessive, others do. This is understandably a matter of opinion. To a busy owner-operator of a firm who does the day-to-day book-keeping herself, any interruption in the working day is going to seem like more than a minor issue. To other firms where there are less busy times of the day to catch up on paperwork it may not seem so excessive. This may be borne out by the fact that there was some evidence motels were less concerned with compliance than some other business types, even though motels spend an above average amount of time on compliance. Some firms objected not so much to the amount of time they spend on compliance, but to the fact that they have to spend several small periods of time on compliance per week.

It also needs to be kept in mind that some firms are likely to object to compliance if they are hit with one major compliance item every now and then (e.g. having to get resource consent). No such issues came up with any firms during the period of the survey, but some firms reported having such experiences in the weeks prior to the survey.

From a policy perspective, these results are important. Simply reducing the amount of time spent on each individual compliance task will not seem like an improvement to some firms. What is needed to satisfy them is a reduction in the number of tasks.

Our quantitative results are in sharp contrast to the Business New Zealand survey conducted in the same year (KPMG 2003). In terms of time spent on compliance costs, the Business NZ survey findings are higher than ours by a factor of 5, while with regard to direct dollar expenditure, they are higher by a factor of 10 or more. The main reason for these striking differences, it would seem, lies in the method of data collection. We regard the weekly diary and follow-up interview as inherently more reliable than recall of a year's worth of activity, especially in the case of time spent. We also believe that our sample is more representative of small New Zealand businesses, whereas the KPMG survey is dominated by relatively large firms. We consider our approach worthy of replication at a larger scale, over more locations

and a longer time frame. The main constraint on achieving this is the resource-intensity of the method.

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Table 1: Summary Statistics For Firms Included in the Sample

	Number of Workers (including owner)	Effective Full Time Workers (including owner)	Annual Turnover
Average	6.36	4.84	400, 869
Median	6	4	350, 000
Standard Deviation	4.02	3.55	323, 533
Maximum	20	19	1, 500, 000
Minimum	1	1	50, 000

Table 2 Compliance costs by type

Compliance Cost	Encountered cost in previous 12 months	Some benefit at reasonable cost	Some benefit but at excessive cost	No benefit	Don't know
<i>Panel A: Compliance with tax regulations</i>					
Preparing your GST returns	24	5	4	15	0
Preparing your Fringe Benefit Tax return(s)	3	0	0	3	0
Preparing your PAYE returns	23	3	2	18	0
Preparing your income tax return	21	5	1	15	0
Making court, WINZ or IRD ordered deductions from an employee's wages	11	0	0	10	1
Deducing student loan repayments	10	0	0	9	1
<i>Panel B: Compliance with employment relations regulations</i>					
Paying employees for statutory holidays	22	7	1	14	0
Paying employees for annual holidays	22	7	1	14	0
Paying employees while they attended "stop work" meetings	0	0	0	0	0
Paying employees while they attended "Employment Relations Training" programmes	1	1	0	0	0
Deducting and remitting union dues from employee wages	0	0	0	0	0
Making redundancy payments	1	0	1	0	0
Paying time in lieu of notice, to a dismissed employee	2	0	0	2	0
Defending a claim of unjustified dismissal	1	0	0	1	0
Negotiating a collective employment contract with the Union or an individual employment contract	6	3	1	2	0
Recruiting and training a person to replace an employee taking parental leave	1	0	1	0	0

Table 2 continued

Compliance Cost	Encountered cost in previous 12 months	Some benefit at reasonable cost	Some benefit but at excessive cost	No benefit	Don't know
<i>Panel C: Compliance with health and safety in employment regulations</i>					
Understanding the requirements of the Act	18	8	3	6	1
Preparing a hazard management plan	11	5	3	3	0
Staff training in hazard management	13	11	2	0	0
Monitoring hazards	15	12	3	0	0
Reporting incidents and accidents	9	3	2	4	0
Paying an employee to attend Union or Government sponsored HSE seminars or programmes	2	1	1	0	0
<i>Panel D: Compliance with ACC regulations</i>					
Checking or filing ACC premiums	21	4	0	16	1
Verifying the earnings of employees making a claim for a work-related injury	10	1	0	8	1
Verifying the earnings of employees making a claim for a non-work related injury	7	0	0	6	1
Disputing or providing information to the ACC about a claim	3	0	0	3	0
<i>Panel E Compliance with Statistics Department, Companies Office and building regulations</i>					
Filling in a Statistics Department questionnaire(s)	20	2	1	17	0
Obtaining a building WoF	9	4	2	3	0
Filing returns with the companies office	14	3	0	8	3

Table 2 continued

<i>Panel F: Compliance with Resource Management Act regulations</i>					
Preparing an environmental impact report	1	0	0	1	0
Filing a resource consent application	3	1	1	1	0
Dealing with objections to a consent application	1	0	0	1	0
Having your case heard in the Environment Court	0	0	0	0	0
Paying for a Regional Council assessment of your consent application	2	0	1	1	0
Paying for a Regional Council “inspection” of any sort	4	1	2	1	0
<i>Panel G: Compliance with City Council by-laws and district plan regulations</i>					
Obtaining certification for your operation	9	1	2	6	0
Filing an application for planning approval	1	0	0	1	0
Filing an application for a permit of any kind	4	0	2	2	0
Paying for a council inspection of any sort	9	2	2	5	0
<i>Panel H: Compliance with labelling, notices and certification regulations</i>					
Preparing labels to meet legal requirements	4	3	0	1	0
Issuing notices to meet legal requirements	4	2	0	2	0
Obtaining compulsory certification for staff	10	6	2	2	0
Paid a membership fee to any organisation you are required by regulations to belong to	9	3	4	2	0
<i>Panel I: Other compliance costs (each mentioned by one firm)</i>					
Audits, Apprenticeship Act, employment relations agreement, compliance with client health and safety in employment policies, driver and forklift licensing, tree modification, LTSA special vehicle certification, crane inspection, environmental health transfer of ownership, warrants of fitness, WINZ scheme, electrician to inspect premises.					

Table 3: Summary Statistics For Firms that Completed the 13-week Survey

	Number of Workers (including owner)	Effective Full Time Workers (including owner)	Annual Turnover
Average	6.72	5.08	391, 177
Median	6	4.25	350, 000
Standard Deviation	4.39	3.90	323, 533
Maximum	20	19	1, 500, 000
Minimum	2	1.5	110, 000

Table 4: Time Spent (minutes) on Compliance per Week by Firm Type

Firm Type	Average	Median	Standard Deviation	Maximum	Minimum
Motels	74.25	77.5	48.16	120	22
Cafes	56.75	55.5	43.18	110	6
Hair Dressers	86	53	63.32	159	46
Engineering	80	109	51.10	110	21
Garages	35	38.5	18.57	53	10
TOTAL	64.55	49.5	44.08	159	6

Table 5: Time Spent (minutes) on Compliance per Week per Employee by Firm Type

Firm Type	Average	Median	Standard Deviation	Maximum	Minimum
Motels	10.96	11.61	3.93	15	5.62
Cafes	6.79	5.34	6.40	15.71	0.75
Hair Dressers	16.89	17.67	1.35	17.67	15.33
Engineering	12.67	5.5	12.63	27.25	5.25
Garages	8.43	9.7	3.53	10.6	3.33
TOTAL	10.74	10.8	6.59	27.25	0.75

Table 6: Time Spent on Compliance per Week When Firms Are Disaggregated On The Basis Of Whether They Described Compliance As A Major Or Minor Issue

Major/Minor	Average	Median	Standard Deviation	Maximum	Minimum
Major	93	109.5	30.81	120	44
Minor	39.2	39	29.72	110	6

Table7: Direct Dollar Amounts Spent on Compliance per Week

	Average	Median	Standard Deviation	Maximum	Minimum
All costs	110.19	73.44	124.33	464.05	13.46
Excluding payments to Accountant	47.26	33.76	60.82	215	0

Appendix A: Questionnaire for structured interviews

Business Name:

Date of Interview:

Interview Conducted By:

Compliance Costs Incurred by SBEs in New Zealand

In-depth Interview Guide

1. Explain the purpose of the study
2. Assure confidentiality [*give copy of info sheet*]
3. Explain the four stages
 - Obtaining some background information on the business
 - Identifying CCs and obtaining SBE attitudes towards them
 - Recording and calculating the extent of the costs incurred
 - Finding out the extent to which CCs inhibit entrepreneurial and other activity
(esp. employment, R+D, growth orientated activities)
4. Explain what is involved and invite them to participate in the study
5. Get them to sign the consent form.

Background Information on the Business

I/We will begin by asking you some background questions about your business. This information will enable us to determine the significance of compliance costs, relative to the size of your business. We also have a couple of questions about how your book-keeping is done. Like all the information you provide us with, this information will be treated as confidential.

1. How many workers do you employ? (count the manager as an employee)

2. How many effective full-time workers do you employ? (eg, count someone working half time as 0.5 of an effective full-time worker).

3. What is your annual turnover?

4. Do you have a computerised system of accounts?

5. Do you do the day-to-day book-keeping yourself or employ someone else to do it?

6. Do you prepare the annual accounts yourself or employ someone else to do it? If you employ someone else, is this a regular staff member or an accountant?

Compliance Costs

1. When you hear people talk about compliance costs, what do you understand them to mean?

2. To what extent are compliance costs an issue for you and your business?

- Major, minor, not an issue

- Why/ why not?

- Which CCs?

4. How do these CCs impact on you and your business?

5. I have a list of CCs, would you please tick those that your business incurs.

Hand list

6. I'll give you the same list but this time I would like you to indicate the extent you think the cost exceeds the benefit you derive from the activity.

7. We would like you to fill in a form every week for the next three months that keeps track of how much time you spend complying with different government regulations. We will put together a customised form for your business, based on the compliance costs that have been identified in this interview as being significant for your business.

Thank you very much for taking part in the study. We expect to find it very revealing, I hope you find it interesting and worthwhile as well. Here are the contact details of the researchers if you ever want to get in touch with them.

For each of the following Compliance Costs please indicate the extent to which they provide you with some “benefit” to off-set the cost incurred

1.Compliance with tax regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Preparing your GST returns		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparing your Fringe Benefit Tax return(s)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparing your PAYE returns		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparing your income tax return		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Making court, WINZ or IRD ordered deductions from an employee's wages		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deducting student loan repayments		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Compliance with employment relations regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Paying employees for statutory holidays		[]	[]	[]	[]
Paying employees for annual holidays		[]	[]	[]	[]
Paying employees while they attended union "stop work" meetings		[]	[]	[]	[]
Paying employees while they attended "Employment Relations Training programmes"		[]	[]	[]	[]
Deducting and remitting union dues from employee wages		[]	[]	[]	[]
Making redundancy payments		[]	[]	[]	[]
Paying time in lieu of notice, to a dismissed employee		[]	[]	[]	[]
Defending a claim of unjustified dismissal		[]	[]	[]	[]
Negotiating a collective employment contract with the Union		[]	[]	[]	[]
Recruiting and training a person to replace an employee taking parental leave		[]	[]	[]	[]

3. Compliance with health and safety in employment regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Understanding the requirements of the Act		[]	[]	[]	[]
Preparing a hazard management plan		[]	[]	[]	[]
Staff training in hazard management		[]	[]	[]	[]
Monitoring hazards		[]	[]	[]	[]
Reporting incidents and accidents		[]	[]	[]	[]
Paying an employee to attend Union or Government sponsored HSE seminars or programmes		[]	[]	[]	[]

4. Compliance with ACC regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Checking or filing ACC premiums		[]	[]	[]	[]
Verifying the earnings of employees making a claim for a work-related injury		[]	[]	[]	[]
Verifying the earnings of an employee making a claim for a non-work related injury		[]	[]	[]	[]
Disputing or providing information to the ACC about a claim		[]	[]	[]	[]

5. Compliance with Statistics Department, Companies Office and building regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Filling in a Statistics Department questionnaire(s)		[]	[]	[]	[]
Obtaining a building WoF		[]	[]	[]	[]
Filing returns with the companies office		[]	[]	[]	[]

6. Compliance with Resource Management Act regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Preparing an environmental impact report		[]	[]	[]	[]
Filing a resource consent application		[]	[]	[]	[]
Dealing with objections to a consent application		[]	[]	[]	[]
Having your case heard in the Environment Court		[]	[]	[]	[]
Paying for a Regional Council assessment of your consent application		[]	[]	[]	[]
Paying for a Regional Council "inspection" of any sort		[]	[]	[]	[]

7. Compliance with City Council by-laws and district plan regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Obtaining certification for your operation		[]	[]	[]	[]
Filing an application for planning approval		[]	[]	[]	[]
Filing an application for a permit of any kind		[]	[]	[]	[]
Paying for a council inspection of any sort		[]	[]	[]	[]

8. Compliance with labelling, notices and certification regulations

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
Preparing labels to meet legal requirements		[]	[]	[]	[]
Issuing notices to meet legal requirements		[]	[]	[]	[]
Obtaining compulsory certification for staff		[]	[]	[]	[]
Paid a membership fee to any organisation you are required by regulations to belong to		[]	[]	[]	[]

9. Miscellaneous

	Tick if you have spent some time complying in the past 12 months	Provides some benefit to my business at a reasonable cost	Provides some benefit to my business but at excessive cost	Provides no benefit to my business	Don't know
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>