



# Special report – Government

## MYOB Business Monitor November 2010

The voice of New Zealand's business owners

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## MYOB Business Monitor – Special Government Report – Highlights

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### **Business owners even more dissatisfied with lack of Government's support to help their business succeed**

While 43% of the business owners surveyed are neutral about the Government's support for businesses like theirs, 38% are dissatisfied and only 15% are satisfied with the Government's level of support.

The high level of dissatisfaction with the Government's support is 9% higher than it was in August 2010 (29%).

Small and medium business owners are leading this increased chorus of dissatisfaction. Medium business owners (42% of whom are dissatisfied) are 25% more dissatisfied with the Government's support than they were in August 2010, and small business owners (38% of whom are dissatisfied) are 6% more dissatisfied than they were in the August..

Since August 2010, dissatisfaction has grown more (by 13% to 39%) amongst business owners in Auckland than it has elsewhere.

Dissatisfaction is now highest (48%) amongst business owners in the Manufacturing and Wholesale sector, and lowest (26%) amongst business owners in the Agriculture, Forestry and Fishing sector.

However in Australia dissatisfaction with the Federal Government's support for businesses has now leapt to 48% of business owners in the concurrent November 2010 survey, which is a significant 10% higher than the dissatisfaction business owners have with the Government in New Zealand in this regard.

### **Measured for the first time, NZ Local City/Regional Councils are seen as even less supportive of businesses than the NZ Government is**

Local City/Regional Councils have a long way to go to support local business successes as well as they could. In response to this new question, close to half (44%) of all business owners surveyed are dissatisfied, and only 8% of them are satisfied, with their Local City/Regional Council's support .

Sole traders, who represent the majority (69%) of all businesses in New Zealand, are the most dissatisfied (46%) and the least satisfied (7%) of all with their Council's support of local businesses. Owners of medium businesses are almost as dissatisfied (41%) and only a little more satisfied (13%) with their Council, while 39% of small business owners are dissatisfied and 16% are satisfied.

As they are the most dissatisfied (48%) with the Government's support for business, so are business owners in the Manufacturing and Wholesale sector the most dissatisfied (54%) with their Council's support for business. Business owners in the Agriculture, Forestry and Fishing sector are not only very dissatisfied (51%) with their Council's support, but just 1% of them are satisfied.

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**Most business owners now getting help or information on how to run business more effectively, especially from Accountants, and increasingly from the IRD**

In April 2010 37% of business owners surveyed said that they never get any help or information on how to run their business better and to improve their business performance. By the August 2010 survey this had shrunk to only 16% of businesses. And in the November 2010 survey, only 14% of business owners surveyed say that they never seek help or information on how to run their business more effectively.

Nearly two thirds (63% compared with 55% in August 2010) of all business owners now get their *Accountant* to help them run their business more effectively. Those most likely to use their Accountant to help them run their business are in Agriculture, Forestry or Fishing businesses (83%), are located in Rural New Zealand (73%), or own an established (>10 years) business (72%).

Almost twice as many as before (24% compared with 13% in July) now consult the *IRD* for business help or information. (This may be to do with the October 1<sup>st</sup> 2010 increase in GST in New Zealand.) Those more likely to get help from the IRD are 18-39 years of age (35%); are located in Christchurch (32%); or own a start-up (<2 years old) business (32%).

*Business associates or others in business* (28%) and *bank managers or advisers* (23%) are other well used sources of help or information on running businesses more effectively. Very few (12%) business owners are yet use *the Internet to source business help or information*, and fewer still (9%) go online *for compliance or tax information*.

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## 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 **1,007** business proprietors and directors, conducted in **October 2010**. The businesses participating in the online survey are defined as both non-employing and employing businesses with zero 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. (The business weightings in this report are in line with *Statistics New Zealand: New Zealand Business Demography Statistics: At February 2010: ISSN 1174-1988*.)

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 in this study are reported here under the following main headings:

- **Present satisfaction with the Government's support of New Zealand business**
- **Present satisfaction with their Local City or Regional Council's support for local businesses**
- **Impact of certain factors on their ability to achieve their business goals**
- **Sources of information to help run business more effectively**

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	139
Construction & Trades & Transport	204
Finance & Insurance	37
Professional & Business Services	262
Retail & Hospitality	142
Other Industries (not included above, but included in total results)	223
<b>Total</b>	<b>1,007</b>

(\*Other Industries, combined because their sample segment numbers on their own have too high a margin of error, include these sectors: Communication Services; Cultural & Recreational Services; Education; Electricity, Gas & Water Supply Services; Health & Community Services; Mining; and Personal & Other Services.)

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	406
WELLINGTON	96
CHRISTCHURCH	134
REST OF NEW ZEALAND	371
Total	1,007

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	448
REGIONAL NEW ZEALAND	439
RURAL NEW ZEALAND	120
Total	1,007

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 sizes of the Small Business and Medium Business segments:

Number of Employees/Business Type	Sample
0 Employees/Sole Traders	524
1-4 Employees/Micro Business	293
5-19 Employees/Small Business	127
20-199 Employees/Medium Business	63
Total	1,007

## Present satisfaction with the Government's support of New Zealand business

### New Zealand business owners are increasingly dissatisfied with the lack of Government support to help their business succeed

Base: Business owners and directors (n = 1,007)

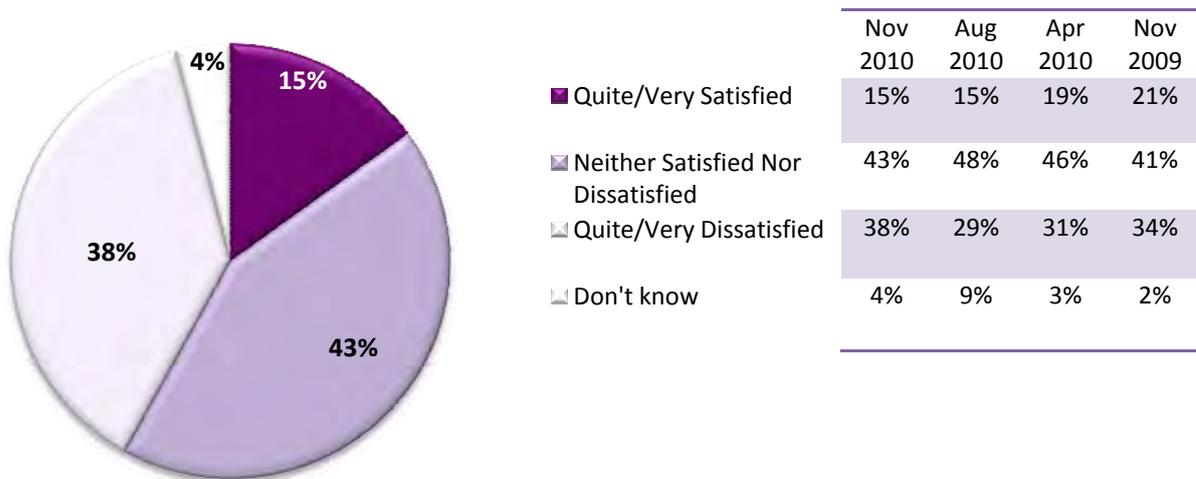
Q: How satisfied are you with the Government's level of support for businesses like yours at this time, in terms of helping your business success? Would you say that you are...?

Business owner satisfaction with the Government's support remains a low 15% and is identical to the result from August 2010.

However, over the same period dissatisfaction with the Government's support for business has increased from 29% to 38%.

While 43% of business owners surveyed are neutral about the Government's support for businesses like theirs, 38% are dissatisfied and only 15% are satisfied with the Government's level of support at this time.

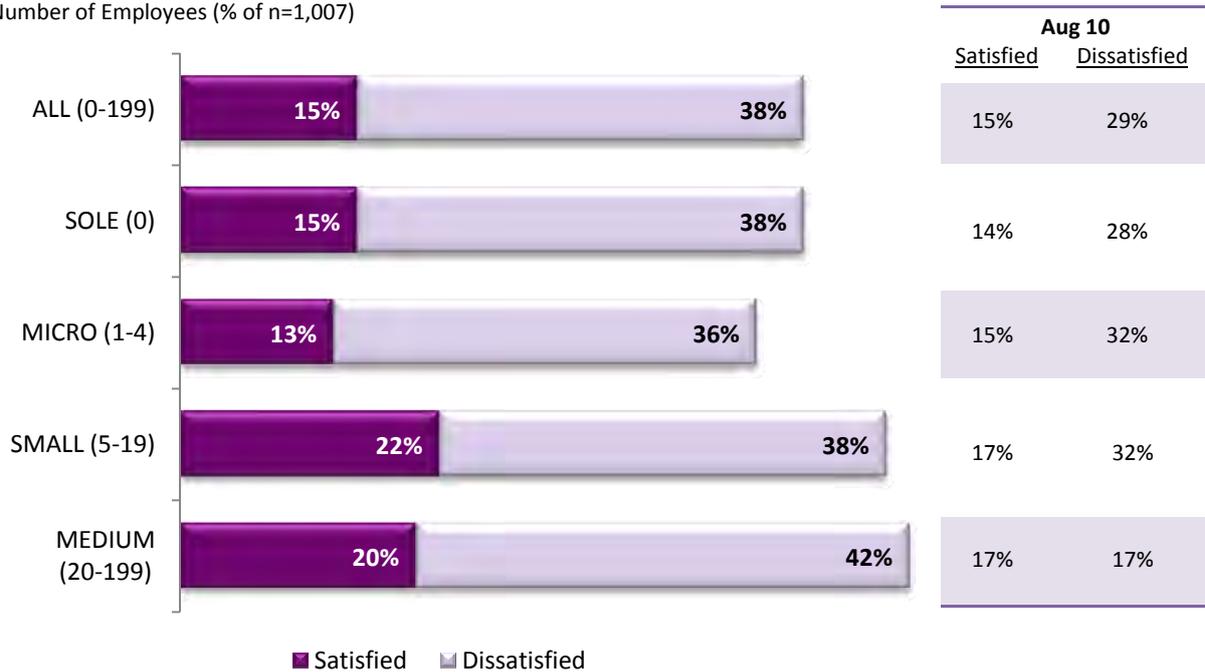
Figure 1: Satisfaction with the Government's support of business in New Zealand: By Total Sample (n=1007)



#### Small and medium business owners are leading chorus of increased dissatisfaction.

Dissatisfaction with the Government's support for businesses has increased amongst owners of medium businesses (20-199 employees) by 25% since August 2010 to a high 42%, while owners of small businesses (38%), are 6% more dissatisfied than they were in August 2010. (See Figure 1.1)

Figure 1.1: Satisfaction & dissatisfaction with the Government’s support of business in New Zealand: by Business Size / Number of Employees (% of n=1,007)



**Australian business owners more dissatisfied with their Federal Government’s support than New Zealand business owners are with their own Government**

While in New Zealand dissatisfaction with the Government’s support of business is quite high (38% in November 2010 vs 29% in August 2010), it is even higher in Australia, where business owner dissatisfaction with the Federal Government’s support of business has leapt to 48%. In New Zealand, the biggest increase in dissatisfaction is amongst business owners in Auckland (which has increased by 13% to 39% between August 2010 and November 2010). (See Figure 1.2)

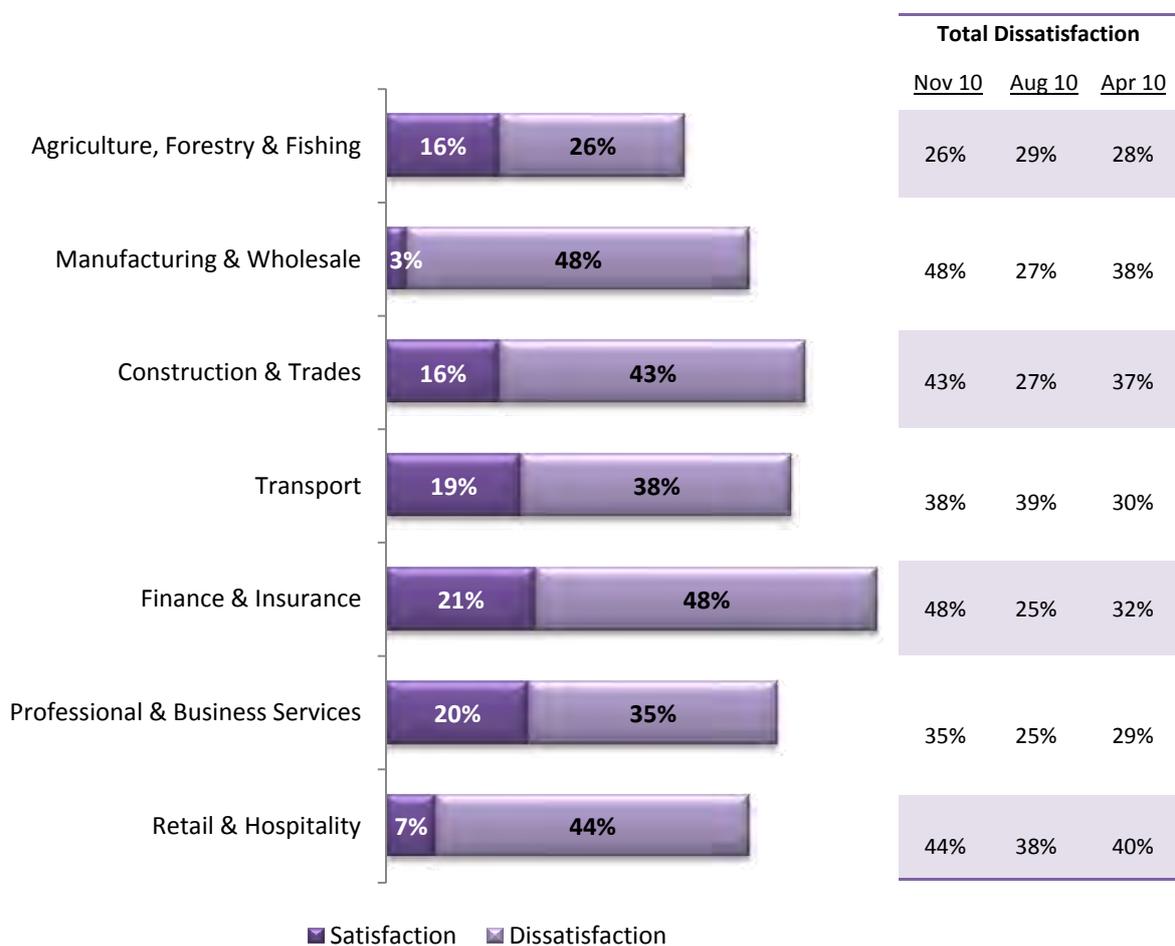
Figure 1.2: Satisfaction & dissatisfaction with the Government’s support of business: by Location (% of n = 1,007)



**Dissatisfaction highest amongst business owners in Manufacturing and Wholesale sector and Finance and Insurance sector**

Close to half (48%) of the business owners surveyed in the Manufacturing and Wholesale sector are dissatisfied with the Government’s level of support for businesses like theirs, and while 23% of business owners in this sector are *quite* dissatisfied with the Government’s level of support, 25% are *very* dissatisfied with it. Only 9% of business owners in the Finance and Insurance sector on the other hand are *very* dissatisfied with the Government’s support, compared with 39% of business owners in this sector who are *quite* dissatisfied with it. Dissatisfaction is now *lowest* (26%) amongst business owners in the Agriculture, Forestry & Fishing sector. (See Figure 1.3)

Figure 1.3: Satisfaction with the Government’s support of business: by Industry (% of n = 1,007)



## Present satisfaction with their Local City or Regional Council’s support for local businesses

### Local City/Regional Councils are seen as even less supportive of business than the Government is

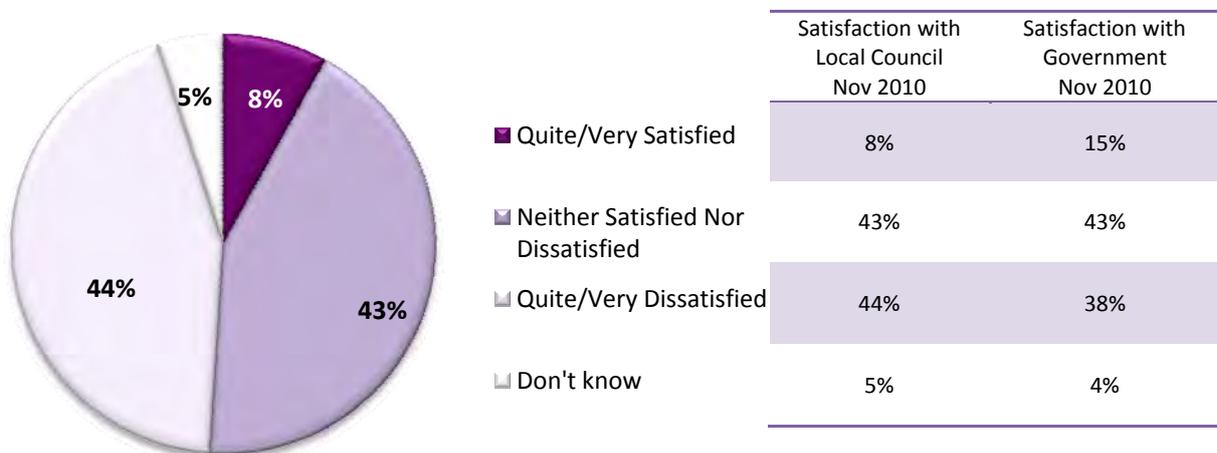
Base: Business owners and directors (n = 1,007)

Q: How satisfied are you with your Local City/Regional Council’s level of support for businesses like yours at this time, in terms of helping your business success? Would you say that you are...?

### Local City/Regional Councils have long way to go to support local businesses as well as they could

Business owners feel that Local Councils have a big job to do in terms of supporting local businesses in a way that will help their business success. Close to half (44%) of all business owners surveyed are dissatisfied and only 8% of them are satisfied with their Local City/Regional Council’s support – a 6 to 1 ratio of dissatisfaction to satisfaction. (See Figure 2)

Figure 2: Satisfaction with the Local City/Regional Council support of businesses in New Zealand: By Total Sample (% of n=1007)



### Sole traders most dissatisfied with local Council support

Sole traders, who represent the majority of all businesses in New Zealand, are the most dissatisfied (46%) and the least satisfied (7%) of all with their Council’s support. At the other end of the business by size scale, owners of medium businesses are almost as dissatisfied (41%) and only a little more satisfied (13%) with their Council, as are owners of small businesses (39% dissatisfied, 16% satisfied).

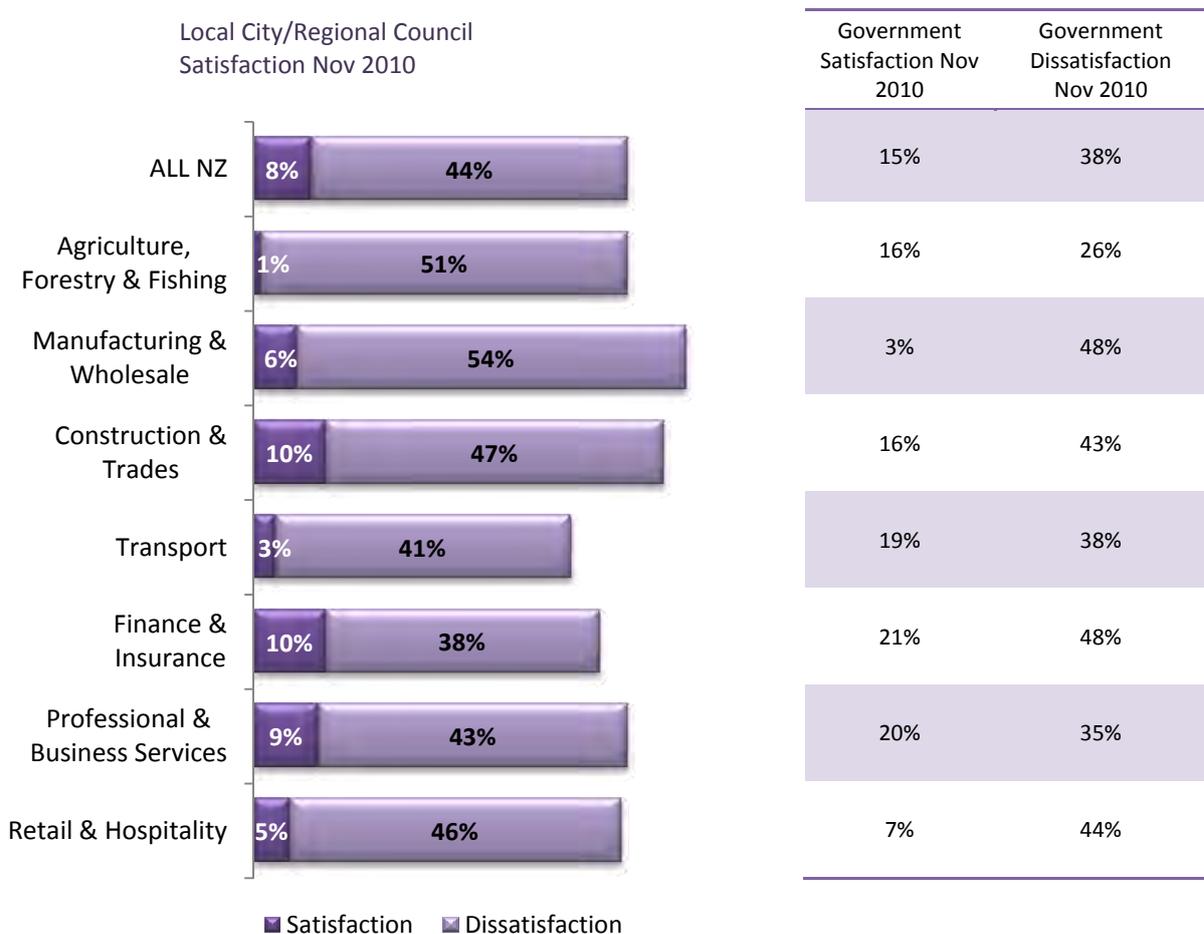
Figure 2.1: Satisfaction and dissatisfaction with Local City/Regional Council vs. Government support of businesses in New Zealand: By Business Size (% of n = 1007)

Business Size Segment	Satisfaction with Local Council Nov 2010	Dissatisfaction with Local Council Nov 2010	Satisfaction with Government Nov 2010	Dissatisfaction with Government Nov 2010
Sole Traders (0 employees)	7%	46%	15%	38%
Micro Businesses (1-4 employees)	6%	43%	13%	36%
Small Businesses (5-19 employees)	16%	39%	22%	38%
Medium Businesses (20-199 employees)	13%	41%	20%	42%

**Manufacturing and Wholesale business owners most dissatisfied with both Government and Council, hardly any owners of Agriculture, Forestry or Fishing businesses satisfied with Council**

Over half (54%) of the business owners in the Manufacturing and Wholesale sector are dissatisfied with the support of their Council, as are just under half (48%) of them with the support (or lack of it) from the Government. And while over half (51%) of Agriculture, Forestry or Fishing business owners are also dissatisfied with their Council's support, a tiny 1% of them are satisfied with that support. Indeed all but the business owners in Construction or Trades, or Finance or Insurance, report single digit levels of satisfaction with their Council, while two fifths or more report dissatisfaction with their Council.

Figure 2.2: Satisfaction with the Local Council vs. Government support of business: by Industry (% of n = 1,007)

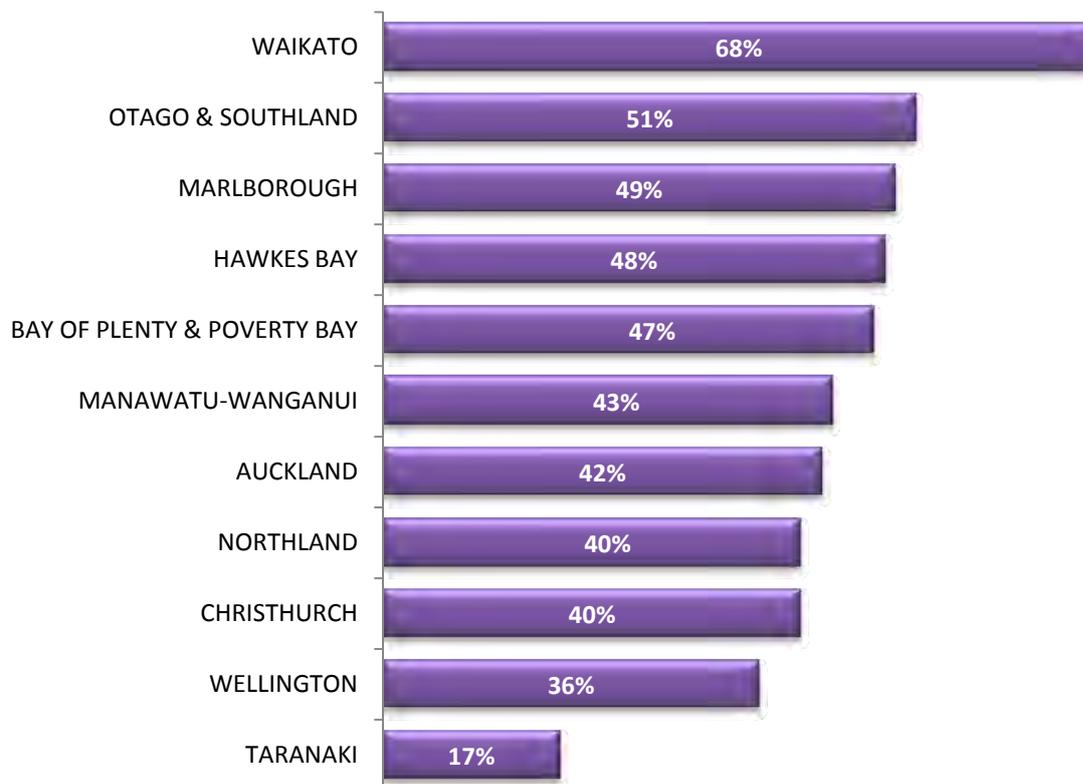


**Businesses in provincial areas have significantly higher levels of dissatisfaction with their local or regional council as outlined in the league table of 11 provincial and metropolitan councils below**

Business owners are most satisfied with their local council support in Christchurch (16%), Wellington, Taranaki and Hawke’s Bay (all 9%). Business owners in the Waikato region are not only the least dissatisfied, they are also the least neutral in their views with just 20% being neither satisfied nor dissatisfied. Business owners in Taranaki (73%), Northland (59%) and Wellington (51%) are the most ambivalent about their local council’s support, with the majority of business owners in these regions being neither satisfied nor dissatisfied. (\* Note: smaller sample size in these areas)

Region	Satisfied	Dissatisfied
<b>Waikato</b>	2%	68%
<b>Otago &amp; Southland</b>	2%	51%
<b>Marlborough*</b>	2%	49%
<b>Hawke’s Bay</b>	9%	48%
<b>Bay of Plenty &amp; Poverty Bay</b>	6%	47%
<b>Manawatu-Wanganui</b>	6%	43%
<b>Auckland</b>	8%	42%
Christchurch	16%	40%
<b>Northland*</b>	0%	40%
<b>Wellington</b>	9%	36%
<b>Taranaki*</b>	9%	17%

Figure 2.3: Dissatisfaction with the Local Council: by region (% of n = 1,007)



## Impact of certain factors on their ability to achieve their business goals

**Understanding how new Government legislation impacts their business, understanding changing needs of customers and prospects, having to deal with Government ‘red tape’ continue to have most impact on ability to achieve business goals**

Base: Business owners and directors (n = 1,007)

Q. What level of impact does each of the following have on your ability to achieve your business goals?

Of the five factors researched for their ability to impact the achievement of business goals, 49% of business owners surveyed say that **understanding how new Government legislation impacts your business** has a significant impact on their ability to achieve their business goals. (See Figure 4) The most concerned about this are in the Finance and Insurance sector (76%), followed by Retail or Hospitality business owners (63%), and Agriculture, Forestry or Fishing business owners (63%). Owners of younger and lower revenue businesses are somewhat less concerned about this issue than others, although at least two fifths of them remain concerned.

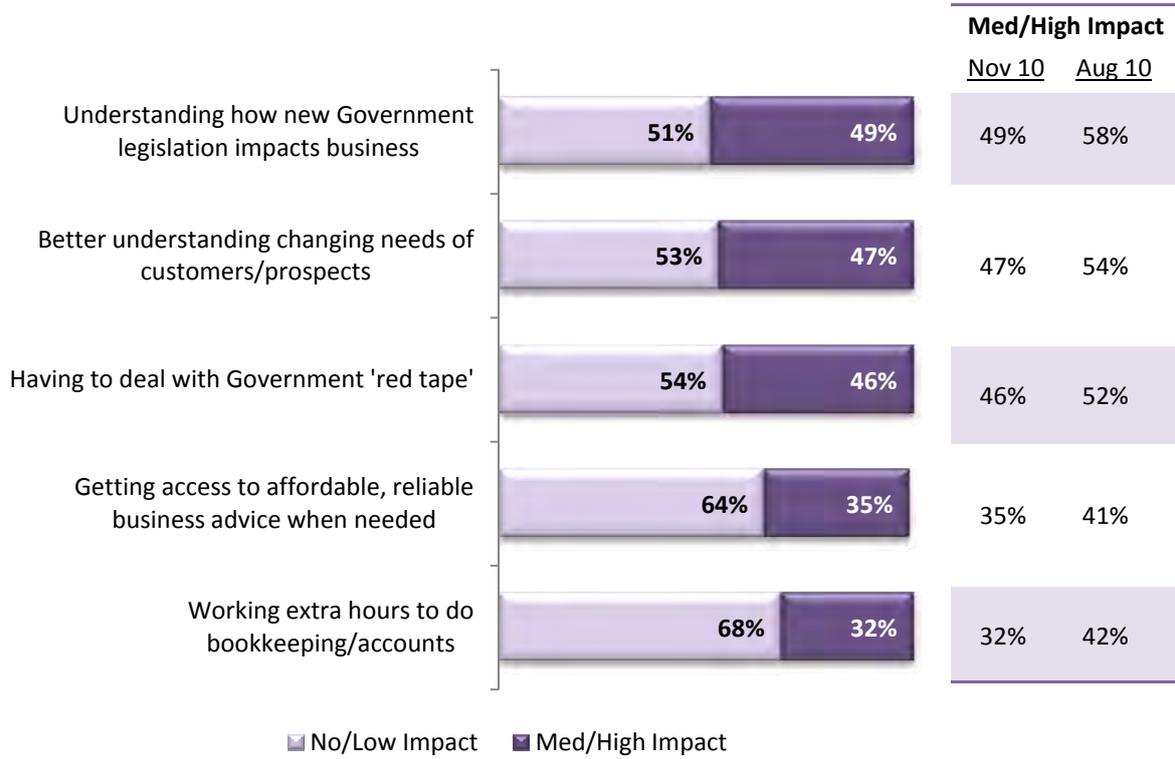
The second highest or heaviest impact is attributed (by 47% of business owners who say it will have a significant impact on business goal achievement) to **getting a better understanding of the changing needs of your customers and prospects**. The business owners most likely to feel this impact are owners of bigger businesses with annual revenue of \$5m+ (65%), owners of Finance or Insurance businesses (65%), owners of medium-sized businesses (63%), and owners of Retail or Hospitality businesses (59%). Businesses that see less of an impact from this issue are Construction or Trades business owners (37%) and Agriculture, Forestry or Fishing business owners (34%).

The third highest impact is attributed (by 46% who say medium to high impact) to **having to deal with Government ‘red tape’**. (See Figure 4) The business owners who most want to cut the red tape are similar to those having difficulty understanding how new Government legislation impacts their business, and are in the Finance and Insurance sector (64%), in Rural New Zealand (59%) and in the Retail and Hospitality sector (54%).

Over one third (35%) of the business owners surveyed report that **getting access to affordable and reliable business advice when you need it** is going to have a significant impact on their ability to achieve their business goals. (See Figure 4) There are very few differences on this issue between business owner segments or categories, although the business owners who are slightly more concerned are in the Retail and Hospitality sector (45%) and in the Transport sector (44%).

Just under one third (32%) of business owners say that **working extra hours to do your bookkeeping or accounts**, has a high to medium impact on their ability to meet their business goals (See Figure 4) The businesses feeling this impact the most are Retail or Hospitality business owners (55%), and the least concerned are owners of a Finance or Insurance business (26%), and owners of an Agriculture, Forestry or Fishing business (24%).

Figure 4: Impacts on the ability of business owners to achieve their business goals: by Total Sample (% of n = 1,007)



## Sources of information to help run business more effectively

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### **Most business owners getting help or information on how to run business more effectively, especially from Accountant, and increasingly from IRD**

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Base: Business owners and directors (n = 1,007)

Q. And who, if anyone, do you ask for help or information to help you run your business more effectively?

(In August 2101 Q. And who, if anyone, do you ask for help or information to help you run your business better, and so enjoy your work more?)

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### **Nearly two thirds of business owners now get their Accountant to help them run business more effectively**

Even more of the business owners in this November 2010 survey (63%) than the business owners in the August 2010 survey (55%) say that they get their Accountant's help to run their business more effectively. (See Figure 5) Those most likely to use their Accountant to help them run their business better are in Agriculture, Forestry or Fishing businesses (83%), are located in Rural New Zealand (73%), and own an established (>10 years) business (72%).

### **Almost twice as many as before now consult IRD for business help or information (about GST?)**

One quarter (24%) of all business owners surveyed say that they seek business help or information from the IRD, whereas in the August 2010 survey only one eighth (13%) reported this. (See Figure 5) It is likely that a lot of this increased consultation is to do with the October 2010 increase in GST in New Zealand. Those more likely to get help from the IRD are 18-39 years of age (35%) rather than 40 or more years of age (20%); are located in Christchurch (32%) rather than in the Rest of New Zealand (20%); own a start-up (<2 years old) business (32%) rather than an established (>10 years) business (19%), and own a business in the Transport sector (30%) or the Professional and Business Services sector (29%), rather than in the Construction and Trades sector (18%) or the Retail and Hospitality sector (18%), or the Agriculture, Forestry and Fishing sector (17%).

### **Business associates or others in business, bank managers or advisers only other major sources of help or information on running business more effectively**

Close to one third (28%) of the business owners surveyed say that they get information or help from business associates or other business people when they want assistance in how they should run their business better, which is 6% fewer than August 2010. A quarter (23%) of business owners say that they use a bank manager or adviser for this purpose, and a further 17% of business owners say that they use a business mentor, adviser or coach for this purpose. (See Figure 5) The most collaborative with business associates and other business people are business owners in the Finance and Insurance sector (48%, as in August 2010), business owners with an annual revenue of \$5m+ (39%), owners of a medium business (37%), and business owners with a website (36%). The least collaborative with other business people about how to run their business more effectively own a Retail or Hospitality business (21%), or a Construction or Trades business (17%), or a Transport business (15%).

### **Very few business owners yet use the Internet to source business help or information**

Similarly to August 2010, only 12% of business owners surveyed say that they go online for business information, and only 9% say that they go online for compliance or tax information.

**Steady increase in total number of business owners seeking help or information to run their businesses better or more effectively**

86% of business owners seek help or information on how to run their business better, this is up from 84% in August 2010 and 63% in April 2010.

Figure 5: Sources of Information to help to run their business more effectively: (% of n = 1,007)

