



# Special report – Government

MYOB Business Monitor May 2010

The voice of New Zealand's business owners

## Executive Summary & Quick Links

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'Knowing which Government legislation and compliance changes are relevant to my business' is seen as the most difficult challenge of 18 nominated specific business tasks with 42% of business owners who find this task difficult (quite or very difficult).

The types of business encountering legislative and compliance difficulties are most likely to be:

- Agriculture, Forestry and Fishing (55%),
- Exporters (51%)
- Manufacturing & Wholesale (48%)
- Retail and Hospitality (46%)
- Medium sized businesses(45%)
- Micro businesses (45%)
- Start-up business <2 years old (46%)

Just under a third of New Zealand business owners surveyed are currently dissatisfied with the Government's level of support for businesses like theirs, compared to only 19% that are satisfied.

Marginally more business owners believe that the Government's support for businesses like theirs is better than it was a year ago with 32% seeing an improvement in March 2010, compared with 27% in November 2009. 45% of larger businesses think things are better.

One fifth of New Zealand business owners feel that the regulatory environment has become worse over the past year, and another fifth feel that it has become better. Wellington based business are the least satisfied with the regulatory environment, with only 16% seeing an improvement compared with 27% of Auckland based businesses that see things as "better".

Improved access to information such as [www.business.govt.nz](http://www.business.govt.nz) continues to be seen as the most helpful of the Government changes and initiatives in March 2010, as it was in November 2009. Business owners are most negative about the possibility of increases to the GST rate with 52% seeing that as "unhelpful".

Business owners continue to be unhappy with ACC changes (45% see as "unhelpful") and with the Government's climate change initiatives (29% regard these as "unhelpful").

Another key concern for the Government is the number of business owner's who are "unaware" or see initiatives as "irrelevant". Despite being a key pain point for most employers, 46% of businesses are unaware of the changes and likely amendments to the Holidays Act and key employment legislation.

More than half of all business owners are "unaware" of the following initiatives; youth wage subsidy scheme, export development support and the Government's online business tools.

## Table of Contents

<b>Executive Summary &amp; Quick Links</b> .....	<b>2</b>
<b>About the Study</b> .....	<b>4</b>
<b>Present satisfaction with the Government’s support of NZ Businesses</b> .....	<b>6</b>
<b>Whether the Government’s support is better or worse versus a year ago</b> .....	<b>9</b>
<b>Whether the regulatory environment is better or worse versus a year ago</b> .....	<b>12</b>
<b>The helpfulness to business of twelve Government changes or initiatives</b> .....	<b>15</b>

## About the study

The MYOB Business Monitor is designed to research key areas of business performance, including profitability, cash flow and pipeline work, as well as business confidence and satisfaction in the support of Government. This report presents the summary findings for key indicators from the MYOB Business Monitor comprising a national sample of **1,006** business proprietors and directors, conducted in **March 2010**. The businesses participating in the online survey are defined as both non-employing and employing businesses with 0 employees ('sole traders'), 1-4 employees ('micro businesses'), 5-19 employees ('small businesses') and 20-199 employees ('medium businesses'). Industries have been grouped (see next page) for the purposes of providing meaningful results based upon sample segments of reasonable size, and with a lower margin of error.

This research report was prepared by *The Financial Research Company* and fieldwork was completed by *Colmar Brunton* (a Millward Brown Company) for Julian Smith, General Manager – New Zealand, MYOB NZ Limited [julian.smith@myob.com](mailto:julian.smith@myob.com) | [www.myob.co.nz](http://www.myob.co.nz)

The findings of this research are reported by industry type:  
(Industries have been grouped as follows for the purposes of providing meaningful results based upon sample segments of reasonable size, and with a lower margin of error. Occasionally in this report, industries have been de-grouped where there are very different results between those in an industry grouping.)

Industry	Sample
Agriculture, Manufacturing & Wholesale	242
Construction & Trades & Transport	134
Finance & Insurance	74
Professional & Business Services	334
Retail & Hospitality	113
Other Industries (not included above, but included in total results)	109
<b>Total</b>	<b>1,006</b>

The findings of this research are also reported by Auckland, Wellington, Christchurch and Rest of New Zealand for some questions, and the sample size in each of these segments is as follows:

Location	Sample
AUCKLAND	369
WELLINGTON	139
CHRISTCHURCH	109
REST OF NEW ZEALAND	389
<b>Total</b>	<b>1,006</b>

The findings of this research are also reported by City/Metro, Regional and Rural for some of the questions, and the sample size in each of these segments is as follows:

Location	Sample
CITY/METRO	365
REGIONAL NEW ZEALAND	417
RURAL NEW ZEALAND	224
<b>Total</b>	<b>1,006</b>

The findings of this research are also reported by the number of employees in each of the businesses surveyed and was capped for companies with less than 200 employees. The proportions of sole, micro, small and medium businesses are broadly in line with their proportions of all businesses in New Zealand, which explains the smaller size of the Small Business and Medium Business segments:

Number of Employees/Business Type	Sample
0 Employees/Sole Traders	692
1-4 Employees/Micro Business	210
5-19 Employees/Small Business	76
20-199 Employees/Medium Business	28
0-199 Employees/ Sole, Micro, Small, Medium Businesses	1,006

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## Present Satisfaction with the Government's support of New Zealand Business

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**Just under a third of New Zealand business owners surveyed are currently dissatisfied with the Government's level of support for businesses like theirs, compared to only 19% that are satisfied with the Government's support.**

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**While 46% of business owners surveyed are neutral about the Government's support for businesses like theirs, 31% are dissatisfied and only 19% are satisfied with the Government's level of support at this time.** (See Figures 1 and 1.2) **This dissatisfaction level is 7% less than current dissatisfaction with the Federal Government in Australia (38%) in terms of their support for Australian businesses.**

### **Owners of medium businesses are most dissatisfied with the Government's support**

37% of medium business owners are dissatisfied with the Government's performance, but they are less like to be neutral, as 24% of them are satisfied with the Government's level of support. While micro business owners are slightly less dissatisfied (33%) than medium business owners are, they also report the least satisfaction (18%). (See Figure 1.1)

### **Business owners in Wellington more dissatisfied than business owners in other locations**

Only 19% of Wellington based business owners are satisfied with the Government's support, while 36% of them are dissatisfied with that support. Business owners in Christchurch and the Rest of New Zealand (49% and 48% respectively) are more likely to be neutral. (See Figure 1.2)

### **Business owners in Retail & Hospitality, Construction & Trades and Transport most dissatisfied and least satisfied with the Government's support**

Business owners in the Retail & Hospitality industry express 40% dissatisfaction (up from 34% in Nov 09) and 14% satisfaction, and business owners in the Construction & Trades industry express 37% dissatisfaction and 14% satisfaction with the Government's support for businesses like theirs. (See Figure 1.3)

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Base: Business owners and directors (n = 1,006)

Q: How satisfied are you with the Government's level of support for businesses like yours at this time?

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Figure 1: Dissatisfaction & Satisfaction with the Government's support of business in New Zealand: By Total Sample (% of n = 1,006)

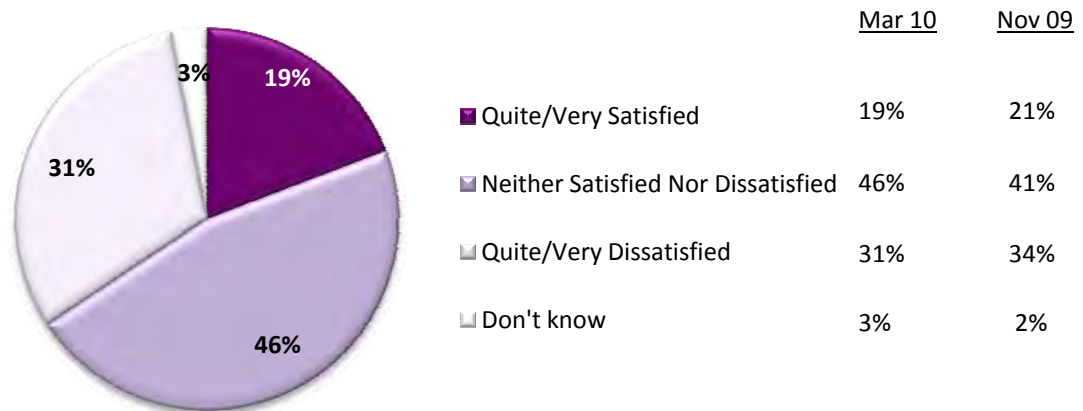


Figure 1.1: Satisfaction & dissatisfaction with the Government's support of business in New Zealand: by Business Size / Number of Employees (% of n=1,006)

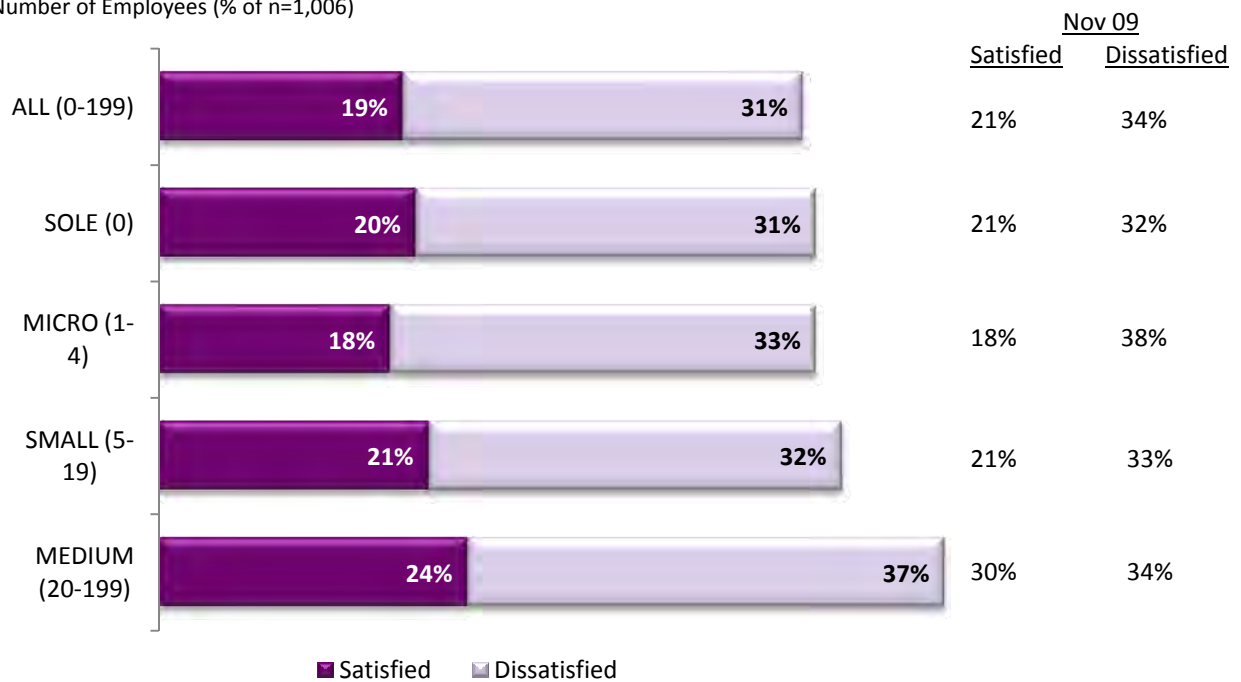




Figure 1.2: Satisfaction & dissatisfaction with the Government’s support of business: by Location (% of n = 1,006)

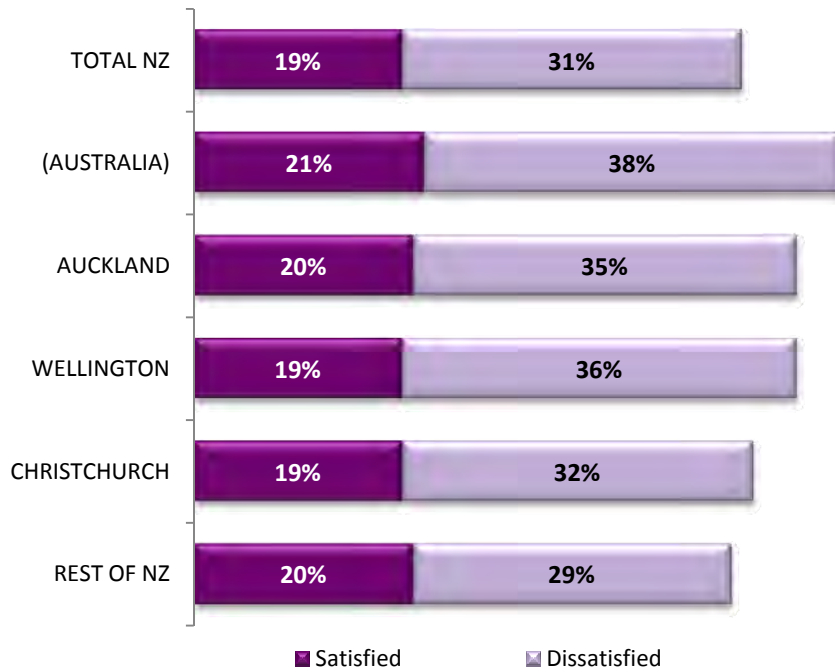
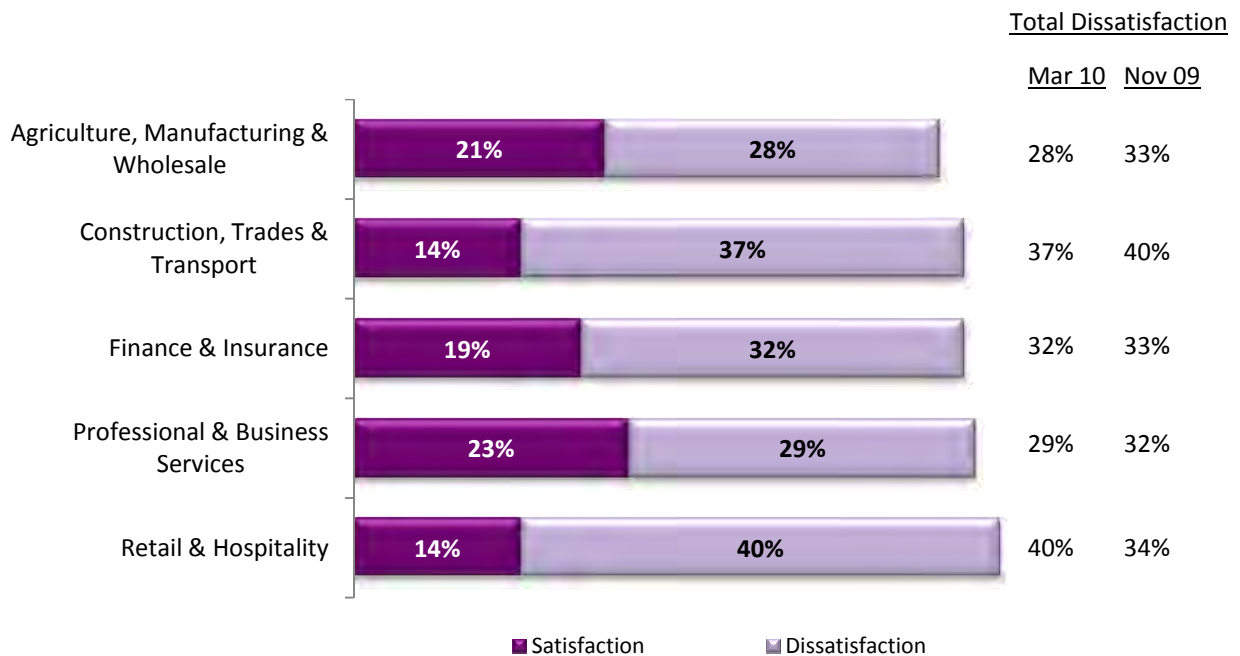


Figure 1.3: Satisfaction & dissatisfaction with the Government’s support of business: by Industry (% of n = 1,006)





## Whether the Government’s support is better or worse versus a year ago

### Business owners believe that the Government’s support for businesses like theirs is better than it was a year ago

While 43% of business owners surveyed are neutral on this subject, 32% indicate that the Government’s support is better than it was a year ago, and 21% say that it is worse (the political affiliation of each respondent is not known). (See Figure 2)

### Owners of medium sized businesses are more positive and most likely to think that the Government’s support has improved compared with a year ago

45% of medium business owners feel that the Government’s support has improved in the last year. The feelings of business owners in sole (31%), micro (31%) and small businesses (34%) are broadly in line with the averages recorded amongst all business owners in this survey. (See Figure 2.1)

### Business owners in Christchurch and Auckland more positively compare the Government’s support versus a year ago than business owners in Wellington and Rest of New Zealand do

37% of Christchurch and 35% of Auckland business owners say that the Government’s support for businesses like theirs is better than it was last year. Yet only 28% of business owners in Wellington see improvements in the Government’s support, compared with 21% there who see that support as worse than a year ago. (See Figure 2.2)

### Business owners in Transport are the most positive about the Government’s support

Twice as many business owners in the Transport industry are positive (40%) than are negative (20%) about the Government’s support now compared with a year ago. Business owners in Agriculture, Forestry and Fisheries are more likely to be positive (36%) than negative when comparing the Government’s support versus a year ago (22%). In most other categories the largest proportion of business owners is close to the neutral (neither better nor worse) result overall (43%). (See Figure 2.3)

Base: Business owners and directors (n = 1,006)

Q: Overall, do you feel that the Government’s support for small businesses is better or worse versus a year ago?

Figure 2: Whether the Government’s support of business in New Zealand better or worse versus a year ago: By Total Sample (% of n=1,006)

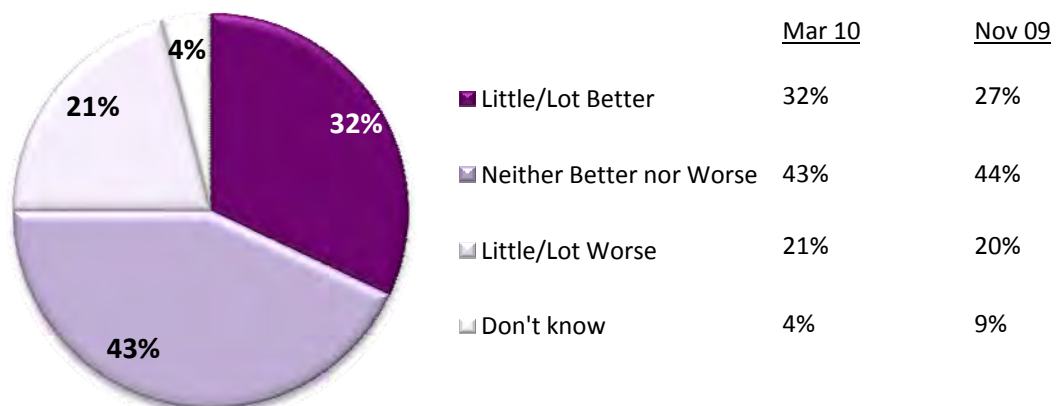


Figure 2.1: Whether the Government’s support of business in New Zealand better or worse versus a year ago: by Business Size/Number of Employees (% of n=1,006)

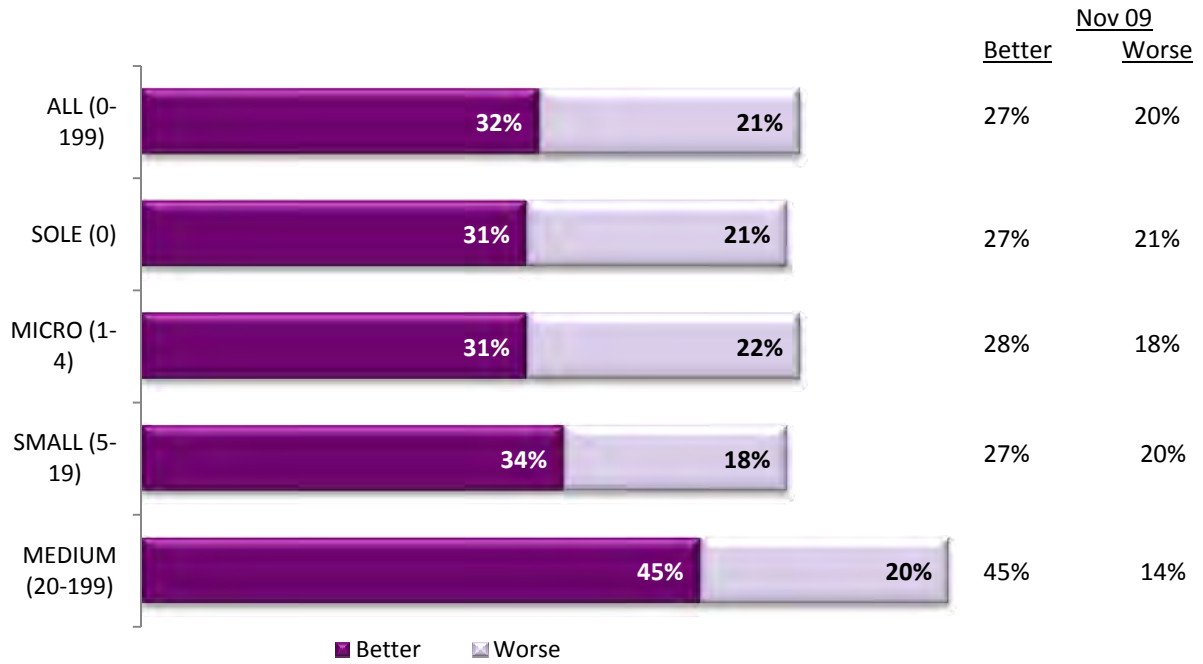


Figure 2.2: Whether the Government’s support of business in New Zealand better or worse versus a year ago: by Location (% of n = 1,006)

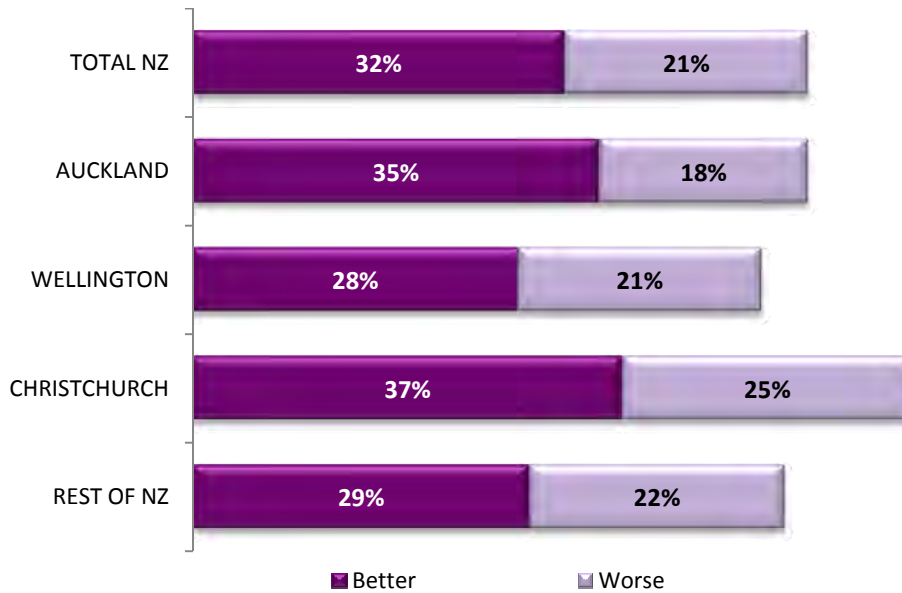
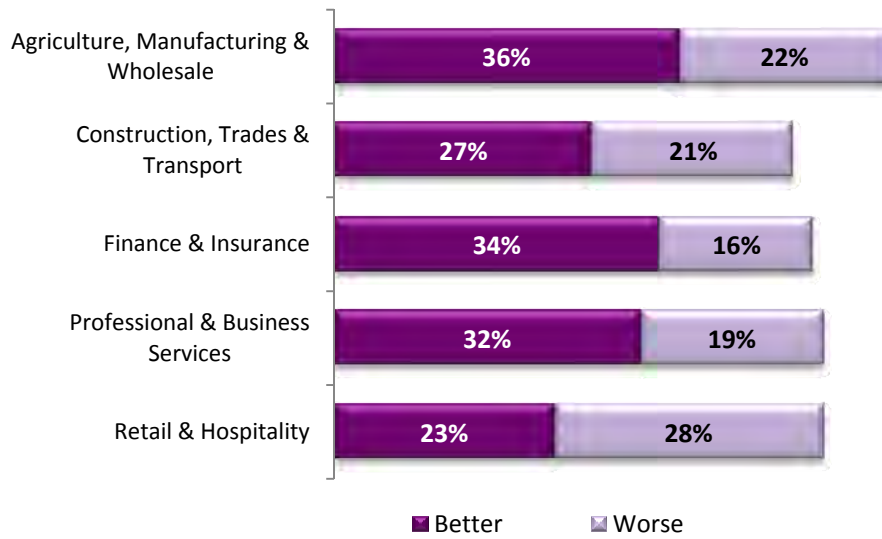


Figure 2.3: Whether the Government's support of business in New Zealand better or worse versus a year ago: by Industry (% of n = 1,006)



## Whether the regulatory environment is better or worse versus a year ago

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**One fifth of New Zealand business owners feel that the regulatory environment has become worse over the past year, and another fifth feel that it has become better**

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While 49% of business owners surveyed are neutral on this question, 21% say that the regulatory environment is better than a year ago, and 20% say that it is worse. (See Figure 3)

**Owners of small (33%) and medium (32%) businesses are the only ones more likely to think the regulatory environment is better rather than worse than it was a year ago**

The feelings of sole traders are divided, with 20% saying the regulatory environment is 'better' and 20% saying it is 'worse', whereas only 16% of small business owners report the regulatory environment as being worse than a year ago. Micro business owners are divided on the point, with 23% saying that it is 'better' and 23% saying that it is 'worse'. (See Figure 3.1)

**Business owners in Auckland are more likely to think it is better (27%) than it is worse (16%)**

Wellington business owners are not so positive – only 16% of them report that the regulatory environment is better, while 22% say that it is worse. Christchurch business owners are also less negative than positive, with 20% saying that the regulatory environment is better and 24% saying that it's worse. Those business owners in the 'Rest of New Zealand' are more evenly divided (20% better/22% worse) on the question. (See Figure 3.2)

**Business owners in Retail & Hospitality far more negative than they are positive about current regulatory environment**

24% of the business owners in Retail and Hospitality report that the regulatory environment is worse, while only 13% say that it is better. Business owners in Construction & Trades industry are slightly more likely to say that it is worse (20%) than it is better (18%). Business owners in the Professional & Business Services industry are more positive on this question, with 24% reporting the regulatory environment as better now than a year ago, compared with 15% reporting that it is worse. Business owners in Finance & Insurance are also fairly evenly divided, with 22% saying that it is 'better' and 20% saying that it is 'worse'. (See Figure 3.3)

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Base: Business owners and directors (n = 1,006)

Q: And how would you describe the regulatory environment for businesses versus a year ago?

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Figure 3: Whether the regulatory environment better or worse versus a year ago: By Total Sample (% of n = 1,006)

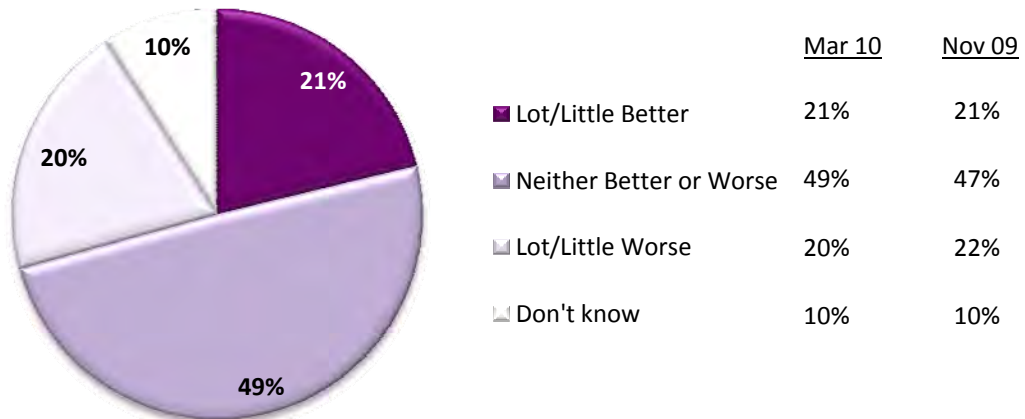


Figure 3.1: Whether the regulatory environment better or worse versus a year ago: by Business Size/Number of Employees (% of n = 1,006)

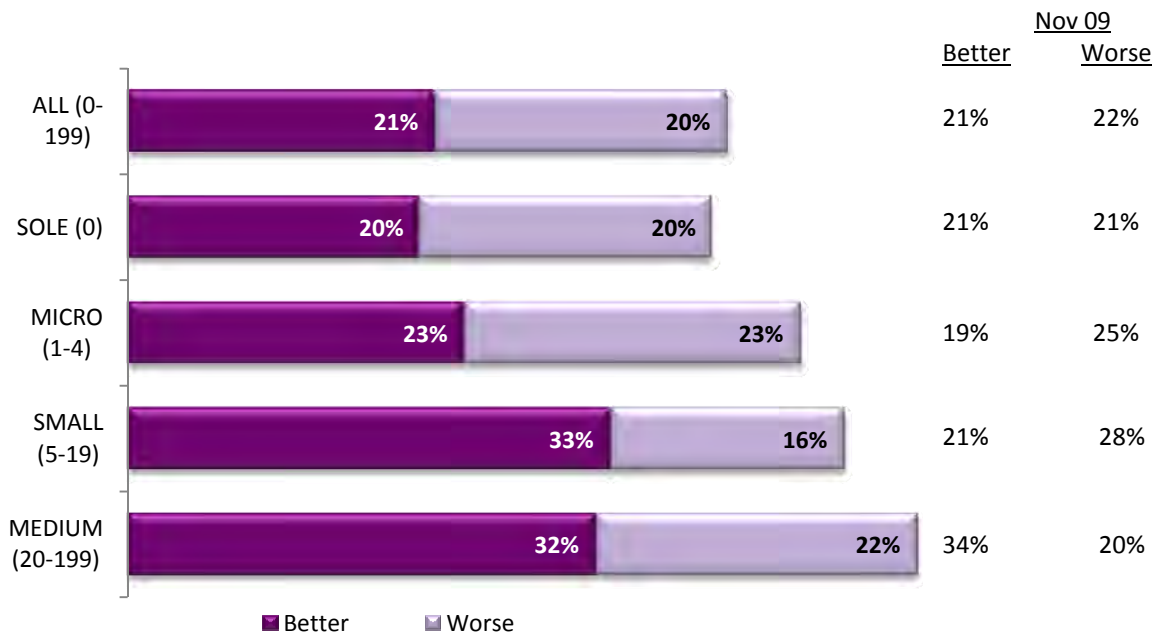


Figure 3.2: Whether the regulatory environment better or worse versus a year ago: by Location (% of n = 1,006)

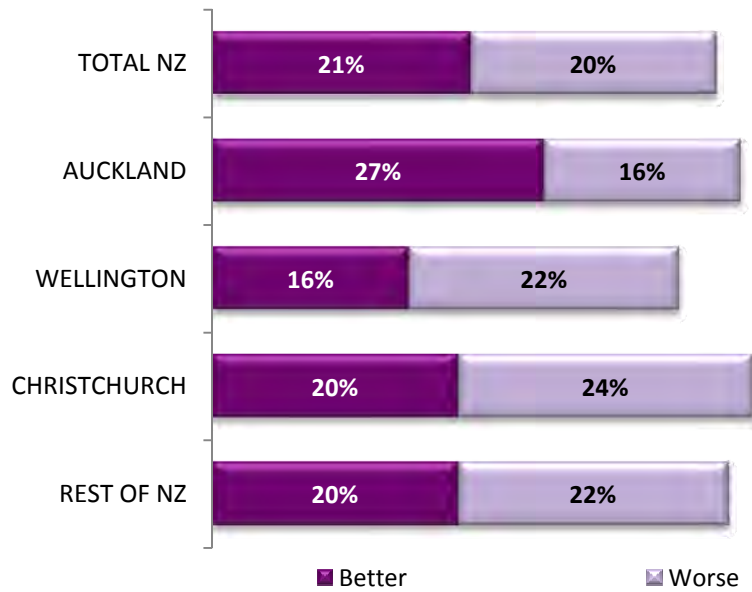
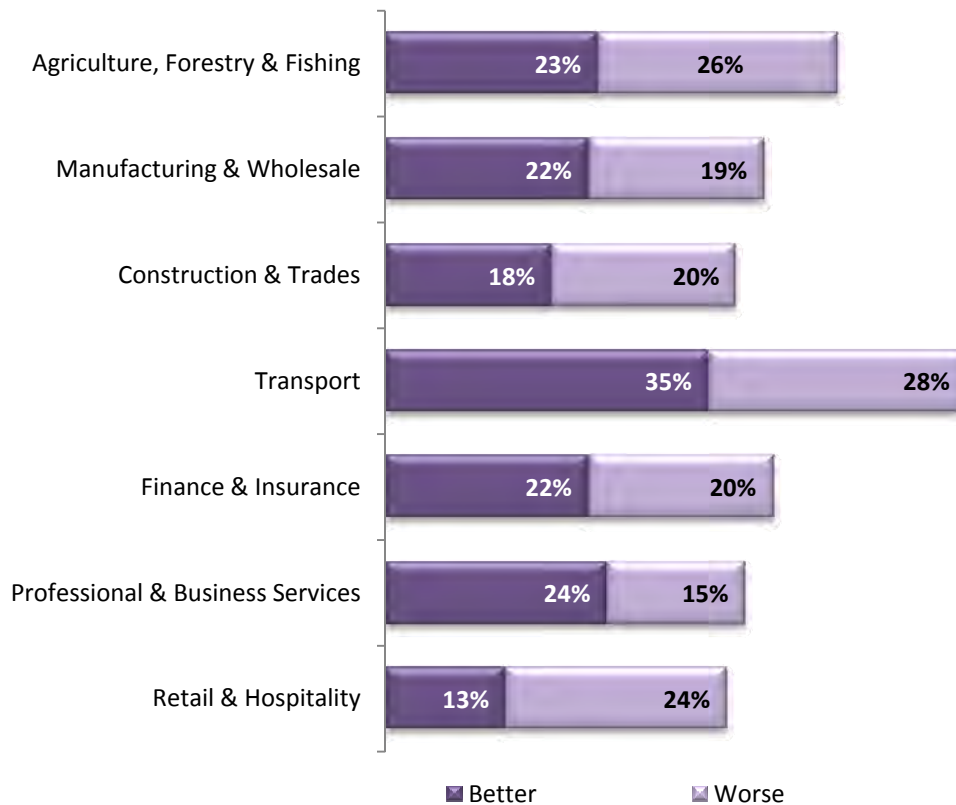


Figure 3.3: Whether the regulatory environment better or worse versus a year ago: by Industry (% of n = 1,006)



## The helpfulness to business of twelve Government changes and initiatives

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**Improved access to information such as [www.business.govt.nz](http://www.business.govt.nz) continues to be seen as the most helpful of the Government changes and initiatives in March 2010, as it was in November 2009. Despite being seen as the most helpful initiative, it is only used as a source of information by 3% of business owners (see MYOB Business Monitor, April 2010)**

Improved access to business information such as [www.business.govt.nz](http://www.business.govt.nz) is seen by 23% of the business owners in this survey to be 'helpful' and by only 6% of the business owners in this survey to be 'unhelpful'. Only one other Government initiative surveyed (Government online business tools) has a much more positive response (13% 'helpful') than it has a negative response (5% 'unhelpful'). (See Figure 4) The business owners who most appreciate the helpfulness of improved online access to Government business information own medium businesses (32% 'helpful').

**Of the 12 Government changes and initiatives that have been introduced or are currently proposed, the most negative response from business owners is about the possibility of increased GST rates, which 52% of business owners surveyed in March 2010 would find unhelpful, and only 8% would find helpful.**

This is clearly the initiative that will most likely be resented by NZ business owners, with 52% deeming this to be 'unhelpful', 8% deeming it to be 'helpful' and only 12% being neutral about the initiative. (See Figure 4)

Those business owners who see this initiative as most unhelpful are in Transport (67%), Construction and Trades (62%), Manufacturing and Wholesale (61%) and Real Estate and Property (58%). Business owners with annual business revenue of \$5m+ are also very negative (58% 'unhelpful') about the possibility of increased GST rates, as are business owners with a website (57% 'unhelpful') and business owners who buy goods and supplies online (56% 'unhelpful').

### **Business owners continue to respond negatively to the ACC changes**

45% of all business owners surveyed (compared with 40% in November 2009) believe that the ACC changes are unhelpful, and only 8% believe that they are helpful (compared with 9% in November 2009). (See Figure 4)

Those business owners who are considerably more negative about the helpfulness of the ACC changes are in Transport (62%), Agriculture, Forestry and Fishing (56%), Manufacturing and Wholesale (52%), or have a business established for more than 10 years (51%). Those business owners who respond less negatively (but still more negatively than positively) to these changes have annual business revenue of \$5m+ (31% 'unhelpful') or own a medium business (35% 'unhelpful') or are in Finance and Insurance (39% 'unhelpful').

### **Business owners in this survey are seven times more likely to find Government's climate change initiatives unhelpful rather than helpful**

29% of the business owners in this survey say that they find the Government's climate change initiatives 'unhelpful', and only 4% say that they are 'helpful'. (See Figure 5) Those business owners more likely to consider these initiatives 'unhelpful' are more likely male (32%) than female (23%), and far more likely to be located in Rural New Zealand (49%), and to be in the Agriculture, Forestry and Fishing industry sector (53%).



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**As many as are opposed to climate change initiatives are opposed to proposed property tax changes**

29% of the business owners in this survey say that they would find the proposed property tax changes 'unhelpful', and only 8% believe that they could be 'helpful'. (See Figure 5) As to be expected, those in Real Estate and Property (67% 'unhelpful') are far and away the most opposed to this proposed change. And at the very other end of the scale are owners of Transport businesses (14% 'unhelpful').

**Export development support initiatives not as well known as they could be by those to whom they would be of most benefit**

While the export development support initiatives are unknown to 63% of all the business owners surveyed in New Zealand (n=1006), they are also unknown to 44% of those businesses identified in this survey as Exporters (n=129). (This number or base here is too small to analyse by location or business sector.) Those business owners who are Exporters and are aware of these export development support initiatives are equally divided on whether they are 'helpful' (14%) or 'unhelpful' (14%).

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Base: Business owners and directors (n = 1,006)

Q: From what you know about them, which of these government changes and initiatives have been helpful to businesses like yours?

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Figure 4: Helpfulness or otherwise of twelve Government changes and initiatives, by Total Sample (% of n = 1,006)

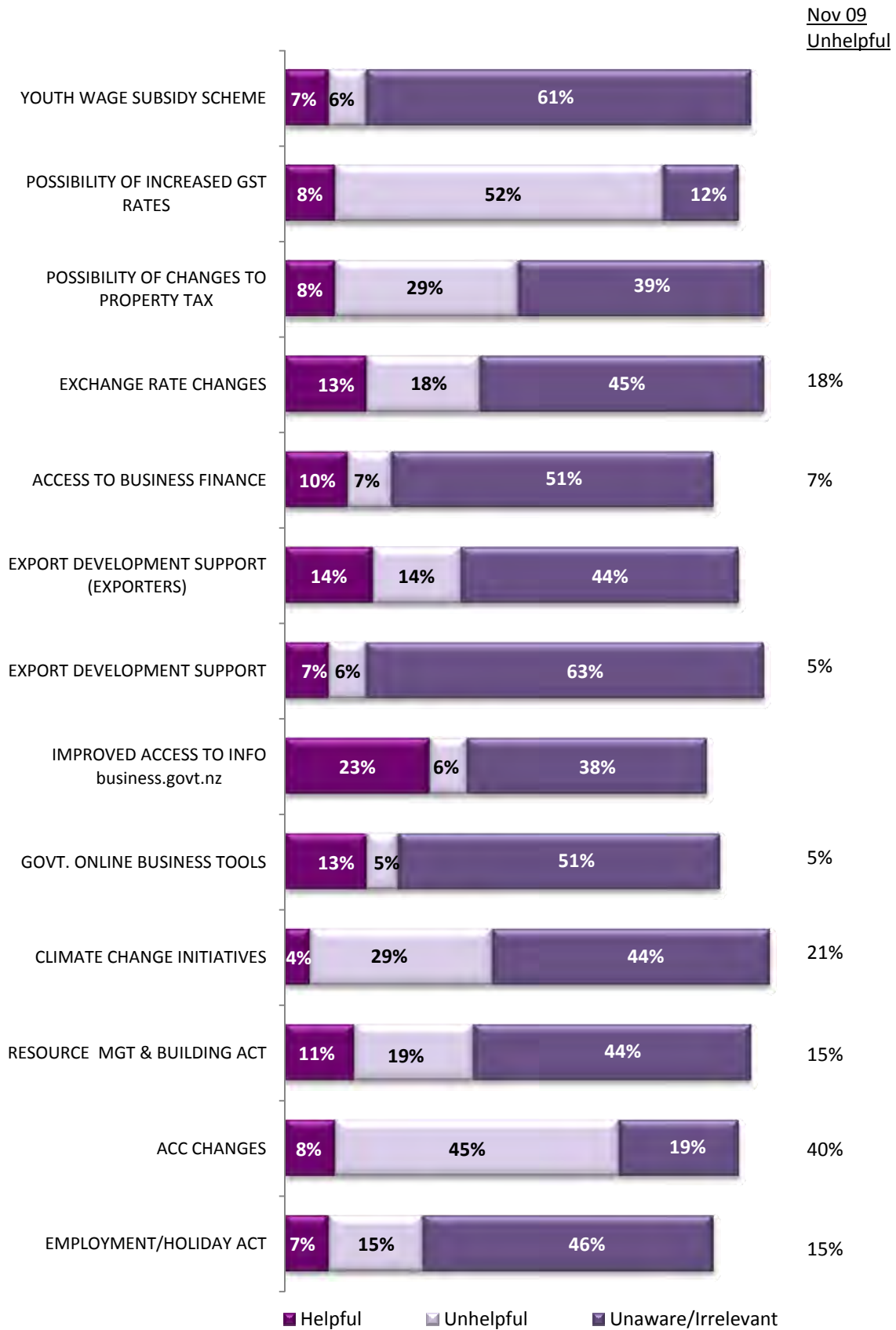


Figure 4.1: Helpfulness of ACC Changes: by Business Size/Number of Employees (% of n = 1,006)

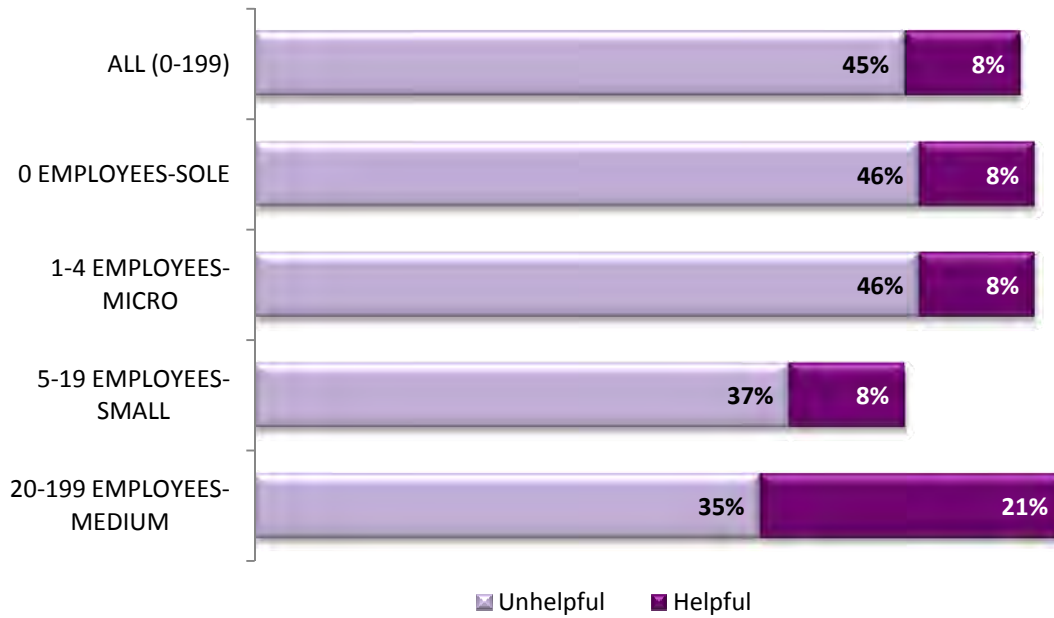


Figure 4.2: Helpfulness of ACC Changes: by Location (% of n = 1,006)

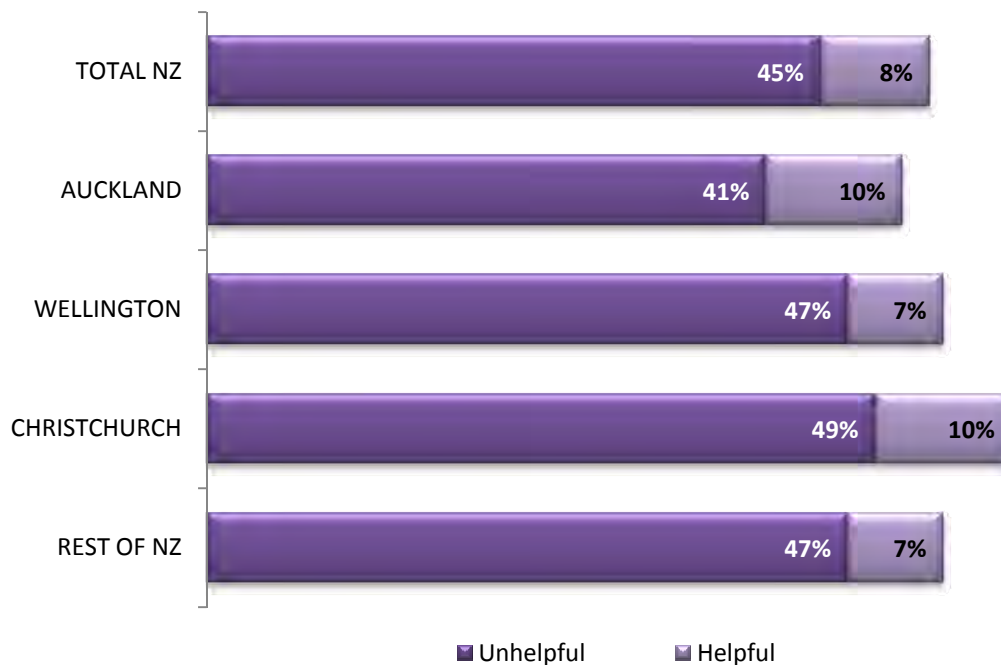


Figure 4.3: Helpfulness of **Climate Change Initiatives**: by Business Size/Number of Employees (% of n = 1,006)

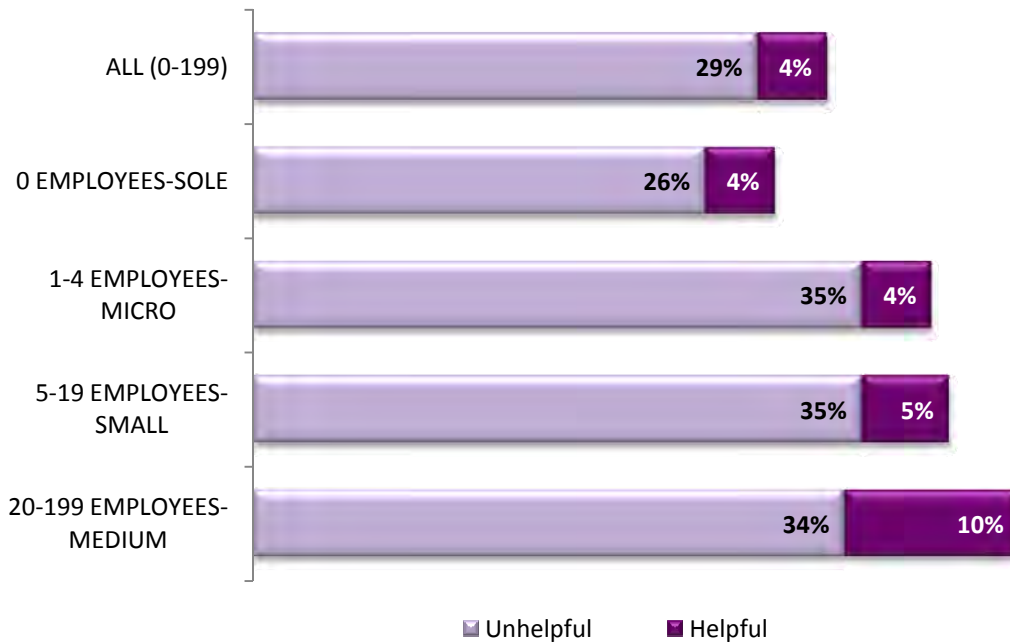


Figure 4.4: Helpfulness of **Climate Change Initiatives**: by Location (% of n = 1,006)

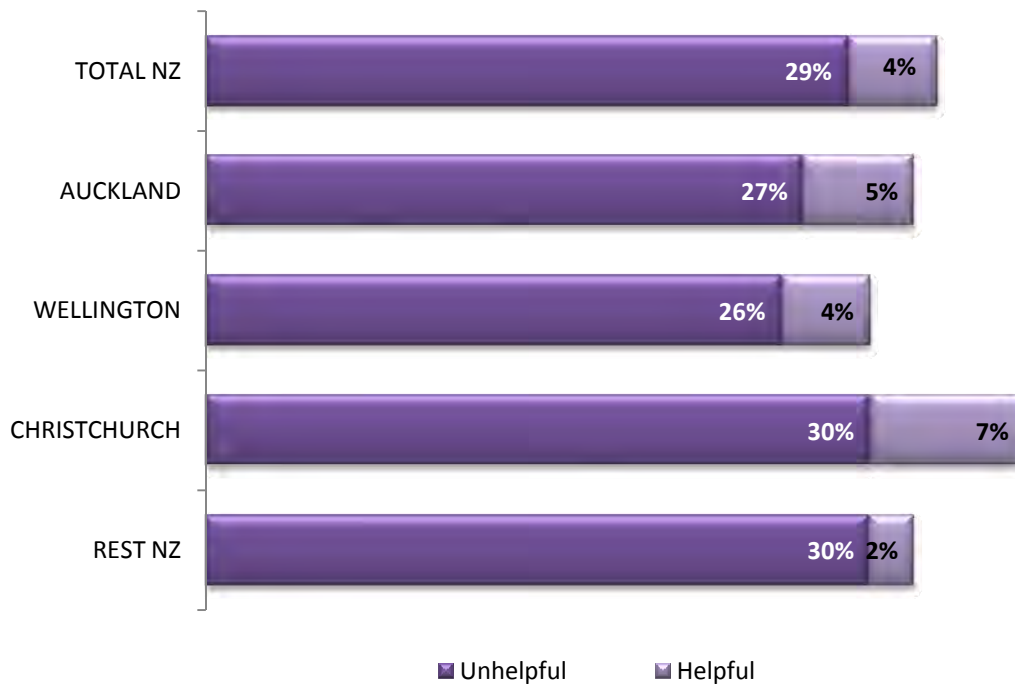


Figure 4.5: Helpfulness of **Possibility of increased GST rates**: by Business Size/Number of Employees (% of n = 1,006)

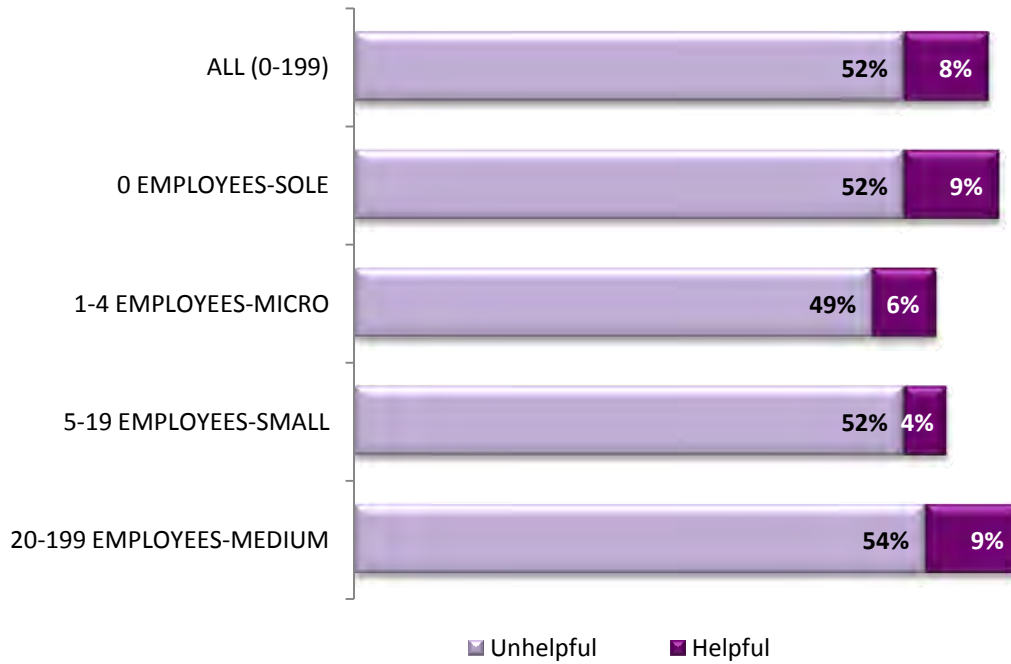


Figure 4.6: Helpfulness of **Possibility of increased GST rates**: by Location (% of n = 1,006)

