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Regulated Experience (Rx)

a concept for navigating the tensions between service delivery and regulatory delivery

Abstract

This article introduces regulated experience (Rx) as an emerging concept for managing regulatory agencies' position on the spectrum between customer service and enforcement. Drawing on regulatory scholarship and case examples from Australia and New Zealand, we demonstrate how customer service frameworks can create unconscious organisational drift towards accommodation, undermining regulatory effectiveness and public value. Rx provides structured guidance through three operational dimensions – governance clarity, differentiated engagement, and systems alignment

– for managing inherent regulatory tensions and trade-offs. Analysis of regulatory failures reveals the consequences of inappropriate positioning, while successful regulatory transformations demonstrate how conscious repositioning can improve regulatory outcomes. Though requiring empirical validation, Rx augments existing frameworks through intentional relationship management that preserves regulatory mandate while maintaining accessibility.

Keywords regulated experience, regulatory relationships, regulatory spectrum, regulatory effectiveness, regulatory stewardship

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Introduction: the reality of regulatory balance

Every regulatory agency faces the same fundamental challenge: where to position themselves on the spectrum between enforcement authority and service provider. This isn't a binary choice, but a continuous balancing act that shifts across different activities, contexts and relationships. An environmental regulator might operate as an educator when helping small businesses understand new requirements, shift towards collaborative problem-solving with companies developing innovative solutions, and move to strict enforcement when dealing with wilful and egregious violators. Each position on this spectrum serves legitimate purposes, yet agencies can drift unconsciously towards 'customer first' orientations, with serious consequences for regulatory effectiveness, delivery of regulatory outcomes, and achieving the very public value they are established to create.

The pressure to adopt customer service approaches has intensified across government agencies globally, driven by legitimate desires to reduce regulatory burden and improve business engagement. New Zealand's Better Public Services reforms, Australia's Regulatory Performance Framework, and similar initiatives internationally have encouraged regulators to demonstrate service excellence. When applied without careful consideration of regulatory purposes, and regulatory systems, these frameworks can fundamentally compromise agencies' ability to protect public interests and generate the public value that justifies their existence.

Consider the practical reality facing a building inspector. On Monday morning, she patiently explains earthquake-strengthening requirements to a small business owner, helping identify cost-effective compliance approaches. That afternoon she issues formal notices to a developer who has repeatedly ignored safety standards. By Friday, she's providing evidence in court that will likely bankrupt a builder who knowingly used substandard materials. Each interaction requires a different position on the customer–regulatory–enforcement spectrum, yet many agencies lack structured approaches for managing these transitions while maintaining the legitimacy that democratic mandate provides.

Understanding why relationship frameworks profoundly influence regulatory effectiveness requires examining established scholarship on regulatory theory, institutional behaviour and public value creation.

This scenario reflects what Pink (2021, p.99) describes as the 'engage, educate, and enforce' approach characterising modern regulatory practice. The challenge goes beyond role confusion to the heart of regulatory effectiveness. When we call regulated entities 'customers' or 'clients', we create expectations and dynamics that conflict with our statutory obligations.

This article introduces regulated experience (Rx) as an emerging concept for consciously managing one's position on this spectrum. We don't claim that existing regulatory frameworks are inadequate or that agencies operate at extremes of pure enforcement or pure service. Rather, we observe that agencies often lack operational guidance for translating high-level frameworks into daily relationship management while preserving their fundamental purpose: creating public value through proactive harm prevention, active compliance monitoring, and, when necessary, market correction through the use of enforcement. Rx provides structured approaches for this translation, helping agencies position themselves appropriately for different regulatory activities, while maintaining

coherence across various regulatory systems and operations.

We define Rx as an emerging approach for designing and managing regulatory relationships through three interconnected dimensions, which we refer to as:

- *governance clarity* – about where the agency sits on the spectrum;
- *differentiated engagement* – which varies position based on context; and
- *systems alignment* – ensuring that all operational elements support chosen positions.

These three interconnected dimensions help agencies operationalise established frameworks such as responsive regulation and risk-based approaches into their actual interactions with regulated entities, while never losing sight of their democratic mandate to protect public interests. In our initial exploration of the Rx concept, we defined regulated experience as:

the experience that a regulated entity has when they are involved in or subject to regulatory processes, activities, and oversight, where they or others have specific regulatory duties and obligations – as distinct from the experiences that a person or entity has when they are a customer or client. (Pink and Warner, 2025, p.2)

This article proceeds through six sections. First, we outline theoretical foundations, explaining why relationship frameworks matter for regulatory effectiveness and public value creation. Second, we present the Rx concept, showing how it provides operational guidance missing from existing frameworks. Third, we analyse regulatory failures, demonstrating consequences of inappropriate positioning on the customer–regulatory spectrum. Fourth, we examine successful transformations, showing how conscious repositioning improves outcomes. Fifth, we offer expanded implementation guidance for practitioners. Finally, we acknowledge current limitations while identifying priorities for further development.

Theoretical foundations:

why relationship frameworks matter

Understanding why relationship frameworks profoundly influence regulatory

effectiveness requires examining established scholarship on regulatory theory, institutional behaviour and public value creation. This literature reveals that the frameworks agencies use to conceptualise relationships don't merely describe reality; they actively construct it, shaping everything from daily decisions to long-term outcomes, and ultimately determining whether regulation creates or destroys public value.

Malcolm Sparrow's foundational insight that regulatory agencies 'deliver obligations, rather than services' establishes the fundamental distinction (Sparrow, 2000, p.17). Service delivery assumes voluntary transactions, where providers compete for customer preference and success means satisfaction. Obligation delivery involves mandatory relationships, where agencies exercise state power and success means achieving statutory objectives regardless of participant preferences. This distinction matters because it determines where on the spectrum between accommodation and enforcement an agency positions itself, and whether it fulfils its democratic mandate.

The public value dimension requires particular emphasis. As Moore established in his seminal work on public value creation (Moore, 1995), government agencies justify their existence through creating value that markets cannot or will not provide. For regulatory agencies, this value emerges through preventing harms, correcting market failures, and ensuring fair competition. When agencies adopt customer service frameworks, they risk privileging individual satisfaction over collective benefit, undermining the very rationale for their existence.

Ayres and Braithwaite's (1992) responsive regulation pyramid provides the canonical framework for understanding how regulatory relationships must function across this spectrum. Their model elegantly demonstrates that effective regulation requires movement from cooperative base to coercive peak based on regulated entity behaviour. The pyramid assumes that agencies can maintain relationships that transform radically – from education through warning to prosecution – while preserving legitimacy and effectiveness.

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over enforcement.

Yet the pyramid presents an operational challenge it doesn't fully address: how do agencies actually manage relationships that must span such dramatic transformations? Customer service frameworks, with their emphasis on consistent warmth and accommodation, cannot support these transitions. An agency measuring success through satisfaction scores struggles to shift towards enforcement when necessary, even when the pyramid clearly indicates that escalation is required.

More contemporary scholarship from Cary Coglianese at the University of Pennsylvania's Program on Regulation provides crucial insights here. Coglianese's work on regulatory excellence emphasises that effective regulation requires 'empathic engagement' balanced with 'stellar competence' and 'utmost integrity' (Coglianese, 2015). This framework explicitly acknowledges that regulatory relationships must maintain professional boundaries while remaining accessible

– precisely the balance that customer frameworks undermine by prioritising satisfaction over competence and integrity.

Baldwin and Black's 'really responsive regulation' model (Baldwin and Black, 2008) extends this analysis by examining how institutional environments shape regulatory behaviour. Their research reveals that performance assessment regimes exert powerful influence regardless of formal policies or stated intentions. When agencies incorporate customer satisfaction metrics alongside compliance measures, staff receive mixed signals about priorities. Since career progression, resource allocation and organisational reputation often depend more on measurable metrics than statutory obligations, as the saying goes, 'what gets measured inevitably shapes what gets done'.

This dynamic connects directly to regulatory capture theory. Dal Bó's comprehensive review (Dal Bó, 2006) distinguishes between traditional capture through corruption and cognitive capture through gradual perspective shifts. Customer service frameworks accelerate cognitive capture by explicitly prioritising regulated entity satisfaction as an organisational goal. The capture occurs through multiple reinforcing mechanisms: language shapes conceptual frameworks, metrics drive behavioural choices, training embeds cultural assumptions, recruitment favours particular orientations, and accumulated changes solidify into organisational culture.

Christopher Hodges' extensive work at Oxford on ethical business regulation provides additional theoretical grounding. Hodges argues that effective regulation requires 'ethical infrastructure' that maintains clear boundaries while enabling cooperation. His research demonstrates that trust emerges not from accommodation, but from consistency, predictability and fairness – qualities undermined when agencies position themselves as service providers rather than democratic institutions exercising delegated authority (Hodges, 2015, 2022).

Recent scholarship provides additional insights into these mechanisms. Doole, Stephens and Bertram (2024) present a conceptual framework showing how capture operates through incremental

shifts in organisational culture, language and practice, rather than dramatic corruption. Their analysis of New Zealand environmental regulation identifies multiple pathways through which relationships become compromised, from linguistic choices that frame regulated entities as clients to performance metrics that reward accommodation over enforcement.

Building on this, Doole and Stephens (2025) propose interventions for addressing regulatory capture, emphasising the importance of maintaining professional boundaries while enabling necessary engagement with regulated entities. This prescription aligns with what Rx attempts to provide – structured approaches for managing position on the customer–regulatory–enforcement spectrum while maintaining relationship integrity and democratic legitimacy.

The UK's Professional Standards Authority, which oversees health profession regulators, provides practical evidence of these theoretical insights. Their 'Right-touch' regulation framework explicitly rejects customer service models, arguing that regulation must be proportionate, consistent, targeted, transparent, accountable and agile, without becoming subservient to regulated entity preferences. The 2025 update of this framework particularly emphasises the importance of maintaining regulatory independence while adapting to new challenges, including technological change and evolving understandings of harm (Professional Standards Authority, 2025).

There is international evidence to support the theoretical underpinnings. Parker's 20-year review of responsive regulation implementation found that businesses actually prefer predictable enforcement over inconsistent accommodation (Parker, 2013). Her surveys revealed that regulatory uncertainty – not knowing where an agency sits on the spectrum – creates costs exceeding compliance expenses. This finding challenges the assumption that customer service approaches benefit even those they purport to serve.

We also note that the OECD's evolving position reflects growing recognition of these dynamics. The 2021 *Regulatory Policy*

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Outlook highlighted challenges in balancing stakeholder engagement with regulatory independence, while the 2025 update emphasises the need for sophisticated approaches to managing regulatory relationships in increasingly complex environments (OECD, 2021, 2025). This progression suggests emerging international consensus that regulatory relationships require distinct conceptual frameworks.

The New Zealand context provides particularly valuable insights. Treasury's regulatory stewardship framework establishes sophisticated expectations for system maintenance (Treasury, 2017), yet implementation reveals persistent confusion about relationship management. Wauchop and Manch (2017) documented how customer frameworks created role confusion, with staff feeling 'disenfranchised and limited in their ability to do their jobs effectively' when caught between service expectations and enforcement obligations (Wauchop and Manch, 2017, p.10). Their analysis explicitly challenges the notion that regulated parties are customers, arguing that this framing fundamentally misunderstands the nature of regulatory relationships and undermines public value creation.

From these collective theoretical foundations, three critical themes emerge:

- relationship frameworks powerfully shape regulatory behaviour through multiple reinforcing mechanisms;
- customer service frameworks systematically bias agencies towards accommodation over enforcement, undermining public value creation; and
- existing regulatory frameworks provide strategic guidance, but lack operational tools for managing actual relationships.

Collectively, these themes frame the conceptual space for Rx, and highlight the gaps for regulatory agencies to address.

The Rx concept: providing operational guidance missing from existing frameworks

Given these theoretical insights, Rx emerges as an approach for helping agencies consciously manage their position on the customer–regulatory–enforcement spectrum while preserving their democratic mandate to create public value. Rather than replacing existing regulatory frameworks, Rx provides operational guidance for implementing them in daily relationship management.

The concept acknowledges that all regulators operate somewhere between pure enforcement and pure service. Rx provides a way for regulators to intentionally position themselves across different contexts without losing sight of their fundamental purpose or identity – i.e., their regulatory 'bottom lines' or non-negotiables.

Understanding the fundamental distinctions

Before detailing Rx's operational dimensions, we think it is helpful to compare and contrast how Rx fundamentally differs from the customer experience (Cx) and user experience (Ux) frameworks that dominate current public sector thinking. These distinctions go beyond semantic preferences to reflect incompatible assumptions about participation, power and purpose.

Customer experience (Cx) emerged from commercial contexts where voluntary exchange defines relationships. Customers choose whether to engage, select among alternatives, and withdraw if dissatisfied. Success means creating satisfaction sufficient to generate loyalty and repeat business. The entire framework assumes customer

sovereignty – the ‘customer is always right’ because they hold ultimate power through choice. Design flexibility is infinite because businesses can customise offerings to match preferences, and failure consequences remain limited to lost revenue.

User experience (Ux) developed from human–computer interaction design, focusing on making systems intuitive and efficient. Users willingly engage with systems to accomplish specific tasks, maintaining control over their interaction level. Success means enabling task completion with minimal friction. While less commercially oriented than Cx, Ux still assumes voluntary participation and user control. Design adapts to user needs and capabilities, with failure resulting in abandonment rather than harm.

Regulated experience (Rx) operates from fundamentally different premises. Participation is mandatory – regulated entities cannot opt out of regulatory oversight without abandoning regulated activities entirely. The relationship exists not through choice, but through democratic decisions that certain activities require (regulatory) oversight to prevent harm and ensure fairness. Success means achieving statutory objectives regardless of regulated entity preferences. Design flexibility is constrained by legal requirements that cannot be negotiated away. Failure consequences extend beyond individual dissatisfaction to public harm across economic, environmental and social domains, with examples including financial collapse, environmental damage and workplace deaths respectively.

These distinctions manifest operationally in profound ways. When an environmental agency adopts Cx frameworks, it begins measuring success through polluter satisfaction, rather than pollution reduction and public health. When a financial regulator embraces Ux principles, it focuses on making compliance easy rather than effective. Both approaches can subordinate public value to participant preference, and by doing so risk undermining the democratic mandate that justifies regulatory authority.

Three interconnected dimensions

The Rx concept operates through three mutually reinforcing dimensions that

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translate strategic frameworks into operational reality.

Governance clarity establishes organisational understanding about where the agency positions itself on the spectrum for different regulatory activities, and why these positions serve public value. This dimension involves fundamental choices about identity and purpose, reflected throughout governance structures. It includes mission statements that articulate the balance between support and enforcement, strategic documents that explicitly address spectrum positioning in terms of public benefit, performance frameworks that measure effectiveness across the spectrum rather than at one end, and reporting that demonstrates conscious positioning decisions linked to outcomes.

When an agency has governance clarity, board papers discuss where on the spectrum different regulatory activities should sit to maximise public value. Strategic plans and statements of intent can

explicitly address how the organisation balances accommodation with enforcement to achieve statutory objectives and/or regulatory outcomes. Performance reports show not just compliance rates or satisfaction scores, but evidence of appropriate positioning for different contexts and resulting public benefits.

Differentiated engagement recognises that position on the spectrum should vary based on operating context, risk, and behaviour change necessary to optimise public value creation. A sophisticated regulator doesn’t maintain one position, but consciously shifts based on circumstances. This dimension involves developing clear criteria for spectrum positioning linked to risk assessment, creating protocols for position transitions that maintain legitimacy, training staff to recognise when shifts are needed, and maintaining consistency within differentiation to ensure fairness.

For instance, across the spectrum, the same inspector might position themselves towards the ‘service end’ when helping a struggling small business understand requirements, shift towards the ‘mid-point’ when reviewing plans from an experienced operator, and move towards the ‘enforcement end’ when discovering wilful violations. Each position serves legitimate purposes in protecting public interests. The key lies in conscious, and justified, movement rather than unconscious drift.

Systems alignment ensures that all operational elements support conscious spectrum positioning and optimising public value creation. This often-overlooked dimension addresses the infrastructure that either enables or undermines positioning choices. It includes HR systems that recognise and reward appropriate positioning rather than favouring one end of the spectrum, IT platforms that support different interaction modes for different positions, training that builds capability across the spectrum, not just at one end, and physical spaces that enable position transitions.

Without systems alignment and governance clarity and differentiated engagement cannot succeed. An agency might articulate sophisticated positioning strategies, but if performance reviews reward customer satisfaction regardless of

Table 1: How Rx provides operational guidance for existing frameworks

Existing framework	Strategic guidance provided	Operational gap	How Rx helps operationalise
Responsive regulation	When to escalate from cooperation to coercion (pyramid model)	How to manage relationships during escalation	Provides protocols for position transitions that maintain legitimacy and public trust
Risk-based regulation	Where to allocate limited resources based on assessed risk	How to engage differently without seeming arbitrary	Offers criteria for varying spectrum position based on risk to public value
Regulatory stewardship	System-level expectations for long-term effectiveness	How to translate system goals into daily interactions	Connects governance objectives to operational positioning for public benefit
Better regulation	Principles for regulatory quality and effectiveness	How to implement principles in actual relationships	Translates principles into positioning guidance that preserves mandate
Right-touch regulation	Proportionality in regulatory intervention	How to maintain proportionality in relationships	Provides framework for matching relationship intensity to risk

Table 2: Comparing customer, user and regulated experience frameworks

Dimension	Customer experience (Cx)	User experience (Ux)	Regulated experience (Rx)
Participation basis	Voluntary commercial choice	Willing task engagement	Mandatory legal obligation
Primary objective	Customer satisfaction and loyalty	Task completion efficiency	Public protection and fairness
Success metrics	Net Promoter Score (NPS), satisfaction scores, retention	Completion rates, time on task	Compliance effectiveness, harm reduction
Power dynamic	Customer sovereignty ('always right')	User control over interaction	Democratic authority exercised fairly
Design flexibility	Infinite customisation possible	Moderate adaptation to user needs	Constrained by statutory requirements
Failure consequences	Lost revenue, poor reviews	User frustration, abandonment	Public harm, democratic deficit
Value creation	Private value through exchange	Individual value through efficiency	Public value through protection
Relationship duration	Transaction-based, episodic	Task-based, time-limited	Ongoing obligation, continuous
Communication focus	Persuasion, attraction, retention	Instruction, guidance, support	Requirements, consequences, fairness
Feedback purpose	Service improvement, product development	Interface refinement	Risk identification, system improvement

context, staff will drift towards accommodation even when enforcement is appropriate for public protection.

How Rx complements existing frameworks

Table 1 demonstrates how Rx addresses specific operational and implementation gaps in established regulatory approaches. The intent of Table 1 is to demonstrate that Rx doesn't compete with these existing frameworks, but instead provides the additional operational layer needed for more effective implementation. This is because:

- responsive regulation indicates when agencies might escalate, but not how to manage relationships during an escalation;
- risk-based regulation identifies resource priorities, but not engagement approaches;
- Rx can help bridge and address these gaps by providing structured guidance

for spectrum positioning that maintains focus on public value.

Distinguishing relationship approaches

Table 2 clarifies how different relationship approaches imply different spectrum positions and public value orientations. The intent of Table 2 is to demonstrate that position on the spectrum fundamentally shapes operational reality and value creation. This is because an agency:

- positioned towards the Cx end, will naturally accommodate preferences, measure satisfaction and treat non-compliance as service failure, potentially sacrificing public value for individual satisfaction;
- positioned appropriately using Rx principles, will maintain authority while remaining accessible, measure public benefit rather than satisfaction, and treat violations as requiring a proportionate response to protect collective interests.

Regulatory failures: demonstrating consequences of inappropriate positioning

Three major regulatory failures demonstrate what happens when agencies drift unconsciously towards the customer service end of the spectrum, and either compromise or abandon their public value mandate. These cases don't represent extremes – none of the agencies operated as pure service providers – but rather show how incremental drift creates systematic dysfunction that undermines democratic purposes.

EPA Victoria: environmental protection compromised

The Environment Protection Authority Victoria provides a textbook case of unconscious drift along the spectrum away from public value creation. In 2006, EPA Victoria adopted a more 'client focused' language as part of government-wide service

improvements. This seemed reasonable, given that environmental protection could benefit from better stakeholder engagement. Yet this linguistic shift triggered comprehensive repositioning towards the service end of the spectrum, with profound consequences for environmental protection and public health.

The Krpan Review into EPA compliance and enforcement (Krpan, 2011) found that client language 'brought with it language that further diminished the importance of EPA's regulatory and enforcement roles' (p.vii). Within four years, enforcement actions declined 38%, while violations increased 22% (p.23). The review traced how client language shifted the organisation along multiple dimensions simultaneously. Strategic documents emphasised service delivery over environmental protection, performance metrics weighted satisfaction equally with compliance, position descriptions valued relationship management over technical expertise, and training focused on engagement rather than investigation.

EPA hadn't abandoned enforcement entirely: it still conducted inspections and issued notices. But its position on the spectrum had shifted far enough towards service that enforcement became less frequent, potentially sacrificing public health for stakeholder comfort. This created a potential for major polluters to 'game the system' and exploit the positioning of the regulator, which overly focused on relationship management as opposed to compliance monitoring.

NZTA: safety compromised for satisfaction

The MartinJenkins review of the New Zealand Transport Agency revealed similar drift with potentially catastrophic consequences for public safety. Between 2012 and 2018, NZTA developed 'a powerful focus on customer service, without clarity as to what that means when delivering regulatory functions' (MartinJenkins, 2019, p.3). This ambiguity about spectrum positioning created systematic pressure towards accommodation that prioritised individual satisfaction over collective safety.

The review documented how positioning towards service compromised safety decisions. Technical staff raised concerns about operator certifications, only to have

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management override recommendations to maintain satisfaction; by 2018, 67% of regulatory staff reported pressure to accommodate industry preferences over safety requirements (ibid., pp.51, 73). NZTA hadn't abandoned safety, but had drifted far enough towards service that satisfaction metrics competed with safety imperatives in daily decisions, potentially sacrificing lives for satisfaction scores.

ASIC: systematic misconduct enabled

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in Australia revealed the endpoint of prolonged drift towards service, showing how abandoning public value orientation enables widespread harm. Commissioner Kenneth Hayne's report traced the 15-year journey of the Australian Securities and Investments Commission (ASIC) along the spectrum from enforcement agency to industry partner. Each step seemed reasonable: stakeholder engagement frameworks (2009), satisfaction metrics (2011), and a collaborative compliance emphasis (2013). By 2015, ASIC described itself as working 'with' rather than regulating finance.

This positioning enabled systematic misconduct affecting hundreds of thousands of people. Hayne found that ASIC's 'orientation toward service rather than enforcement undermined its effectiveness', with the agency rarely going 'to court to have the defaulting party penalised' (Hayne, 2018,

p.271). Financial institutions learned that serious violations would trigger negotiation rather than prosecution. ASIC hadn't completely abandoned enforcement, but had positioned itself so far towards service that enforcement became extraordinary rather than ordinary, allowing massive destruction of public value through financial exploitation of vulnerable citizens.

Successful transformations: how conscious repositioning improves outcomes

Three successful transformations demonstrate how conscious repositioning on the spectrum improves regulatory outcomes and restores public value creation. These cases show agencies explicitly applying principles aligned with Rx dimensions, though not necessarily using that terminology.

WorkSafe New Zealand: legislative clarity drives repositioning

The 29 deaths in the Pike River mine in 2010 triggered comprehensive repositioning of workplace safety regulation towards public protection. The royal commission found that the previous regulator had positioned too far towards education and voluntary compliance, prioritising business satisfaction over worker safety (Royal Commission on the Pike River Coal Mine Tragedy, 2012). The Health and Safety at Work Act 2015 deliberately shifted positioning through language, replacing 'customer' with 'person conducting business or undertaking'.

This exemplifies Rx's governance clarity dimension – using language to signal spectrum position and public value priority. The transformation cascaded through all three dimensions. Governance clarity came through legislative language and strategic documents prioritising safety over satisfaction. Differentiated engagement emerged through risk-based programmes treating high-hazard industries differently. Systems alignment involved comprehensive changes, from performance metrics to office layouts.

Serious injury rates decreased from 16.2 to 11.8 per 100,000 workers between 2015 and 2023; WorkSafe attributes improvement partly to clear understanding of regulatory role and purpose throughout the organisation (WorkSafe New Zealand, 2023). The organisation hadn't moved to

pure enforcement, but had consciously repositioned towards the centre, maintaining support while strengthening enforcement to protect workers – creating public value through harm prevention.

Maritime New Zealand: systematic repositioning without crisis

Maritime New Zealand demonstrates that crisis isn't necessary for conscious repositioning towards public value. From 2016, the agency systematically shifted its spectrum position, replacing customer language with 'regulated party' throughout operations. This change exemplified all three Rx dimensions operating together to restore focus on maritime safety and environmental protection.

The transformation was evident across all three dimensions. Governance clarity came through revised strategic documents explicitly addressing the balance between support and enforcement for public benefit. Differentiated engagement appeared in new protocols varying interaction modes based on operator risk profiles. Systems alignment included rewriting position descriptions, changing performance metrics to focus on safety outcomes, and redesigning office spaces to support position transitions.

The agency's 2024 statement of intent reports improved compliance and reduced incidents despite initial resistance (Maritime New Zealand, 2024, pp.12–15). The agency hadn't abandoned stakeholder engagement, but had consciously repositioned to balance support with authority more effectively, creating public value through enhanced maritime safety.

APRA: post-crisis repositioning

The Australian Prudential Regulation Authority (APRA) provides a third example of conscious repositioning to restore public value focus. Following the banking royal commission, APRA explicitly acknowledged that it had drifted too far towards collaborative supervision, compromising financial system stability for industry comfort. The organisation underwent comprehensive transformation to reposition towards more assertive oversight while maintaining necessary dialogue.

APRA's transformation demonstrated all three Rx dimensions oriented towards public value. Governance clarity came through new

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strategic statements explicitly addressing supervision intensity and enforcement appetite for system stability. Differentiated engagement appeared in revised supervision methodologies which varied positioning based on entity risk and behaviour. Systems alignment included restructuring supervision teams, revising performance frameworks to measure prudential outcomes, and rebuilding enforcement capabilities.

APRA's 2022–3 annual report documents the results: targeted enforcement actions, including capital overlays and enforceable undertakings for major institutions, improved governance and risk culture practices across the sector, enhanced financial system resilience, and, notably, industry feedback about improved regulatory certainty (APRA, 2023, pp.6, 21, 35, 40, 44–5). The authority hadn't become purely enforcement-focused, but had consciously repositioned to balance engagement with assertiveness for public benefit.

Expanded implementation: guidance for practitioners

Most regulators will begin an Rx journey by establishing and understanding the current state. This involves reviewing and documenting language used throughout the organisation, analysing metrics and what they incentivise, reviewing recent enforcement patterns against risk profiles, surveying staff about role clarity and mandate understanding, and assessing stakeholder perceptions versus public expectations. Some

agencies will discover they are positioned differently across various regulatory systems, regulatory activities, regulatory functions, or even regulatory roles, often unconsciously or inadvertently sacrificing public value for stakeholder satisfaction.

Intentional repositioning of regulatory language and relationships requires sustained commitment, extending beyond document updates or training delivery. This type of transformation touches every operational aspect and challenges deeply held beliefs about public service, and it equating primarily to service delivery.

Agencies implementing Rx can quickly identify incorrect or problematic language in their regulatory systems. This language may have inadvertently become embedded in the agency over time. For example, procurement documents can require 'customer focus'; IT systems can measure 'client satisfaction'; HR frameworks can emphasise 'stakeholder satisfaction'. In the absence of intentional design, each instance may reinforce inappropriate frameworks that took years to embed and will take years to change.

Political management presents perhaps the greatest challenge. Ministers favour customer service improvements that generate positive coverage. Explaining why declining satisfaction might indicate improving effectiveness requires sophisticated communication and considerable courage. Evidence-based examples make abstract concepts concrete: the restaurant that caused food poisoning while fighting safety requirements; the builder whose substandard houses collapsed; the transport operator whose safety shortcuts caused car accidents. These consequences make customer service risks tangible for political leaders.

Staff transitioning between regulatory roles need particular support. A regulatory officer might need to be collaborative when providing Monday's guidance, switch to being professionally distant during Wednesday's inspection, then find themselves in a more confrontational and adversarial role in Friday's prosecution. These aren't personality changes, but instead are reflective of the requirements of the regulatory role, for which staff need clear frameworks and organisational support. Without role clarity,¹ staff experience moral distress, which can then

Box 1: Rx implementation tips

Practical insights for agencies considering Rx:

Start with language stocktake: Audit instances of 'customer' in operational documents, assess for consistency with regulatory mandate

Articulate public value clearly: Connect positioning decisions to public benefit and democratic purpose, not stakeholder preference

Expect resistance: Industry push-back will be immediate. Communicate how changes support fair competition and collective benefit

Support staff transition: Role clarity workshops help staff understand

their democratic mandate and navigate identity shifts

Monitor unintended consequences: Watch for over-correction. Rx means professional and fair, not hostile or inflexible

Measure what matters: Shift from satisfaction to public value metrics: harm prevention, compliance effectiveness, system integrity

Maintain political courage: Brief ministers regularly on how temporary satisfaction declines indicate long-term public value gains

Table 3: Common Rx misconceptions

Concern	Response
'Isn't Rx anti-business?'	No. Rx is pro-clarity and pro-predictability. It supports legitimate enterprise by making expectations explicit and consequences credible, reducing uncertainty and levelling the playing field (Parker, 2013).
'Won't Rx reduce engagement?'	No. Rx changes engagement's basis. It preserves problem-solving and support within statutory boundaries. Hodges' work indicates effective collaboration depends on clarity and accountability, not accommodation (Hodges, 2022).
'Should we abandon satisfaction metrics?'	No. Continue measuring accessibility of information and processes for mandated tasks. Label it explicitly as accessibility rather than treating it as the primary success metric (Better Regulation Victoria, 2022).

result in the loss and turnover of experienced regulators.

Performance metrics matter too, because measurement drives behaviour, shapes culture and determines outcomes. If satisfaction scores influence remuneration, staff prioritise accommodation. If enforcement numbers alone drive reviews, staff might prosecute unnecessarily. Sophisticated indicators must capture effectiveness without creating perverse incentives.

Current limitations: identifying priorities for further development

Digital transformation presents new challenges for spectrum positioning and public value preservation. Online portals embed positioning assumptions in their design: a system treating applications as 'service requests' positions an agency differently from one framing them as 'compliance assessments'. Artificial

intelligence trained on customer service models can skew and perpetuate inappropriate positioning unless carefully designed to preserve the regulatory mandate. These technological dimensions require conscious attention to how digital interfaces shape spectrum position and public value orientation.

In the New Zealand context, the establishment of a Ministry for Regulation is a signal that regulatory relationships require distinct approaches that preserve democratic purposes. While such ministries vary considerably in focus and impact internationally, the ministry is well positioned to support regulatory reform alongside the promulgation of better regulatory practice.² Emerging concepts like Rx may help with both the continuing professionalisation of New Zealand regulators, and growing maturity and capability through an expanded 'toolbox'.

We acknowledge that Rx remains an emerging concept requiring development through ongoing practice and research. For example, there is currently:

- limited empirical validation of positioning strategies;
- a need for refined measurement and evaluation; and
- questions about optimal positions for different contexts.

Some obvious research priorities include comparative studies of positioning strategies across regulatory domains, regulated sectors/ industries, and even possibly regulated commodities. Equally, the development of diagnostic tools for assessing how regulators are positioned and engage with regulated parties relative to achieving their regulatory outcomes would be useful.

Addressing some common concerns

Implementation inevitably raises questions from regulatory practitioners, ministers and regulated entities alike. These concerns often stem from either misunderstanding Rx or interpreting it as a rigid enforcement-focused approach, rather than what it offers, which is a framework for maintaining both accessibility and authority, across what are understood to be and variously described as regulatory, compliance and enforcement elements.

Table 3 addresses the most common misconceptions, showing how Rx can enhance rather than diminish effective regulatory engagement.

Concluding comments: the role of Rx and the path forward

Rx offers precise vocabulary and purposeful structure for what many effective regulators already do intuitively – consciously manage their position on the customer-regulatory-enforcement spectrum, while maintaining focus on public value creation. There is evidence from failures and successes demonstrating that unconscious drift towards either spectrum end undermines effectiveness and public value. The examples of EPA Victoria, NZTA and ASIC show how drift towards customer service enables non-compliance and harm, with collective benefit sacrificed for individual satisfaction. WorkSafe, Maritime New Zealand and APRA illustrate how

conscious repositioning can improve regulatory outcomes without abandoning stakeholder engagement, restoring focus on public protection and fairness.

Rx's three dimensions – governance clarity, differentiated engagement, and systems alignment – provide structure for managing spectrum position coherently across organisational operations while maintaining democratic legitimacy. This operational guidance helps agencies implement existing and established regulatory frameworks such as responsive regulation and risk-based approaches in their daily relationship management, without losing sight of why they exist: to create public value that markets cannot or will not provide.

Current and future regulatory challenges require sophisticated positioning strategies that preserve agencies' democratic mandate while remaining accessible. Agencies must support

innovation while managing risks, reduce burden while maintaining protections, engage stakeholders while preserving independence – all in service of public value. These challenges and associated tensions cannot be resolved by embracing simplistic customer-centric mantras or playbooks. They require intentional navigation by regulators reflecting context, changes and choices to prevent harms.

We recognise Rx as an emerging concept rather than a comprehensive framework at this point. Its value lies not in prescriptive solutions, but in providing precision around vocabulary and purposive structures for the conversations that regulators need to have (and, in fact, must have) about their fundamental regulatory relationships.

Two knowledge gaps warrant immediate attention: comparative evidence across sectors on how relationship settings affect compliance outcomes; and validation

of metrics that capture effectiveness without creating perverse incentives. Once these theoretical underpinnings are fully established, we anticipate that Rx will continue to evolve, mature and become practitioner-led.

¹ Notably, a 'lack of role clarity' is listed as a psychosocial hazard on the Safe Work Australia website.

² In September 2025 the Ministry for Regulation established RegRoom. RegRoom provides a platform for regulatory practitioners, managers, and executives to connect and collaborate to advance regulatory practice and regulatory capability at and across individual, regulatory function and regulatory system level (Ministry for Regulation, n.d.).

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