

# Briefing for the incoming Minister for Small Business and Manufacturing

23 January 2025



## Contents

---

<b>1. Introduction .....</b>	<b>3</b>
<b>2. Portfolio overview .....</b>	<b>3</b>
Responsibilities .....	3
Departmental arrangements .....	4
Funding .....	4
<b>3. Portfolio role and key work currently underway .....</b>	<b>5</b>
Your portfolio has a key role in contributing to economic growth .....	5
Current work underway.....	6
<b>4. How MBIE assists you .....</b>	<b>10</b>
Our primary ways of engaging with you.....	10
Relevant Business Groups.....	10
Key officials .....	10
<b>Annex One: Portfolio responsibilities.....</b>	<b>12</b>
Services you are responsible for.....	12
Legislation you are responsible for.....	13
Advisory bodies.....	13
<b>Annex Two: Small Businesses and manufacturing in New Zealand .....</b>	<b>14</b>

## 1. Introduction

---

1. Congratulations on your appointment as Minister for Small Business and Manufacturing. Your portfolio has both a policy and service delivery role. This briefing provides an overview of:
  - your portfolio responsibilities, and the associated departmental arrangements and funding
  - work currently underway, and decisions that will soon be needed.
2. We are looking forward to discussing your priorities with you.

## 2. Portfolio overview

---

### Responsibilities

3. The Small Business and Manufacturing portfolio is a relatively new portfolio, with the manufacturing component added by this Government. You have a broad policy role in shaping the Government's small business and manufacturing policy agenda that involves:
  - **Engaging with small businesses and manufacturers** and their broader ecosystem (eg industry associations, chambers of commerce and economic development agencies) to understand their operating environment and hear their concerns and suggestions.
  - **Leading policy** to support small businesses and manufacturers in specific areas (eg building capability and increasing technology uptake).
  - **Influencing work across other portfolios** that set the operating environment for small businesses and manufacturers (eg to reduce business compliance burdens).
4. You are responsible for the strategic direction and delivery of the following services, with further detail in **Annex One**:
  - **Business Connect** – a digital platform which enables businesses to interact with government agencies online, in one place (eg applications for licences and registrations).
  - **Business.govt.nz** – a website which provides information, interactive tools and expert guidance for small to medium sized enterprises (SMEs). Content ranges from material about daily business operations to information responding to crises.
  - **eInvoicing** – the direct exchange of invoices between supplier and purchaser finance systems. It removes the need for processing invoices manually, saving businesses time and money.
  - **New Zealand Business Number (NZBN)** – NZBNs are globally unique identifiers with associated information about a business. It allows the digital transfer of core information about NZBN holders (such as their contact details) to support digitisation and efficiencies.
  - **Regional Business Partner (RBP) programme** – a service that delivers regional support for SMEs to grow, develop and innovate. It is delivered via a network of RBPs across New Zealand (usually business chambers and economic development agencies).
5. The portfolio has also been utilised to deliver emergency business support and time-limited services. For example the RBP service offering was expanded during COVID-19, as a means of funnelling support to regional businesses.

## Departmental arrangements

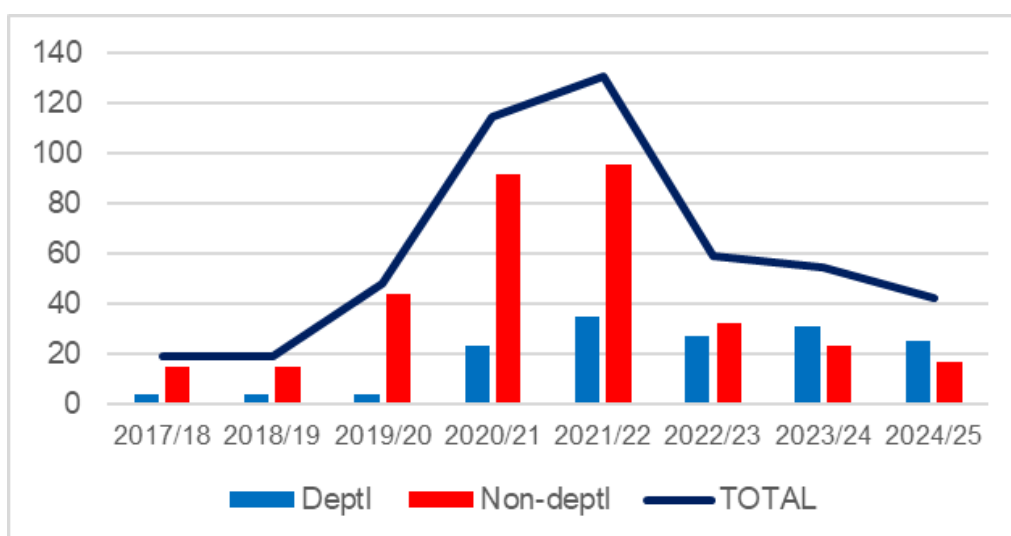
- We would normally provide information at this point on the number of MBIE staff employed in the Small Business and Manufacturing portfolio. However, over the past year, MBIE has gone through significant organisational change involving 34 processes that have resulted in an 11% reduction of MBIE's workforce overall, and to the Small Business and Manufacturing portfolio, in particular, the small business service delivery workforce. An update of the FTE portfolio attribution data is currently underway following the completion of the 2024 change processes and we will report this to you separately in the near future.

## Funding

- The portfolio appropriations fall within Vote Business, Science and Innovation, for which Hon Willis, Minister for Economic Growth is responsible.
- For 2025/26, Vote Business, Science and Innovation is \$4.081 billion, of which just over \$40 million is for Small Business and Manufacturing. This is made up of:
  - \$2.674** million for policy advice from the *Policy Advice and Related Services Multi-Category Appropriation (MCA)*, which totals \$84.471 million in 2024/25. The Minister for Economic Growth is responsible for this MCA.
  - \$2.230** million for the *Manufacturing Sector Development Appropriation*, a time limited appropriation for this financial year only.
  - \$36.695** million for the *Small Business Enabling Services MCA*. It is split between departmental funding of around \$20.7 million (for MBIE to provide services to small businesses directly) and non-departmental funding of around \$16 million (which MBIE uses to purchase services for small businesses).

The MCA provides flexibility on where to prioritise spend across the services. It was created in 2023, by bringing together related appropriations from the then Economic Development (ED), Commerce and Consumer Affairs (CCA), and Small Business portfolios. Expenditure increased substantially through COVID-19. Since then, the appropriation has fallen again, because of time limited funding expiring and in response to fiscal pressures.

Figure One: Total Small Business spend (including expenditure formerly in the ED and CCA portfolios)



### 3. Portfolio role and key work currently underway

---

9. The Small Business and Manufacturing portfolio has an important role in strengthening New Zealand's economic performance. You have choices about the portfolio's direction, and where to focus its resources.
10. This section provides an overview of the role small businesses and manufacturers play in the economy, work underway, and decisions needed. We would value an early opportunity to discuss your priorities.

#### Your portfolio has a key role in contributing to economic growth

##### 97 per cent of businesses in New Zealand are small

11. In New Zealand, a small business is generally considered to have fewer than 20 full-time equivalent staff (FTE). By this definition, there are around almost 600,000 small businesses here, which comprise 97 per cent of all businesses. Businesses with zero employees comprise 73 per cent of all small businesses, those with one to five FTE comprise 17 per cent, and those with six to 19 FTE comprise 7 per cent. **Annex Two** sets out more detail.
12. The small business sector is heterogeneous, with no one overall sector group to represent all interests. Nonetheless, small businesses are central to regional prosperity and a critical part of the supply chain for many larger businesses. They make up large parts of our main export sectors (eg comprising 99 per cent of the agriculture sector) and represent 98 per cent of the construction sector businesses.
13. While small businesses can be flexible and innovative, their lack of scale creates additional challenges. For example, they have limited:
  - capacity and networks to build their capability and grow
  - capacity to navigate central and local government's regulatory requirements
  - financial reserves and access to credit
  - digital capability and time to invest in this.

##### The manufacturing sector is also largely made up of small businesses

14. 91 per cent of the almost 23,000 manufacturers in New Zealand are small businesses. Nearly three quarters of them have less than \$1 million annual sales, and only 5.4 per cent annual revenue of more than \$10 million.
15. The sector employs 10 per cent of the workforce (250,000 people), accounts for 8.4 per cent of GDP (\$21.6 billion), 82.2 per cent of goods exports (\$54.2 billion) and 26.6 per cent of business expenditure on Research and Development (\$976 million). The table below illustrates the contribution of the seven manufacturing subsectors to New Zealand's manufacturing GDP.
16. Improving manufacturing performance will be key to growing exports. There are significant untapped opportunities to lift productivity in the manufacturing sector, through lifting capital intensity through technology adoption, thereby driving economic growth and exports.
17. In addition to the challenges that small businesses face, manufacturing businesses are facing challenges competing in the international market. In 2023, the value of New Zealand's manufacturing exports fell by 6 per cent from 2022 and accounted for 82.2 per cent of the value of total exports. The highest five-year compound annual export growth has been in food and beverage, machinery and equipment, and metals and metal products sub-sectors.
18. The manufacturing sector has, with government support, in recent years established its own industry body – Advancing Manufacturing Aotearoa (AMA).

### **You have choices on what to focus on**

19. Given the broad policy remit of the portfolio you have choices on what to focus on. At a high level, some choices you could consider are:
- whether to work to 'lift all boats', or focus on supporting SMEs with high potential for revenue growth and/or exporting
  - the relative emphasis to place on the small business or manufacturing parts of the portfolio
  - what key areas of interest to small businesses and manufacturers to focus on.

### **Connections with other portfolios is critical**

20. Given the broad range of interests of small business and manufacturers, connections with other portfolios are critical. In particular, we recommend engagement with the following:
- **Economic Growth** – in particular contributing to the Government's economic growth agenda.
  - **Science, Innovation, and Technology** – in particular the implementation of the science reforms which have an impact on the services available for small businesses and particularly manufacturers.
  - **Digitising Government** – in particular in relation to lifting use of critical digital services you are responsible for (eg Business Connect).
  - **Regulation** – in particular compliance burden can have a disproportionate impact on smaller firms.

### **Current work underway**

21. Over the past year, the Government has worked with small business and manufacturing sector representatives to identify key priorities. A brief description of key work currently underway is provided below.

### **Ongoing engagement with small business and manufacturing advisory groups**

22. The portfolio has two recently established external advisory groups: the Small Business Advisory Group (SBAG) and the Manufacturing Productivity Advisory Group (MPAG).
23. The SBAG was set up in October last year as a means for MBIE and the wider government to hear from small business and industry first hand. It has 50 members, of whom 20 are small business owners. Other members include sector/industry body advocates and business chamber representatives. Its Chair is David Downs (Chair, Icehouse).
24. The MPAG was convened as a means to provide MBIE and the Minister with a direct link to the manufacturing sector. It is made up of up to 40 strategic thinkers from the across the sector and is chaired by Sarah Ramsay, Chief Executive, United Machinists. The group has met three times since February 2024.
25. The MPAG and SBAG's next meetings have been set up for 26th February and 28th March respectively, both in Auckland. In light of this, we recommend that at your earliest opportunity you meet with the MPAG and SBAG Chairs to discuss next steps, including whether these meetings should proceed. This could also provide an opportunity for you to set out how you would like to work with these sectors.

### **Simpler access to information via online channels designed for businesses and manufacturers**

26. You are responsible for the business.govt.nz website and its associated newsletter. The website has 1,850,000 users and the newsletter is sent to 790,000 subscribers every month. As such, it is the main channel for government communications to them.

## BRIEFING FOR THE INCOMING MINISTER FOR SMALL BUSINESS AND MANUFACTURING

27. The website provides content, tools and expert guidance for businesses starting up, taking on staff, wanting to increase productivity and grow profits. It hosts 11 interactive tools, 53 downloadable visual guides and workbooks, and more than 200 pages of content. An ICT work programme is underway to update the website's aging infrastructure.
28. On 29 November 2024 the *GoBusiness* and *GoManufacturing* webpages went live. They target growth minded businesses and manufacturers and provide more in-depth information and support than the more generalised business.govt.nz website. The landing pages trial a new 'look and feel' which is intended to be more business friendly. An advertising campaign is underway to promote these pages. We would welcome the opportunity to discuss our plans for both business.govt.nz and the trial webpages.

### **Increase uptake and use of Business Connect and the NZBN to make business transactions easier**

29. Business Connect is a platform to support an improved and unified government customer service experience. It was designed to be a 'one stop shop' for businesses to easily apply for licences, permits etc. It uses NZBN data to pre-populate and validate mandatory fields for returning customers, resulting in better quality applications for agencies and councils. Business Connect's FormBuilder tool enables government departments to easily create simpler and more consistent government forms.
30. Hon Collins, as Minister for Digitising Government, and Hon Bayly wrote to other Ministers in December 2024, asking them to encourage their agencies to use Business Connect to digitalise any remaining paper or PDF forms. We anticipate this will support uptake over 2025. We will update you on progress.
31. In mid-2024, Cabinet agreed to several legislative changes to the NZBN, to make it more useful for businesses. Some of these require primary legislation, and others can be put into effect through an Order in Council. We will brief you on these changes shortly.

### **Improve business payment times, thus improving cashflow**

32. The average invoice payment time for SMEs is 23.3 days and businesses on average spend six hours every month on manual invoice processes. Improving the speed and efficiency of processing the more than 280 million invoices exchanged every year would bring large productivity benefits.
33. In February 2024, the Government repealed the Business Payments Practices Act 2023, as it was seen as a poor solution to the issue of late payments and long payment terms. Instead, Cabinet agreed to focus on improving government agencies' payment times and driving economy wide uptake of eInvoicing.
34. As part of this, last year Cabinet agreed that the Government Procurement Rules include new payment time and eInvoicing capability requirements for government agencies (both core departments and Crown agencies). These rules will come into effect over the course of this year and early next year.
35. Cabinet also agreed that MBIE explore extending these requirements to large private sector businesses that sell goods and services to the government, to help ensure the benefits of faster payment times for large contractors are passed through to their smaller suppliers.
36. Hon Willis, as Minister for Economic Growth, is now responsible for the Government Procurement Rules. We will work with our MBIE Government Procurement colleagues to advise you and Hon Willis on next steps.

### **Focus the Regional Business Partner (RBP) programme on high growth potential businesses**

37. Regional Business Partners (RBPs) (which include business chambers, economic development agencies, and other business focused organisations) help local businesses to innovate and grow by providing access to useful contacts and networks, and by subsidising training for SME owner/managers.
38. Currently, the RBPs try to assist as wide a range of businesses as possible. Policy work underway aims to refocus the support offered through the RBP programme towards a smaller group of high growth

potential businesses, who would receive more support over a longer period.

- 39. RBP contracts expire at the end of June 2025. MBIE was shortly to enter into a procurement process, which alongside some policy changes, would give effect to the new policy direction. The timeframe is tight, as there are contractual considerations. We will brief you on this shortly.

**Lift digital capability and AI use in small businesses**

- 40. Digitalisation is an important tool to lift productivity, but New Zealand’s SMEs lag internationally. Cyber security concerns, lack of time and lack of confidence selecting the right tools are cited as the largest barriers to digital adoption.
- 41. Last year, MBIE worked with the National Cyber Security Centre (NCSC) to address SME cyber security barriers. In October 2024, the NCSC launched SME-focused training videos, receiving around 20,000 hits in the first three months. We will work with the NCSC to make more content as resources allow.
- 42. The Digital Boost programme was a government-run, time-limited initiative designed to support SME digitalisation. It concluded in October last year (although the training videos are still available through business.govt.nz). When asked for guidance on next steps, the SBAG called for SME-focused simple, step-by-step guides and practical training, including on the use of AI tools. We would welcome an early opportunity to discuss next steps.

**Support the manufacturing sector to lift capability and technology update**

- 43. The Manufacturing Sector Development appropriation was established in Budget 2024 to take on the priority programmes that continued on from the Advanced Manufacturing Industry Transformation Plan.
- 44. Its funding is limited to 2024/25, and is currently allocated to the following projects:
  - A contract with Callaghan Innovation to deliver the Smart Industry Readiness Index (SIRI) assessments. These assessments are highly regarded by industry, as they provide a thorough assessment of a manufacturers processes against industry best practices, and recommendations on how to improve productivity.
  - A contract with Advancing Manufacturing Aotearoa for business-led delivery of manufacturing priority initiatives. This includes key programmes to link students to manufacturers, improve the perceptions of the sector, content development for the *GoManufacturing* website and the development of workforce plans by manufacturing subsector.
- 45. We will shortly provide you with advice on next steps.

**Immediate decisions required and further advice**

- 46. Matters requiring immediate decision are summarised in the table below. We will provide you with briefings on them next week.

Table One: Key decisions pending in the Small Business and Manufacturing portfolio

Policy area	Nature of decision	When required
Confidential advice to Government		



47. Following that, and subject to your priorities, we will also provide you with briefings on:
- the policy and operational work programme
  - eInvoicing and Government payment times (including the proposed extension of the new rules to include large government suppliers)
  - legislative and operational changes planned for the NZBN
  - lifting digital capability and AI use in small businesses.

We can also present you with a short showcase of the various business services in the portfolio at your convenience.

## 4. How MBIE assists you

### Our primary ways of engaging with you

48. MBIE officials will engage with you primarily through:
- meetings, either scheduled or at your request
  - weekly updates on key policy and operational items in the portfolio
  - six-monthly updates on work programmes.
49. We are happy to adjust any of these processes to align with your preferred way of working.



### Relevant Business Groups

50. MBIE assists you in fulfilling your portfolio responsibilities through its policy and operational groups.
51. MBIE’s Small Business and Manufacturing policy team (situated in the Building, Resources and Markets group) is responsible for advancing your policy priorities, including any by preparing Cabinet papers and legislative material.
52. All operational services for the portfolio apart from eInvoicing are delivered by the Te Whakatairanga Service Delivery group. eInvoicing and work on government payment times is run from the Corporate and Digital Shared Services group.





### Key officials

53. The table below sets out the key MBIE officials who will support you in the Small Business portfolio.

**Table 4: Key MBIE officials**

Contact	Role	Priority area	Contact details
<b>Carolyn Tremain</b>			
	Secretary, Ministry of Business, Innovation and Employment	All MBIE priorities.	Privacy of natural persons
<b>Paul Stocks</b>			
	Deputy Secretary, Building, Resources and Markets (BRM)	Policy development to ensure a fair, competitive business environment and well-functioning telecommunications, building and construction, small business, manufacturing, and resources sectors and operations.	Privacy of natural persons

**BRIEFING FOR THE INCOMING MINISTER FOR SMALL BUSINESS AND MANUFACTURING**

Contact	Role	Priority area	Contact details
<b>Suzanne Stew</b>			
	Deputy Secretary, Te Whakatairanga Service Delivery.	Functions and services that support businesses, employees, and consumers to operate successfully in the marketplace.	Privacy of natural persons
<b>Andrew Hume</b>			
	General Manager, Commerce, Consumer and Business, Building, Resources and Markets	Policy responsibility for the Small Business and Manufacturing portfolio.	Privacy of natural persons
<b>Ross Van Der Schyff</b>			
	General Manager, Business and Consumer, Te Whakatairanga Service Delivery	Operational responsibility for business.govt.nz, the RBP programme, and Business Connect.	Privacy of natural persons
<b>Michael Alp</b>			
	Chief Operations Officer, Corporate Services	Operational responsibility for eInvoicing and government faster payments.	Privacy of natural persons

## Annex One: Portfolio responsibilities

---

### Services you are responsible for

54. You are responsible for a range of services supporting business and the policy settings that govern them.
- **Business.govt.nz** (launched in 2007) is a digital platform providing information, resources, interactive tools, and guidance from across government and the private sector tailored for small to medium businesses. The website has 1,850,000 users and the newsletter is sent to 790,000 subscribers every month. The trusted platform hosts 11 interactive tools, 53 downloadable visual guides and workbooks and more than 200 pages content that support businesses in a variety of areas: from start-up, to meeting their compliance obligations, to improving digital capability and providing information in a time of crisis (such as during COVID-19 and the 2023 extreme weather events). The most popular tools are ONECheck (a search function enabling businesses to check company name, trade mark, website domain and social media availability with one search), the Employment Agreement Builder and Choose your Business Structure. The 2024 user rating for interactive tools and website guidance is 4.4 / 5 (88 per cent).
  - The **Regional Business Partner** (RBP) programme (established in 2010) provides tailored support for individual businesses to grow and innovate. The programme is jointly administered by MBIE and Callaghan Innovation and is delivered via 15 regionally based organisations across New Zealand (predominately economic development agencies or chambers of commerce). Regional Partners work with SMEs to identify development needs and provide information, advice, services and funding that will address business aspirations. Around 5,000 businesses are supported annually, including approximately 2000 businesses given subsidised management capability training. 78 per cent of business owners who responded to a RBP survey in 2023/24 said they are highly likely to recommend the service to other business owners.
  - The **New Zealand Business Number** (NZBN) The New Zealand Business Number (NZBN) (established in 2014, with the NZBN Act passing in 2016) is a unique global identifier that enables reliable and efficient digital interactions between businesses and government. Core business information on the NZBN register is accessed millions of times a year by many government agencies and businesses. Full adoption of NZBN across the economy will return over \$500 million per annum.
  - **Business Connect** (first prototyped in 2016 and then formally launched in December 2019) was set up as part of the Better Public Services programme. It is a cross-agency digital services platform for businesses to easily apply for a range of licences, permits and registrations in one place. It uses NZBN data to pre-populate and validate mandatory fields for returning customers, resulting in better quality applications for agencies and councils. In 2024 the FormBuilder.govt tool was added to the platform which is designed for government and councils to create online service forms in days, with guaranteed accessibility, security and privacy standards.
  - **eInvoicing** (launched in 2019) is the direct exchange of invoice data between supplier and purchaser finance systems through a single digital invoicing network for all New Zealand businesses. eInvoicing removes the requirement for manual invoice processing using emailed PDFs, saving businesses significant time and money. It also helps them participate in digital trading, and protects them from invoice fraud. Economy wide eInvoicing adoption will deliver over \$400 million in business productivity savings annually.
  - A new and related function is **government faster payments** (required from 1 January 2025) was established to drive faster payments to businesses trading with government. 135 agencies currently fall into scope of this initiative, representing over \$52 billion in spend which is now required to be paid faster to businesses, helping to speed up cashflow across the economy.

## Legislation you are responsible for

55. You are responsible for the **New Zealand Business Number Act 2016**. Also, your role enables you to take an interest in legislation or regulations that affect small businesses and bring any concerns to the attention of the appropriate minister.

## Advisory bodies

### **Australia and New Zealand Electronic Invoicing Board (ANZEIB)**

56. ANZIEB membership has recently been refreshed to strengthen the close cooperation between New Zealand and Australia on the implementation and adoption of elnvoicing. You have sole discretion to appoint New Zealand representatives to the ANZEIB when required.

# Annex Two: Small businesses and manufacturing in New Zealand

**97%**  
of businesses have fewer than 20 employees (594,573 businesses)

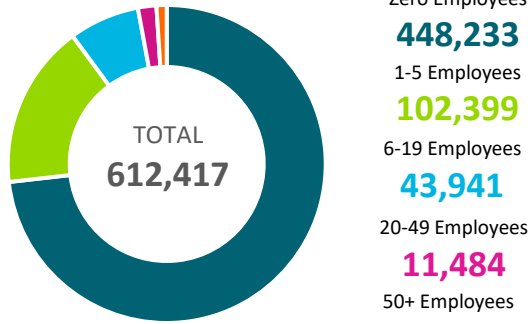
**27%**  
of employees are employed by small businesses (excluding working proprietors)

**73%**  
of small businesses have no employees (448,223)

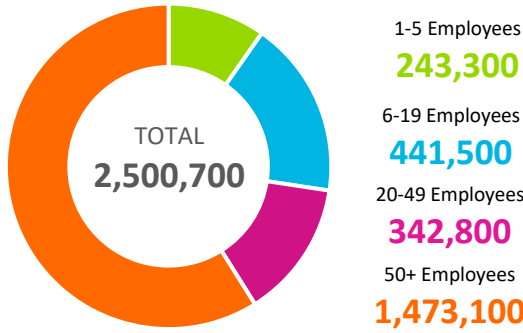
**42%**  
of Economic Value is estimated to have been produced by small businesses in 2023

**39%**  
of all jobs created in the year ending September 2023 were in small businesses

**Chart 1: Number of Businesses by Employee Size Group (2024)**

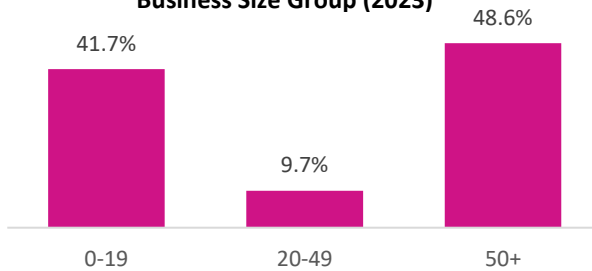


**Chart 3: Number of Employees by Employee Size Group (2024)\***

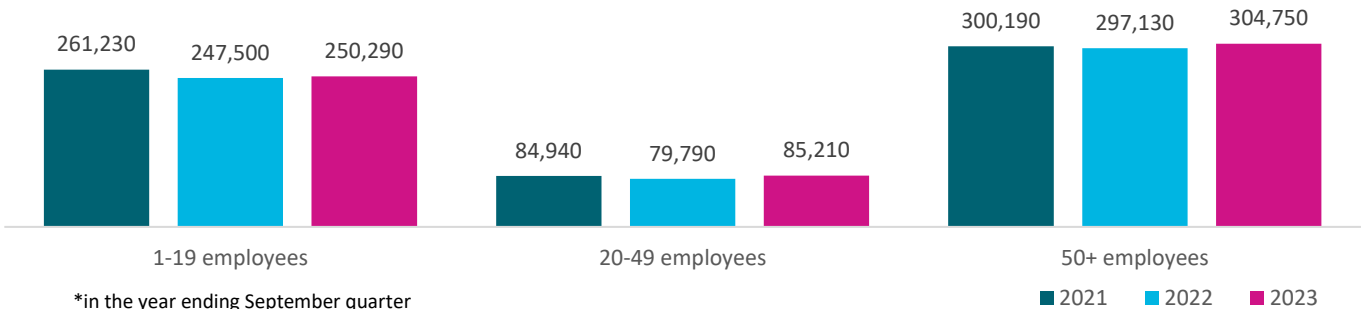


\*excludes working proprietors

**Chart 4: Economic Value Add by Business Size Group (2023)**

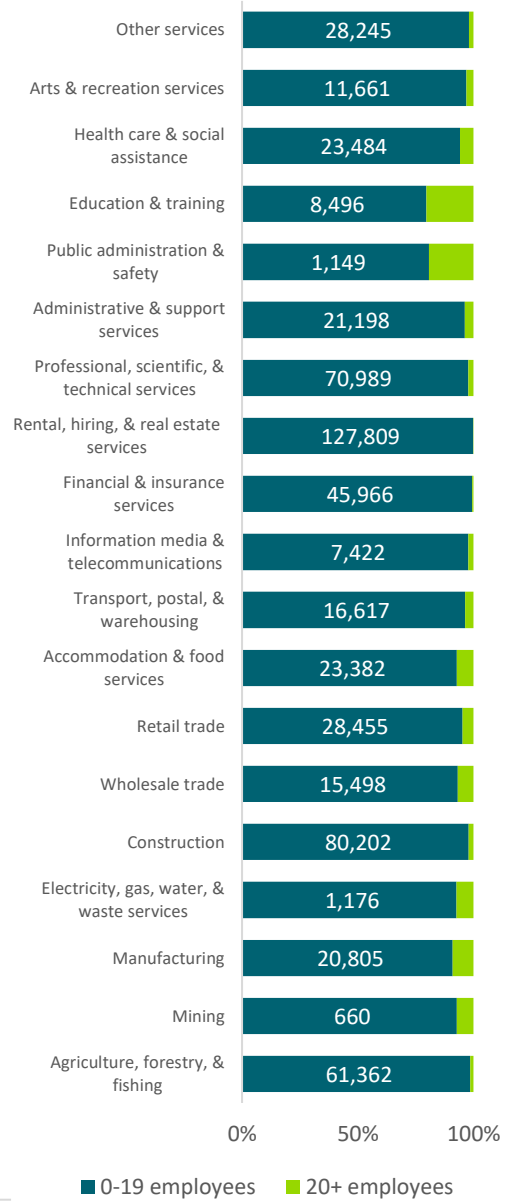


**Chart 5: Annual Job Creation by Employing Businesses (2021-2023)\***



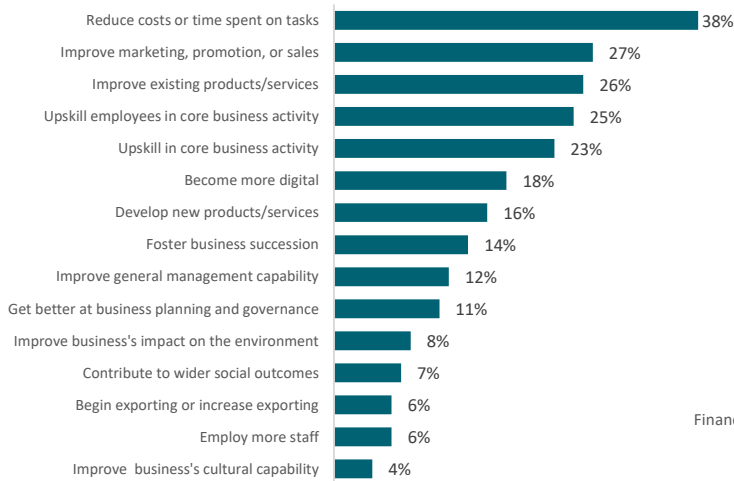
\*in the year ending September quarter

**Chart 2: Number and percentage of Small Businesses by Industry (2024)**

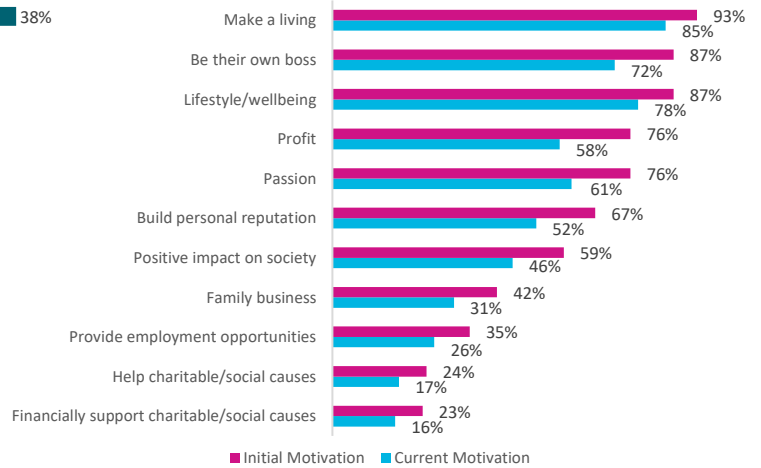


# BRIEFING FOR THE INCOMING MINISTER FOR SMALL BUSINESS AND MANUFACTURING

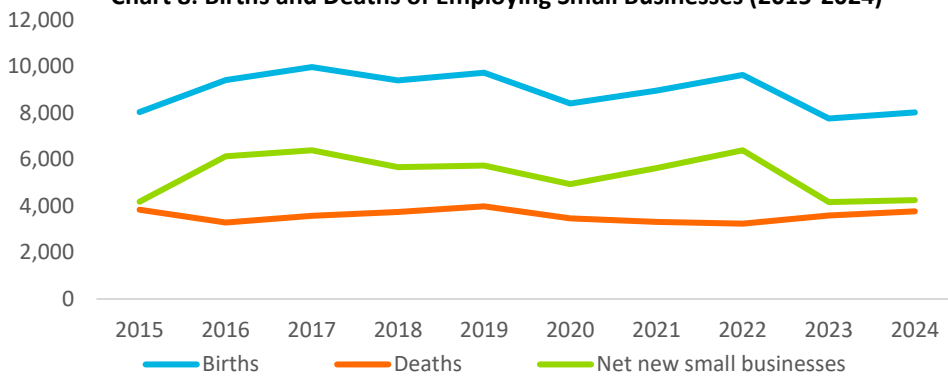
### Chart 6: Business Development Goals (2024)



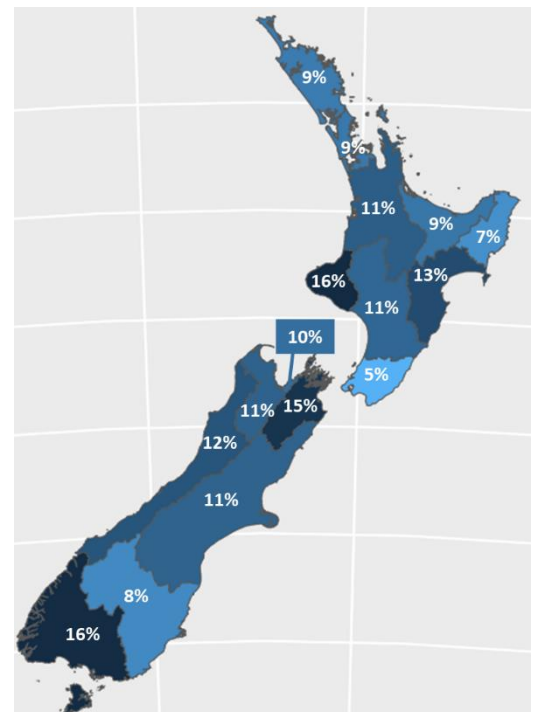
### Chart 7: Primary Motivations for Starting and Running a Business (2024)



### Chart 8: Births and Deaths of Employing Small Businesses (2015-2024)



### Chart 9: Percentage of Employees in the Manufacturing Sector by Region (2024)



**75%**

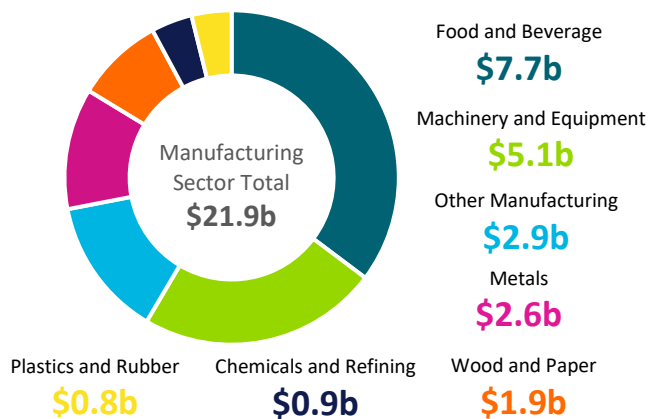
of manufacturing exports in 2023 were from the Food and Beverage subsector

**16%**

of workers in the Southland and Taranaki regions work in manufacturing, the highest proportion in the country

In 2024 Māori and Pacific employees comprised **8.3%** and **13.2%** of the manufacturing workforce, respectively

### Chart 10: Manufacturing Subsectors Real GDP Contribution (2024)



### Chart 11: Manufacturing Subsector Exports Value (2023)

