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New Zealand regulation not keeping pace, says Productivity Commission



New Zealand regulators often have to work with out-of-date legislation, quality checks are under strain, and regulatory workers need better training and development.

These are some of the key findings from the New Zealand Productivity Commission's final report on regulatory institutions and practices. The report provides guidance to officials and elected representatives designing regulations in future, and makes recommendations on how to improve the operation of current regulations.

"Regulation is the Cinderella of government powers," says Commission Chair Murray Sherwin. "It plays a critical role in modern society, shielding people from harm, allowing New Zealanders to trade and invest with trust and confidence, and protecting the environment. When regulation fails, the effects can be severe, as shown by the leaky buildings and financial markets crises. But despite these risks, regulation does not get the attention and care it deserves.

"This lack of attention and care can be seen in a number of the Commission's findings:

- Only 23% of the 1,526 businesses surveyed agreed or strongly agreed that 'regulatory staff are skilled and knowledgeable' and 25% agreed or strongly agreed that 'regulators understand the issues facing your organisation'.
- Two-thirds of regulator chief executives reported they had to work with 'legislation that is outdated or not fit-for-purpose'.
- Only 10% of the businesses surveyed believed that regulatory requirements in New Zealand were 'rarely' or 'never' contradictory or incompatible with each other.

"A better-performing regulatory system would be more coherent, more responsive to market developments, and enjoy greater confidence from business.

"The Commission makes a number of recommendations towards these ends. The policy and Parliamentary processes for testing proposals for new regulation need to be tightened. Public service departments should concentrate their review and evaluation efforts on the regulations where there are the largest likely benefits. New Zealand needs a more professionalised regulatory workforce, with better training and career pathways. And Ministers need to provide clearer strategies and stronger leadership for the regulatory system as a whole.

"Regulation has an important role to play in modern societies. More energy and focus will be required from across the New Zealand public sector and political system to improve the quality of regulation and ensure it supports the wellbeing of New Zealanders."

About the New Zealand Productivity Commission

The Commission – an independent Crown entity – was established in April 2011 and completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues.

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