



## COVERSHEET

<b>Minister</b>	Hon Stuart Nash	<b>Portfolio</b>	Small Business
<b>Title of Cabinet paper</b>	Report on Overseas Travel: Hon Stuart Nash	<b>Date to be published</b>	1 March 2023

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
December 2022	Report on Overseas Travel: Hon Stuart Nash	Office of the Minister for Small Business
19 December 2022	Report on Overseas Travel: Hon Stuart Nash CAB-22-MIN-0592 Minute	Cabinet Office

**Information redacted**

**NO**

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Office of the Minister for Small Business

Chair, Cabinet

## Report on Overseas Travel: Hon Stuart Nash

I recommend that Cabinet note this report on my travel to Paris, France from 20 November to 26 November 2022 to participate in the Organisation for Economic Co-operation and Development (OECD), Small and Medium Enterprises (SME) meetings.

### Report

- 1 The purpose of my visit was to consolidate and enhance New Zealand's global leadership in the area of digitisation of small businesses and green growth.
- 2 My visit follows on the back of the ***elevation of the Committee on SMEs and Entrepreneurship from a Working Party***. An elevation that was also a result of the strong advocacy by me on New Zealand's behalf.
- 3 My attendance was timely as the OECD has recently agreed to a SME Ministerial Meeting in June 2023. It has been five years since an equivalent meeting was held in Cancun. New Zealand has been invited to chair this meeting.
- 4 This meeting will provide an opportunity to advance the work of the committee and mobilise policymakers to strategically discuss SME and entrepreneurship policy in a new and uncertain global environment.
- 5 As Minister for Small Business, I was instrumental in getting mental wellbeing being included as a key action point for the June Ministerial meeting, following the success of the First Steps programme and the inclusion of mental wellbeing as a pillar of the APEC SME meeting.
- 6 The main components of my programme were:
  - 6.1 Chairing the Digital for SMEs - SME Resilience and Transformation Roundtable of governments, industry and civil society.
  - 6.2 Delivering the keynote addresses alongside Mariana Mazzucato - *advancing the government's economic plan for a high wage low emissions economy*.
  - 6.3 Representing New Zealand at the Committee on SME and Entrepreneurship.

- 6.4 Meeting the Secretary and Deputy Secretary General of the OECD.
- 6.5 Meeting the Swiss Ambassador to the OECD.
- 6.6 Meeting with French business leaders.
- 6.7 Meeting with Business customers of New Zealand Trade and Enterprise (NZTE).
- 6.8 Meeting with senior officials of the OECD on Tourism, Regional Development and Climate Change.

### **Chairing the 4<sup>th</sup> D4SME Roundtable – SME Resilience and transformation**

- 7 There is growing recognition of SMEs in a post pandemic world. In particular there is no way the world will meet its carbon goals without SMEs reducing their carbon footprint. It is also increasingly clear that digital technologies are the only way SMEs will survive – let alone grow.
- 8 The roundtable debated these issues at length. There was participation from almost all OECD countries as well as:
  - 8.1 the EU Commission and Israel;
  - 8.2 platform providers, such as Amazon, Facebook/Meta, Kakao, Paypal, Vodaphone and Microsoft;
  - 8.3 digitally enabled SMEs such as Watura and Digital HQ; and
  - 8.4 SME Associations, Sector Associations, International Chambers of Commerce and experts from Academia, Research Centres and international organisations.
- 9 The **OECD Secretary - General Mathais Cormann** opened the first session, noting this meeting came at a time of profound change for SMEs, and was an opportunity to build forward with SMEs as the engines of growth in the wider economy.
- 10 Other high-level speakers at the Roundtable were Hungarian Minister of State for Innovation and Higher Education László György, Chilean Under-Secretary of Economy and Small Business Javiera Petersen, and Korean Vice Minister of SMEs and Startups Cho Joohyun (*via video*).
- 11 Key points raised during the discussion included:
  - 11.1 Cybersecurity is the key reason SMEs don't digitise.
  - 11.2 Capability assistance is as important - or possible more so - when it comes to government assistance.
  - 11.3 Awareness of, and the ability to navigate, government schemes are vital for SMEs being able to access Government assistance.

- 11.4 When we talk about SMEs, we need to be conscious that we are talking about a wide range of different types of firms.
  - 11.5 Increasing the use of digital tools among SMEs needs strong internet infrastructure and measures to deal with the digital divide.
  - 11.6 Role of government procurement and ensuring that SMEs can access government contracts.
  - 11.7 Access to Finance continues to be a constraint on growth and being able to digitise.
- 12 The meeting gave me an opportunity to share **New Zealand's digital initiatives** including the First Steps programme for mental wellbeing; Digital Boost and the Climate Action Toolbox to help SMEs measure their carbon emissions. I, further, raised the future role of the Business Growth Fund and the current Elevate and Aspire funds for providing access to finance for SMEs.

#### *Committee on SMEs and Entrepreneurship*

- 13 I delivered New Zealand's intervention for the opening session, highlighting the challenges of COVID-19 and Russia's invasion of Ukraine, as well as the green and digital transitions. It was therefore an opportune time, in my view, to hold a Ministerial level meeting of Small and Medium Enterprises and Entrepreneurship (CSMEE), which would look at the issues of access to finance, inclusive growth, as well as the role of mental wellbeing of SME owners and employees.

#### *Dinner hosted by Switzerland*

- 14 Following the first day of CSMEE, the Swiss delegation hosted me, the Ambassador and my staff member for dinner, alongside officials from the OECD to further discuss the Ministerial meeting.

#### **Keynote speech at Green Growth and Sustainable Development Forum**

- 15 On 22 November, I participated in the Green Growth and Sustainable Development (GGSD) Forum as a keynote speaker and panellist, alongside Professor Mariana Mazzucato of University College London, Chilean Under-Secretary Javiera Petersen, German Ambassador to the OECD Michaela Spaeth, and OECD Deputy Director Science, Technology and Innovation Jens Lundsgaard.
- 16 The GGSD Forum is an annual **OECD flagship event on green growth**. This year the focus was on the impact of the double shock of the COVID-19 pandemic and the war in Ukraine on policy debates on green innovation, SMEs in national recovery plans, as well as the drivers of, and barriers to, adoption of green technologies by SMEs.

- 17 Professor Mazzucato, participating virtually, urged a bold goal-oriented stance from policy makers – or taking “moonshots”. In her view, governments were in reactive mode, when they needed to play a more market-shaping one – transformational change was not achieved through merely fixing market failures. COVID-19 presented a moment for building a new social construct.
- 18 I highlighted New Zealand’s **transformative Wellbeing Approach**, which puts people at the heart of policymaking. I set out the Government’s economic plan of a High Wage Low Emissions economy that provided economic security in good times and bad. I showcased the \$4 billion funding in infrastructure, community projects and regional development which harnessed the creative and innovative potential of business in partnership and with a shared vision of what success looks like.
- 19 Consistent with the approach of Professor Mazzucato, I set out that in our Government’s view we have a mandate to work in partnership with business and communities to create an economic environment consistent with a thriving community.

*Dinner hosted by OECD Secretary- General Mathais Cormann*

- 20 Following the second day of CSME, the Secretary–General hosted a dinner for me. Andreas Schaal, Director of Global Relations and Cooperation at the OECD. My staff member also attended. It was a good opportunity to reflect on the issues of mutual importance between the OECD and New Zealand as well as between Australia and New Zealand given Mr Cormann’s former role.

**OECD meetings on policy areas related to my portfolios**

*Meeting with OECD Deputy Secretary-General, Yoshiki Takeuchi*

- 21 This was a warm and productive meeting where we reflected on the role of data and the value that the OECD can provide in guiding best practice. Mr Takeuchi of was the position that first we should get good data, and from that good practices could follow.
- 22 He also welcomed the upcoming Ministerial SME meeting. Mr Takeuchi noted that Finance and Trade Ministers regularly meet with their counterparts and with the importance of SMEs to the global economy both economically and to meet carbon goals, the forthcoming meeting was a great opportunity to engage and share best practice.

*Meeting with Jo Tyndall, Director of the OECD’s Environment Directorate*

- 23 I had a constructive wide-ranging discussion with New Zealander, Jo Tyndall, who recently took over the reins as the head of the Environment Directorate. It was noted that New Zealand was an outlier compared to most OECD economies in terms of its emissions profile. There were opportunities for us to think about the role of new technologies in reducing emissions in the agri-food sector.

### *Meeting with Science, Technology and Innovation Directorate*

- 24 I had engaging and insightful discussions on alternative approaches to economic growth with key members of this Directorate. I outlined this Government's approach of being an active participant including the investment in the Provincial Growth Fund and the development of a Business Growth Fund.

### *Meeting with OECD tourism, regional and local development staff*

- 25 I met with a range of staff from the Centre for Entrepreneurship, SMEs, Regions and Cities for discussions on the OECD's tourism, regional and local development work. We discussed various challenges and opportunities facing the industry, including labour shortages, the tension between industry recovery and wider issues like climate, domestic tourism, and targeting mid-level "aspirational" tourists.

### **Meetings with French agencies and New Zealand businesses in France**

#### *Meeting with Choose Paris Region CEO Lionel Grotto*

- 26 The Chief Executive of Choose Paris Region underscored the attractiveness of the Paris Region in the post-Brexit environment, including in the banking sector (e.g. NAB Bank has established an office in Paris).
- 27 I was impressed by the presentation and suggested we could do more to promote regions in Europe such as the Paris region to New Zealand businesses. Choose Paris Region outlined upcoming opportunities to do so.
- 28 The first was the planned visit to New Zealand of the Head of the Paris region, former French Presidential candidate, Valerie Pecresse in March 2023. The Paris region was also considering promotional opportunities around the 2023 Rugby World Cup hosted by France and expressed an interest in working with New Zealand. I noted there would be a lot of interest for this from New Zealand businesses.

#### *Meeting with Atout France Director General Caroline Leboucher*

- 29 The meeting with the Chief Executive of France's national tourism promotion agency highlighted the many similarities that France shares with New Zealand in terms of challenges and direction of travel for the tourism industry. Mme Leboucher and I discussed labour market constraints in the hospitality industry, moving from volume to value to maintain the social license for tourism, and making the sector more sustainable.
- 30 Mme LeBoucher noted that French tourism was recovering well from the pandemic. France hoped to see a boost of New Zealand visitor numbers for the 2023 Rugby World Cup, but did not expect the return of Chinese visitors before the European spring at best, or even September 2023.

### *Business roundtable with NZTE customers*

- 31 NZTE Paris organised a roundtable with some of their customers to give me a sense of the opportunities and challenges for New Zealand businesses operating here. *Fonterra*, *Invert Robotix* (robotic food safety inspection) and *Taska Prosthetics* (operating out of their European office in Germany) covered the issue of decarbonisation, rising inflation and supply chain disruptions. Despite some challenges, New Zealand companies were doing well. They benefited from the good perception of New Zealand, which customers associated with quality, innovation and agility.

### **Proactive release**

- 32 This paper will be proactively released on the Ministry of Business, Innovation and Employment's website. The paper will be subject to redaction as appropriate on the grounds set out under the Official Information Act 1982.

### **Recommendation**

I recommend that Cabinet note this report.

Authorised for lodgement

Hon Stuart Nash

Minister for Small Business