



COVERSHEET

Ministers	Hon Grant Robertson	Portfolios	Finance
	Hon Stuart Nash		Economic and Regional Development
Title of Cabinet paper	Options to Improve Small- and Medium-sized Enterprises' Access to Finance	Date to be published	By 22 July 2022

List of documents that have been proactively released		
Date	Title	Author
16 August 2021	Options to Improve Small- and Medium-sized Enterprises' Access to Finance	Office of the Minister of Finance, Office of the Minister for Economic and Regional Development
16 August 2021	Options to Improve Small- and Medium-sized Enterprises' Access to Finance CBC-21-MIN-0067	Cabinet Office
October 2021	Improving Access to Growth Funding – Slide pack	MBIE

Information redacted

No

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



Cabinet Business Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Options to Improve Small- and Medium-sized Enterprises' Access to Finance

Portfolio **Finance / Economic and Regional Development**

On 16 August 2021, the Cabinet Business Committee:

Background

- 1 **noted** that the Small Business Council and officials from the Ministry of Business, Innovation and Employment and New Zealand Trade and Enterprise have previously identified a capital gap for smaller but more mature companies (with revenues between \$3 million and \$30 million) that are important for economic development and an export-led recovery;
- 2 **noted** that on 1 July 2020, the Cabinet Economic Development Committee (DEV) noted that Ministers would investigate options to support small- and medium-sized enterprises earning \$3 million to \$30 million revenue, and report back with an update on progress [DEV-20-MIN-0119];

Issues

- 3 **noted** that in carrying out the investigation over 2020 and 2021, officials have identified a range of problems with both access to finance and firm capability, which affect two distinct business segments:
 - 3.1 micro-firms;
 - 3.2 small-and medium-sized enterprises earning \$3 million to \$30 million revenue;
- 4 **agreed** to prioritise advancing work to improve access to finance for small-and medium-sized enterprises earning \$3 million to \$30 million revenue, and subsequently to advance work to support micro-firms;
- 5 **noted** that the business segment of small-and medium-sized enterprises earning \$3 million to \$30 million revenue face challenges associated with accessing expansion capital in the form of both debt and equity finance;

- 6 **agreed** that the objective for this work be to:
- 6.1 improve access to finance for small-and medium-sized enterprises earning \$3 million to \$30 million revenue to build capability, grow, and internationalise;
 - 6.2 develop a market for investing in this business segment (ie to crowd-in other investors);
- 7 **agreed** that improving access to finance for small- and medium-sized enterprises is important from a productivity perspective;

Options to improve access to finance for small-and-medium-sized enterprises

- 8 **noted** that officials have identified a number of options to support both business segments, and have focused on the most viable options worthy of further investigation;
- 9 **noted** that officials have provided advice on a short-list of options, including a:
- 9.1 Direct Investment Fund (pilot, with the potential to scale);
 - 9.2 Fund of Funds;
 - 9.3 Business Growth Fund;
 - 9.4 Credit Guarantee Scheme;
 - 9.5 Development Finance Institution;
- 10 **directed** the Ministry of Business, Innovation and Employment, in consultation with the Treasury, to carry out a further detailed investigation of the Business Growth Fund option;
- 11 **noted** that the further detailed investigation will identify the typical design parameters of the Business Growth Fund option and will compare them against a set of selection criteria, as outlined in the paper under CBC-21-SUB-0067;
- 12 **invited** the Minister of Finance and the Minister for Economic and Regional Development to report back to DEV on the outcome of the detailed investigation of the Business Growth Fund option should they consider a Business Growth Fund to be a viable option in New Zealand.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern (Chair)
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni
Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash
Hon Kris Faafoi
Hon James Shaw

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet