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## **Bound in Red Tape: NZ Government and Councils are Suffocating Business**

There is a simple test for any government reform: does it make it easier for people to get on with the job?

Not easier in a press release. Not easier in a slogan. Easier in the real world when a business owner is trying to employ someone, pay a contractor, buy a vehicle, build a shed, expand a packhouse, or get a consent without needing a lawyer, accountant, engineer and planner sitting beside them.

That is why the current Resource Management Act reform matters. It has become slow, expensive, uncertain and too often disconnected from common sense. The Government's proposed replacement may well be a step in the right direction.

But the real test is *not* whether Wellington can replace one law with another. The real test is whether the bureaucratic culture changes. Because the problem with red tape is not just the rule. It is the process around the rule. The delay. The sense that every practical business decision is treated as a potential problem to be managed, rather than an opportunity to be enabled.

Business will judge RMA reform by what happens at the counter, not what happens in Parliament. If a farmer, grower, contractor, developer or small business owner still faces months of delay, escalating consultancy costs and consent conditions out of proportion to the activity, then we will not have fixed the problem. We will simply have renamed it.

Another example is tax administration. Every individual tax rule may have its own logic, but when they land together on a real business, they become a drag on time, cash and confidence.

Fringe benefit tax is a good example. A work vehicle should be straightforward. In practice, businesses have to navigate detailed rules about private use, work-related exemptions, written restrictions, vehicle branding, employee access and record keeping. That may be manageable for a large corporate with a payroll team. It is a different story for a small contractor trying to price jobs, run crews, manage vehicles, keep clients happy and pay wages.

The same applies to contractor withholding rules. If a contractor is caught by schedular payment rules, the payer may need to deduct tax unless the right forms, rates or exemption certificates are in place. Getting an exemption certificate can be slow and frustrating, even for legitimate contractors who are perfectly capable of managing their own tax. Each requirement may make sense inside the system. But out in the real economy, it feels like guilty until proven compliant.

This is the part policy makers often miss: compliance is not free. In many small businesses, the person dealing with the compliance is the same person finding the work, doing the work, paying the bills and carrying the overdraft.

Government talks constantly about productivity. But productivity does not improve by making productive people spend more time filling in forms, chasing certificates, interpreting rules and waiting for approvals. We do *not* need a business environment where every answer requires another adviser.

We need clear rules, fast decisions and proportionate compliance.

That does not mean no regulation. The environment needs protection. Workers need fair treatment. Tax needs to be collected. Communities need confidence that development is done properly.

But good regulation should pass a basic test: does it solve a real problem at the lowest reasonable cost, with the least complexity and enough certainty for people to make decisions?

Too often in New Zealand, the answer to every problem is another process. Another form. Another consent. Another cautious official saying no, not yet, or please provide more information. That is how economies slow down. Not through one big decision, but through hundreds of small frictions that make it harder to build, employ, invest and grow.

RMA reform is a chance to prove New Zealand can do better. But the same discipline needs to apply across the whole business environment including IRD processes, contractor rules and FBT.

New Zealand does not need more speeches about growth. It needs a system that backs the people building it: instead of burying them in red tape.