

# **Submission**

By



to

**Standards New Zealand**

on

**Compliance Programme Standard  
(NZS/AS 3806:2006)**

**20 January 2009**

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**COMPLIANCE PROGRAMME STANDARD (NZS/AS 3806:2006)  
SUBMISSION BY BUSINESS NEW ZEALAND<sup>1</sup>  
20 JANUARY 2009**

**1. INTRODUCTION**

- 1.1 Business New Zealand welcomes the opportunity to comment on the *Compliance Programmes Standard (NZS/AS 3806:2006)* for public comment.
- 1.2 While we generally support Standards and the value they provide, in this case we believe there may be questions around whether there is any economic value for New Zealand in adopting this Australian Standard. The reason for this view is that New Zealand business is largely made up of many small businesses, and this Standard would be far too complex and onerous to provide any value to many of them.
- 1.3 For the very small number of large organisations in New Zealand that might develop a compliance programme, this Standard would also be far too detailed and prescriptive for many of them. Instead, they are likely to develop their own programme.
- 1.4 However, assuming that the Standard is going to be adopted, we wish to provide some broad comments to consider that will ensure it is not too onerous on the New Zealand economy

**2. BROAD ISSUES TO CONSIDER**

- 2.1 Firstly, Business New Zealand wishes to thank Standards New Zealand requesting a nomination from our organisation to the expert committee to develop the adoption of AS 3806:2006. Business New Zealand's representative, Graham Cleghorn, has provided expert analysis and comments back to Business New Zealand on the issues associated with the proposed Standard.
- 2.2 While the principles within the Standard are hard to argue against; beneath them the document becomes quite prescriptive and indicates how conformance should be achieved. While this level of detail is probably suitable for larger Government departments and large multi-sized international companies, the number involving the latter are not significant in New Zealand. Therefore, for many small-medium sized organisations, the Standard would most likely be too onerous to adopt in its entirety. In addition, some of New Zealand's largest enterprises will still likely develop their own system, rather than adopt this Standard completely.
- 2.3 By way of some examples of how prescriptive it would be, section 3.4.1 of the draft compliance programme states that *"These targets should form part of the performance management agreements of the individuals concerned and should be linked to remuneration"*. However, this would preclude those that do not believe in remuneration incentives and assumes that employees would not perform without incentives.

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<sup>1</sup> Background information on Business New Zealand is attached in the appendix.

- 2.4 Section 4.1.3 is very prescriptive with 13 different responsibilities outlined for compliance management, making it significantly bureaucratic and costly to implement. In addition, points (i)-(iv) that detail the attributes that a compliance manager needs to have would often be better dealt with as a general management issue.
- 2.5 Other principles such as those covering compliance culture (section 4.3.2) and those associated with monitoring and measuring (sections 5.1-5.2), while often worthwhile, are again heavily detailed and probably only suitable for a small number of organisations. This would typically be those very large in size and require expansive systems to ensure control.
- 2.6 Also, it is important to note that any Standard that is developed and implemented must take into account all of the compliance costs that may incur, whether they are direct or indirect costs (in particular the latter). Business New Zealand would want assurance that this analysis of potential costs is thoroughly investigated before the Standard is adopted.
- 2.7 Overall, while the Standard is not compulsory, we would be concerned if the Government or other organisations start insisting that suppliers must prove they are conforming to the proposed Standard (i.e. some form of 'defacto' compulsion). This 'defacto' compulsion can be as simple as a department requiring compliance to all appropriate standards in purchasing documents, right through to actually having this in regulations for the sector they control. If this occurred, then the Standard could well become onerous for many, in particular small-medium sized enterprises, and put many in a position of being at a competitive disadvantage. Therefore, we would want to ensure that the Standard remains clearly as a guide, and not a minimum requirement over time.
- 2.8 Again, we wish to thank Standards New Zealand for the opportunity to comment, and we would hope that our representative on the expert committee is given every opportunity to express any further issues/concerns during the consultation process.

## **APPENDIX**

### **3. Background Information on Business New Zealand**

- 3.1 Business New Zealand is New Zealand's largest business advocacy organisation.
- 3.2 Through its four founding member organisations – EMA Northern, EMA Central, Canterbury Employers' Chamber of Commerce and the Otago-Southland Employers' Association – and 70 affiliated trade and industry associations, Business NZ represents the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.
- 3.3 In addition to advocacy on behalf of enterprise, Business NZ contributes to Governmental and tripartite working parties and international bodies including the International Labour Organisation, the International Organisation of Employers and the Business and Industry Advisory Council to the Organisation for Economic Cooperation and Development.