



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI



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# **SMALL BUSINESS BRIEFING FOR THE INCOMING MINISTER**

Date: December 2016

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# 1. Portfolio overview

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## **Successful small businesses are critical to New Zealand's economic growth...**

Small businesses, defined by the Ministry as enterprises with fewer than 20 employees, play an important part in New Zealand's economy and society. They make up 97 per cent of all enterprises, account for 29 per cent of employment and contribute over a quarter of New Zealand's gross domestic product<sup>1</sup>.

## **...and benefit from policies that suit all businesses...**

For the most part, economic and regulatory policies which suit business generally also benefit small businesses. These include:

- stable macroeconomic policies
- high quality regulation
- broad-based taxes
- the ability to enforce property rights
- respect for the rule of law
- excellent and fairly-priced infrastructure
- availability of skilled labour
- access to finance on reasonable terms.

New Zealand does well in this area, ranking first in the world for ease of doing business<sup>2</sup>, ranked fourth in the world for transparency<sup>3</sup>, and 13<sup>th</sup> in the world for competitiveness<sup>4</sup>.

## **...but they also have their own distinctive characteristics and challenges...**

Small businesses have some significantly different characteristics to larger firms. They:

- vary widely in their aspirations, and not all are focused on growing their business
- have owners who are time-poor and typically focus on keeping their business afloat from week to week, and tend to lack the time and resources needed to work on growing their business
- wear multiple 'hats' and tend not to have specialists who can ensure the firm keeps up to date with regulations relevant to the business
- can have difficulty getting the finance they need because of a lack of assets or the ability to present a well-argued case
- tend to have a higher worker turnover
- have higher rates of start-ups and closures

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<sup>1</sup> MBIE *The Small Business Factsheet 2016*

<sup>2</sup> World Bank *Doing Business 2016*

<sup>3</sup> Transparency International *Corruption Perception Index 2015*

<sup>4</sup> World Economic Forum *Global Competitiveness Report 2016-2017*

- have lower rates of research and development and exporting
- are less likely to survive. A third of small businesses are less than six years old and less than 20 per cent are over 20 years old.

**...and are different from those in other countries.**

Although New Zealand has a similar proportion of small businesses to other OECD countries, New Zealand has a scarcity of very large firms.

New Zealand's small businesses seeking to grow and internationalise face the combined barriers of physical distance from markets and the small domestic economy. The physical isolation restricts knowledge and technology transfer and reduces competition, while the small domestic market limits opportunities to develop economies of scale before exporting.

**We seek to understand the implications of these characteristics under the Small Business portfolio**

Policy advice under the portfolio focuses on building on the advantages of being small and addressing the barriers to growth implied by the characteristics of small business. Much of it involves working closely with other business-facing portfolio ministers to ensure the regulation and services they are responsible for effectively address the particular issues faced by small businesses.

Very few small businesses become large businesses. But small gains in productivity across the nearly 490,000 small enterprises in New Zealand will contribute significantly to our economic performance. Government has a role in enabling this to occur by, for example, reducing the regulatory burden on business and by encouraging better management practices.

## 2. Portfolio responsibilities

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### Minister's responsibilities

As Minister for Small Business, your role is to make sure all of government understands the issues faced by New Zealand's small businesses. Creating the right conditions for them to succeed will significantly contribute to our economy and society.

### Portfolio functions and responsibilities

As Minister for Small Business, your key areas of responsibility are:

- ensuring government agencies consider the characteristics of small businesses in the design and implementation of policies which affect businesses (through, for example, consulting the Small Business Development Group (SBDG))
- building relationships with small businesses and their representative organisations to understand their issues and alerting the relevant Ministers
- championing initiatives across government which benefit small businesses (refer to Major Links to Other Portfolios section).

The Small Business portfolio forms part of Vote Business, Science and Innovation. The Minister for Small Business requires the agreement of the Minister for Economic Development to change the Small Business portfolio outputs. The funds available to support the Small Business portfolio are a small portion (approximately \$1.4 million) of total government expenditure on services and programmes for businesses through Vote Business, Science and Innovation.

### Key MBIE officials

Responsibility for advice on the Small Business portfolio sits within the Ministry's Enterprise Policy team in the People, Science and Enterprise branch. Key contacts are set out in the table below:

Contact	Role	Priority Area	Contact details
David Smol	Chief Executive, Ministry of Business, Innovation and Employment	All	E david.smol@mbie.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Paul Stocks	Deputy Chief Executive	Labour, Science and Enterprise Group	E paul.stocks@mbie.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Peter Crabtree	General Manager	Science, Innovation and International Branch	E peter.crabtree@mbie.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982

Karl Woodhead	Manager	Enterprise Policy	E karl.woodhead@mbie.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Matt Kennedy-Good	Manager	Business.govt.nz	E matthew.kennedy-good@business.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Patti Poole	Senior Advisor Secretariat for the SBDG	Enterprise Policy	E patti.poole@mbie.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982

The Enterprise Policy team supports the Minister for Small Business, and the Minister (and Associate Minister) for Economic Development by providing advice about how New Zealand can increase the competitiveness of all businesses, specifically focused on business capability, internationalisation, access to capital, and small businesses.

### Legislative responsibilities

As Minister for Small Business, you are not responsible for any legislation. Your role does enable you to take an interest in any regulations that adversely affect small business and bring these to the attention of the appropriate minister.

### Crown entities

As Minister for Small Business, you are not responsible for any Crown entities. You do have an interest in the business support programmes provided by New Zealand Trade and Enterprise and Callaghan Innovation and ensuring these meet the needs of small businesses.

### Statutory or advisory bodies

The Ministry is the secretariat for the SBDG, comprised of twelve small business owners from a variety of regions and sectors. The SBDG regularly meets with officials from government agencies and provides feedback on policy and regulatory proposals with implications for small business. Members are appointed every three years by Cabinet or by negotiation.

As Minister for Small Business, you are responsible for:

- Nominating members for appointment by Cabinet to the SBDG
- setting out priorities for the SBDG's work through an annual Letter of Expectations
- responding to the SBDG's feedback on government policies on behalf of the Government.

See Annex 1 for the SBDG's membership and Annex 2 for the SBDG's Terms of Reference and Protocols.

## **Other State agencies**

As Minister for Small Business, you are not responsible for any State Agencies. As many agencies interact with small businesses, your role allows you to identify ways to improve the interactions between government and business and maximise the benefits of support programmes and services for small enterprises.

### 3. Focus for the first 100 days

#### Pending decisions and actions

Issue	Reason	Timing
<b><i>Policy decisions</i></b>		
<p>Engagement with the SBDG</p> <p><i>This is the main formal conduit between government and small business.</i></p> <p><i>Action point: We will provide you with briefings on their activities and reports over the last two years.</i></p>	<p>We recommend meeting the SBDG at one of their meetings in Wellington. This would be an opportunity to hear about the issues affecting small businesses and outline your priorities for the portfolio. A formal Letter of Expectations is usually sent to the SBDG at the beginning of each year.</p> <p>See Annex 1 for the SBDG's membership.</p>	<p>8 February 2017</p>
<p>SBDG Appointments</p> <p><i>Five new members need to be appointed by Cabinet by 1 July 2017.</i></p> <p><i>Action points: We will provide you with briefings on the process for appointing SBDG members.</i></p>	<p>The SBDG has 12 members. At the end of June 2017, the terms end for six members (the other six have terms until the end of December 2018). You will need to select and nominate five new members for appointment by Cabinet by 1 July 2017.</p> <p>As part of the appointments process, there is also an opportunity to consider the role of the SBDG and how it engages with Government. We could consider ways to raise its profile and improve its engagement across government to ensure it is effectively providing the voice of small business to government. See Annex 2 for the SBDG's Terms of Reference.</p>	<p>March 2017</p>
<p>Consideration of Small Business Roadshows</p> <p><i>This has proven to be a</i></p>	<p>In 2016, MBIE, in conjunction with business.govt.nz and the Regional Business Partners, hosted 22 small business roadshows</p>	<p>February 2017</p>



Issue	Reason	Timing
<p><i>successful model for engaging with small business.</i></p> <p><i>Action: We will provide you with briefings on the Roadshows we ran in 2016 and seek your interest in continuing this type of engagement with small businesses.</i></p>	<p>throughout the country showcasing what government does to help small businesses. Following the strong response to these events from the small business sector, you may wish to consider continuing with this, or a similar type of engagement in 2017.</p> <p><b>Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982</b></p>	
<p>Input into key programmes that support small business:</p> <p>Result 9: Better for Business</p> <p>Business.govt.nz</p> <p><i>The R9 programme and business.govt.nz has far-reaching implications for how small businesses interact with government</i></p> <p><i>Action point: We will arrange briefings from the Result 9 programme and the business.govt.nz team as there are opportunities to provide</i></p>	<p><b>Result 9: Better for Business</b></p> <p>The Result 9: Better for Business programme aims to reduce the costs to businesses dealing with government by 25% by 2017.</p> <p>It has supported the delivery of a number of initiatives that are relevant to small businesses, for example, the New Zealand Business Number and MyIR.</p> <p><b>Business.govt.nz</b></p> <p>The government website for business <a href="http://www.business.govt.nz">www.business.govt.nz</a> will be the centre of a one-stop online shop for business, so they can interact and transact with government agencies through one site.</p>	<p>By February 2017</p>

Issue	Reason	Timing
<i>input as these programmes develop and promote the benefits to small businesses.</i>		

## Upcoming events, publications, appointments, and announcements

### *Small Business Development Group*

- The roles of the SBDG Convenor and Deputy Convenor are renewed by you annually. The SBDG will expect this to be announced before their February meeting.
- SBDG will meet seven times in 2017 (dates below) including a visit to the R9 Accelerator programme in March.
  - 8 February
  - 29 March (Accelerator visit)
  - 10 May
  - 28 June
  - 9 August
  - 18 October
  - 13 December
- You will need to lodge a Cabinet Appointments and Honours Committee paper appointing five new members to the SBDG for 1 July 2017. This should be announced prior to the SBDG meeting in August.

### *Small Business Data*

- The Ministry produces a small business factsheet annually highlighting the key statistics relating to small businesses. The Minister for Small Business releases this around May each year. See Annex 4 for the 2016 Factsheet.

## 4. Beyond the first 100 days

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### Future opportunities

#### Increasing the competitiveness of small businesses

New Zealand can raise its living standards if it increases the number of internationally competitive businesses, including small firms.

Part of the solution rests with more small businesses that have the potential to grow raising their ambitions and emulating successful businesses. Increased attention to people and performance management and the skills needed to internationalise, and higher expenditure on innovation, particularly innovation aimed at international markets, is also important.

Government can play a role by creating an environment which enables businesses to become more competitive. For example:

- having well-developed capital markets to enable investment-ready growth oriented firms to raise the capital they need, bringing benefits that might include access to management expertise and international networks
- ensuring that crowd-funding and other novel equity-funding mechanisms can fulfil their potential
- having a balanced labour market providing the skills and connections businesses need for productivity growth, with the goals of improved employment outcomes and work transitions for New Zealanders
- attracting foreign direct investment that accelerates the growth of productive firms and increases exports of high value-added goods and services.

Specific government interventions to make businesses more competitive include:

- continued development of entrepreneurial systems (for example, through initiatives such as the Accelerators programme, business incubators, R&D grants, the New Zealand Venture Investment Fund programmes and NZTE's internationalisation services) that make it more possible and attractive to establish new, innovative businesses
- NZTE's and Callaghan Innovation's grants and services encourage firms to step beyond their comfort zone
- targeting education and resources about intellectual property to small businesses who often lack sufficient understanding of IP issues, processes and measures to enable their innovative ideas to be protected
- direct incentives where the anticipated economy-wide payoffs appear substantial (for example, supporting the establishment of a cluster of globally-competitive firms).

- active partnerships between government and “star” firms to maximise their growth and the positive externalities they generate
- programmes to improve management skills and extracting greater economic value from ICT, such as partnering with exemplars and business leaders to promote the benefits of better management and better use of ICT
- Reducing the time and effort taken to comply with regulations.

Most of these issues are addressed in the Economic Development portfolio. As Minister for Small Business, you have an interest in encouraging small businesses to participate in measures which can increase their competitiveness, and ensure policies to improve competitiveness meet the needs of small firms.

### **Learning more about small businesses**

Government can best assist small businesses when it has in-depth knowledge on how New Zealand small businesses operate and the issues they face.

In 2014, the Ministry produced the Small Business Sector Report 2014, which gave a high level overview of the small business sector. The report covered a wide range of topics, including innovation, international trade, ICT, international comparisons, and regional and national snapshots of all industry groups. To follow up from this report, the Ministry continues to annually produce a Small Business Factsheet which summarises key statistics relating to small enterprises.

Business.govt.nz is the government’s website for small business, bringing together information from across government and the private sector to make it easier for small businesses to understand and comply with government, and make their businesses a success. Business.govt.nz’s resources are increasingly valued by small business, with traffic to the website increasing by almost 50% in 2016. Business.govt.nz ensures its tools and content are useful for its customers by following a customer centred design process, which keeps the customer at the centre of all content they create. This process generally involves deep qualitative research with small businesses and advisors, reliance on small business “personas”, and quantitative research. This research establishes small business pain points, solutions to address them and ensures these solutions are shaped and delivered to meet the customers’ needs. This research is shared with other relevant government agencies.

The Minister for Small Business also has opportunities to attend international events to engage with other countries about their policies relating to small business. These are opportunities to both showcase what New Zealand is doing to support small business but to understand how other countries are addressing the challenge of supporting such a diverse sector. Possible engagements include:

- the International Council for Small Business Conference
- the Small Enterprise Association of Australia and New Zealand (SEANZ) Conference
- APEC Small and Medium-sized Enterprise Ministerial Meeting.

### **Support for earthquake affected businesses in North Canterbury and Wellington**

Where localised events have caused significant disruption for businesses, such as the gastroenteritis outbreak in Havelock North, or the recent earthquakes in North Canterbury and Wellington, the government has stepped in to provide support. This has included initiatives such as the Earthquake Support Subsidy to help businesses cover employee wages following the earthquake.

The Ministry is aware different events will affect businesses differently but the stability of regional economies requires Government to be prepared to respond quickly when the situation demands it. To ensure we are prepared, the Enterprise Policy team is doing a piece of work around our framework and approach to supporting local businesses following an emergency.

## 5. Major links with other portfolios

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The Minister of Small Business necessarily takes an interest in a very wide range of portfolios, many of which are outside the work programmes of the Ministry of Business, Innovation and Employment. Part of your role is to support other Ministers understand the implications for small businesses of any changes to their portfolios. These portfolios mirror the myriad interests and compliance responsibilities of small businesses. Some portfolios are common to most small businesses and have a direct impact such as those dealing with:

- tax
- health and safety
- employment
- local government
- ACC.

Others are common to all businesses but have an indirect impact such as statistics and tertiary education. Still others are of interest to specific sectors such as customs or food safety; or location such as the Earthquake Support Package for businesses in North Canterbury and Wellington.

### **Providing business support which benefits the greatest number of small businesses**

A perennial issue is where government support should be focused to maximise value for the greatest number of small businesses. The Ministry's Small Business Sector Report 2014 showed small businesses are incredibly diverse, with different growth aspirations, and in different sectors and regions which face unique issues.

There are a number of key programmes in other portfolios that aim to understand and address these issues. Three key programmes for the Minister for Small Business to engage with are Result 9: Better for Business, Business.govt.nz and the Regional Business Partner programme.

#### ***Result 9: Better for Business (Economic Development portfolio)***

The Result 9: Better for Business work programme is about saving businesses time and effort to make businesses more efficient by making it easier for them to interact with government. It is about changing the way government deals with businesses and delivering on the Government's priorities of growing a more competitive and productive economy, and delivering Better Public Services. Better for Business advocates for business customers to make sure their needs are factored into public sector decision making.

Some of the initiatives for the Better for Business work programme include:

- **The New Zealand Business Number (NZBN):** a unique number which will help improve information sharing between the public and private sector. NZBNs will become the main

identifier for businesses. It is estimated that the benefits for businesses from the NZBN Programme once fully implemented will be around \$60 million a year.

- **Accelerator:** brings teams of creative people together to solve some of the public sector's most complex problems. It's an innovative way of reducing the effort businesses expend when dealing with government. Our teams generate ideas, test them, build them and then test them again to make sure they meet the needs of our business customers.

#### ***Business.govt.nz (Commerce Portfolio)***

Business.govt.nz is a first-stop online shop for small businesses, bringing together advice and compliance obligations from across government into one place. The website provides a wide range of information and tools. Businesses can find out about their tax obligations and which company structure is best for them. They can learn about buying a business, hiring staff, export laws, and where to apply for research and development grants.

Some of the tools on the website include:

- The 'Employment Agreement Builder' makes it easy for small businesses to create legally compliant employment agreements. This is a really useful tool because it is a mandatory requirement for all staff to have a written employment agreement. An employment agreement is also a great foundation for a good employment relationship.
- The 'Employee Cost Calculator' gives businesses the confidence to take on new staff by providing an estimate of the cost of hiring. It considers the nature of your business and the type of employee you want to hire, then gives ballpark figures on the discretionary and fixed costs.
- 'ONECheck' is one of the website's most popular tools. It combines a Companies Office, domain name and trade mark search into one simple function and refers users on to secure the name they have selected.

#### ***Regional Business Partners (Economic Development Portfolio)***

New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation deliver programmes and services to small businesses through the Regional Business Partner (RBP) programme, which was established in 2010 and funded under Vote Economic Development. Local organisations (typically regional economic development agencies and/or chambers of commerce) in 14 regions assess businesses, work with them on their training needs and growth opportunities, and provide co-funded training vouchers and research and development (R&D) grants to help grow their business. Both domestically-focused and export-focused firms can receive support.

The RBP programme has four elements:

- Business advisors in each regional entity provide assessments, advice and support for small businesses.
- Capability Development Vouchers, which are distributed by business advisors to support small businesses with growth potential. The vouchers provide co-funding (50:50) of up to

\$5,000 for access to expertise and training from over 700 organisations registered with NZTE.

- ‘Getting Started’ R&D Grants of up to \$5,000 administered by Callaghan Innovation.
- Connecting businesses with Business Mentors New Zealand, which supports the delivery of one-to-one mentoring by volunteer mentors for SME business owners and start-ups in local communities.

Other programmes and initiatives within these various portfolios are presented below, broadly reflecting these three categories.

Direct impact on many small businesses	Indirect impact on many small businesses	Impact on specific sectors
Portfolio	Current programmes and initiatives	
<b>Economic Development (MBIE)</b>	<ul style="list-style-type: none"> <li>• <a href="http://www.business.govt.nz">www.business.govt.nz</a></li> <li>• NZTE supported programmes, including:               <ul style="list-style-type: none"> <li>- Regional Business Partners</li> <li>- Capability Development Vouchers</li> <li>- Business Mentors New Zealand</li> <li>- Better By Procurement</li> <li>- programmes and services to help businesses internationalise, such as Path to Market, Better by Capital, and Beachheads</li> </ul> </li> <li>• Capital for high-growth businesses through the New Zealand Venture Investment Fund</li> <li>• Government procurement of goods and services from small businesses</li> </ul>	
<b>Result 9: Better Public Services for Business<sup>5</sup> (MBIE)</b>	<ul style="list-style-type: none"> <li>• Reducing business costs from dealing with government by 25 per cent by 2017</li> <li>• Expansion of the New Zealand Business Number to non-companies</li> <li>• Development of <a href="http://www.business.govt.nz">www.business.govt.nz</a> as the one-stop shop for everything businesses need from government to manage and grow their business.</li> <li>• Integrated tools such as ONECheck</li> <li>• Cross government initiatives such as linking company registration with issuing IRD numbers.</li> </ul>	

<sup>5</sup> Result 9 agencies are: Ministry of Business, Innovation and Employment; Ministry for Primary Industries; Accident Compensation Corporation; Inland Revenue; New Zealand Trade and Enterprise; Callaghan Innovation; Statistics New Zealand, and the New Zealand Customs Service



Portfolio	Current programmes and initiatives
	<ul style="list-style-type: none"> <li>• Online rating system to collect feedback on government services</li> </ul>
<b>Commerce and Consumer Affairs (MBIE)</b>	<ul style="list-style-type: none"> <li>• Retail Payment Systems</li> <li>• Payment times for businesses</li> <li>• Online intellectual property registration system</li> <li>• Consumer law reform</li> <li>• Standards</li> </ul>
<b>Science and Innovation (MBIE)</b>	<ul style="list-style-type: none"> <li>• Maori Innovation Fund</li> <li>• R&amp;D Project Grants</li> </ul>
<b>Communications (MBIE)</b>	<ul style="list-style-type: none"> <li>• Digital Economy work programmes , supporting businesses to make better use of technology</li> <li>• Ultra-fast broadband rollout</li> <li>• Cyber security</li> </ul>
<b>Immigration (MBIE)</b>	<ul style="list-style-type: none"> <li>• Skills and Employment Hub for employing migrants in Christchurch</li> <li>• Business visas for entrepreneurial migrants</li> <li>• Essential Skills in Demand List</li> <li>• Visas for skilled migrants</li> </ul>
<b>Tertiary Education, Skills and Employment (MBIE)</b>	<ul style="list-style-type: none"> <li>• Online employment tools for employers</li> <li>• Setting of minimum wage</li> <li>• Employment trial periods</li> <li>• Wage subsidies for youth and beneficiaries</li> <li>• Review of business qualifications</li> <li>• Language, literacy and numeracy skills training for employees</li> <li>• Personal grievances</li> </ul>
<b>ACC (ACC and MBIE/WorkSafe)</b>	<ul style="list-style-type: none"> <li>• Setting of ACC levies</li> <li>• Clear and consistent health and safety regulations</li> <li>• Experience rating and no-claims bonuses for employers and the self-employed to incentivise better workplace safety practices</li> <li>• Use of online channels</li> </ul>
<b>Energy and Resources (MBIE and MfE)</b>	<ul style="list-style-type: none"> <li>• Resource Management Act</li> <li>• Improving energy efficiency</li> <li>• Security of electricity, water, and oil supply</li> </ul>
<b>Government Procurement (MBIE)</b>	<ul style="list-style-type: none"> <li>• Extension of the Rules of Sourcing to an additional 100 agencies from 1 February which will improve the consistency of procurement so businesses know how to bid for and supply government contracts</li> <li>• Redesigned documentation for small businesses to tender and enter into contracts</li> </ul>

Portfolio	Current programmes and initiatives
Revenue (Inland Revenue)	<ul style="list-style-type: none"> <li>• Online delivery of tax services</li> <li>• Seminars and workshops for business owners</li> <li>• Business Transformation project</li> </ul>
Social Development (Work and Income, and MSD)	<ul style="list-style-type: none"> <li>• Online recruitment services</li> <li>• Wage and training subsidies</li> </ul>
Local Government (DIA)	<ul style="list-style-type: none"> <li>• Reducing compliance costs</li> </ul>
Statistics (Statistics NZ)	<ul style="list-style-type: none"> <li>• Making more business statistics available online</li> <li>• Reducing respondent burden</li> </ul>
Civil Defence (DPMC)	<ul style="list-style-type: none"> <li>• Providing disaster recovery guidelines that include small business recovery management and resources</li> </ul>
Transport (Ministry of Transport)	<ul style="list-style-type: none"> <li>• National and regional infrastructure</li> </ul>
Justice (Ministry of Justice and MBIE)	<ul style="list-style-type: none"> <li>• Disputes resolution</li> <li>• Disputes Tribunal</li> </ul>
Customs (NZ Customs Service)	<ul style="list-style-type: none"> <li>• Trade Single Window</li> </ul>
Food Safety (MPI)	<ul style="list-style-type: none"> <li>• Providing helpful information for small businesses about the changes to the Food Act 2014 that came into force on 1 March 2016.</li> <li>• Food safety programmes</li> </ul>
Māori Development (Te Puni Kōkiri)	<ul style="list-style-type: none"> <li>• Support for Māori SMEs</li> </ul>
Pacific Peoples (MPP)	<ul style="list-style-type: none"> <li>• Pacific Business Trust</li> </ul>
Ethnic Communities (DIA)	<ul style="list-style-type: none"> <li>• Ethnic People in Commerce programme</li> </ul>
Trade (MFAT)	<ul style="list-style-type: none"> <li>• Taking advantage of opportunities from the negotiation of Free Trade Agreements</li> </ul>
Women (Ministry for Women)	<ul style="list-style-type: none"> <li>• Providing information for small business about encouraging flexible work practices for employees.</li> </ul>

**ANNEX 1: MEMBERSHIP OF THE SMALL BUSINESS DEVELOPMENT GROUP**

<b>Name</b>	<b>Sector</b>	<b>Company</b>	<b>Location</b>
Tenby Powell, Convenor	Equipment hire	Tenby Powell is a co-founder of Hunter Powell Investment Partners Ltd (HPIP), a major shareholder in the NZ Rental Group. He has also been an active champion of small business issues by, among other things, founding the NZ SME Business Network in 2011.	Auckland
Sonia McConnachie, Deputy Convenor	Advertising	Sonia, owner and director of consumer marketing agency Commando, brings to the team extensive knowledge and experience from the marketing, advertising and communications industry.	Auckland
Sharon Henderson	Communications	Sharon is founder and director of communications agency Federation Ltd. She has more than 20 years of business experience, including 12 years in executive management roles in New Zealand and Australia.	Auckland
Robert Khan	Broadcasting	Robert started New Zealand's first full-time commercial ethnic radio station. He is a board member of the NZ Radio Broadcasters Association and consults internationally to radio companies.	Auckland
Ele Ludemann	Sheep and cattle farming	Ele is a part-owner in the family business, which is an extensive sheep, beef and dairy operation based in North Otago.	Oamaru
Mitchell Pham	ICT	Mitchell is a Vietnamese-kiwi business entrepreneur with companies in both New Zealand and Vietnam. His business, Augen Software Group, provides development capacity, scalability and speed-to-market capability for software innovation.	Auckland
Adrienne Pierce	Business services	Adrienne founded the successful Bay Nursing Network, followed by the Bay Nanny Childcare Network, which morphed into PORSE in 1996. Her current business is Smart – an outsourced administration provider.	Havelock North
Neil Pluck	Engineering	Neil owns Pluck's Engineering with his wife Lynley. The company manufactures dairy effluent processing equipment and exports to Australia and the UK. It also manufactures heavy land rollers, cultivators, and square bale feeders.	Rakaia

Jeremy Ward	Transport and tourism	Jeremy is Managing Director of East By West Ferries in Wellington and is currently President of the NZ Marine Transport Association, representing the interests of inshore vessel operators nationwide.	Wellington
Alaina Teki-Clark	Retail and Tourism	Alaina is Company Director for Aotea Motor Lodge, Challenge Castlecliff and Caltex Victoria Avenue in Whanganui. She has 20 years of experience in owning a business. She has been on a number of boards including the Caltex Retailers Association, is a member of Te Manu Atatu, the Whanganui Māori Business Network, and has chaired the Whanganui Women's' Refuge.	Whanganui
Jerry He	Food Technology	Jerry has a background in exporting and is the Sales Director at New Zealand Green Wave Limited and is the Chairman of the New Zealand Green Industry Association. He is considered a business leader in the Chinese community and is a member of the advisory panel of the Chinese Youth Chamber of Commerce.	Auckland

## **Annex 2: TERMS OF REFERENCE AND PROTOCOLS FOR THE SMALL BUSINESS DEVELOPMENT GROUP**

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### **Purpose**

To give small and medium-sized enterprises (SMEs) a greater "voice" in policy development and to advise Ministers of issues facing SMEs.

While there is no universally accepted definition of SMEs, in New Zealand it is accepted that there are some common characteristics including:

- They are typically owner-operated.
- They are independent and are able to make the principal decisions.
- They have fewer than 20 FTE staff members.
- They are likely to have a relatively small market share.

The diverse nature of SMEs means that most are unable to effectively participate and influence government policy development by traditional/normal means of consultation.

The Small Business Development Group (SBDG) will provide a means for departments and the government to take more fully into account the interests of SMEs in policy initiatives and to provide a deeper understanding of how government can work most effectively with SMEs. SBDG will also provide the means for dialogue with SMEs that go beyond individual and immediate issues.

### **Functions**

- To promote business growth in the SME sector by identifying poorly performing laws by:
  - Identifying issues arising from current laws and regulations that impair the performance of SMEs without a self-evident good reason;
  - Identifying aspects of laws and regulations that appear to be too complex for SMEs to be able to comply with adequately, lacking the resources to do so;
  - Considering the reasons that government agencies give/have for the imposition of such burdens on SMEs, and the wider business community, accessing the relevant SMEs to an efficient degree;
  - Forming views about the reasonableness of the investigated impediments to SME performance and growth and provide suggestions for progressing any issues.
- To promote business growth in the SME sector by identifying poor administrative processes by:
  - Identifying issues arising from current administrative processes that impair the performance of SMEs without a self-evident good reason;
  - Identifying aspects of administrative processes that appear to be too complex for SMEs to be able to comply with adequately, lacking the resources to do so;
  - Considering the reasons that government agencies give/have for the imposition of such burdens on SMEs, and the wider business community, accessing the relevant SMEs to an efficient degree;

- Forming views about the reasonableness of the investigated impediments to SME performance and growth and provide suggestions for progressing any issues.
- To provide on-going advice to the Minister for Small Business on any issues affecting SMEs:
  - Identifying issues impacting the growth and development of SMEs;
  - Suggesting priorities;
  - Exploring solutions.
- To provide assistance and advice to government departments on consultation with SMEs.
- To provide, for discussion with government agencies, suggestions on ways for enhancing SME and government agency performance.
- To promote business growth in the SME sector by doing other things as from time to time agreed with the responsible Minister.

## **Membership**

Members of SBDG will be drawn from the business community and will have a track record of establishing SMEs, growing SMEs, and will be networked. The members should be able also to represent business related issues facing women, Maori and Pacific SMEs and those seeking to start-up businesses.

Ministers will appoint the members of SBDG for a term of at least three years. Terms may be extended by mutual agreement. The size and composition of SBDG will be determined by the Cabinet following a recommendation from the Minister for Small Business.

The Group will have up to twelve members from which a convenor and a deputy convenor will be appointed on an annual basis. SBDG members may receive fees and allowances in accordance with Government guidelines. The members may be required to contribute up to ten days per annum of their time to their role on SBDG to attend meetings, and further time for activities such as preparation time or other meetings as required.

The Group will maintain the confidence of ministers through the responsible minister.

## **Accountability and Reporting**

SBDG will report directly to the Minister for Small Business through:

- Face-to-face meetings at least annually.
- Reports as agreed.

SBDG will be supported by a secretariat based at the Ministry of Business, Innovation and Employment, with involvement from other departments as appropriate.

The Official Information Act 1982, the Privacy Act 1993, and the Ombudsman Act 1975 will apply to the operation of SBDG. Information held by SBDG will be deemed to be information held by the Minister for Small Business.

The Group may from time to time report its findings on any matter to the responsible Minister. Any such report will be provided initially in draft format to the allow input from the responsible Minister.

Finalised reports may be published with the agreement of the responsible Minister and the Group. Published reports will not contain information supplied to the Group that has a confidential status.

### **Means**

- Conduit - SBDG will seek input from SMEs utilising existing stakeholder groups and their own networks. They will also provide feedback on government initiatives to these same groups.
- Analysis - SBDG will use their business expertise to analyse the impacts of proposals on small business and assist the government to identify areas where further work should be undertaken. They will work with relevant government departments on the issues being investigated.
- Advocacy - SBDG will advise the government on any matters affecting SMEs.
- Sounding Board - SBDG may provide advice on policy issues as they develop.

### **Protocols**

SBDG will not publish the advice it gives to the government. However, the government may, from time to time, agree to publish papers produced by the Group.

SBDG members will need to be able to offer free and frank advice to the government while maintaining discretion about that advice in wider circles.

SBDG members will make public comments only after advising the Minister for Small Business through the Convenor of their intention to do so. The Convenor will advise the Minister directly of his/her intention to make public comments. This injunction will apply whether the members agree or disagree with the government's actions on which they are commenting.

The Minister and the Group will operate on a 'no surprises' basis. The Group must maintain the confidence of the Minister at all times.

The Minister for Small Business will, prepare an annual expectations letter for SBDG which sets out the terms of reference, the protocols, a work programme and any other relevant expectations of the SBDG.

### **October 2012: Roles and Responsibilities of the Convenor and Deputy Convenor**

The convenor is appointed as a member as well as into the position of convenor. The convenor's term expires on the date specified in the notice of appointment. This will normally be for a twelve month period.

The convenor will be responsible for:

- Ensuring that the Group develops and implements processes and systems to maintain its effectiveness;

- Establishing an agenda for meetings in conjunction with the Secretariat;
- Overseeing meetings to ensure they are conducted in an orderly fashion that all members are treated evenly and fairly, and that members are encouraged to contribute to deliberations.

The convenor of the Group will speak publicly on its behalf. Group members may speak publicly on behalf of the Group subject to approval by the convenor. Any public comments will not include information provided to the Group that has a confidential status. The convenor will be supported in this role by the office of the responsible Minister. In any public statement the convenor will operate a “no surprises” manner with the responsible Minister.

The deputy convenor will assist the convenor in his or her absence, and as required from time to time.

Last updated January 2013



### Annex 3: KEY STAKEHOLDERS

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The key relationships for the Small Business portfolio are:

- Minister for Economic Development
- Small Business Development Group
- Business representative groups, including Business New Zealand, Chambers of Commerce and Economic Development Agencies
- Small business owners.

The following people may write or seek an early appointment with the Minister:

Business Mentors New Zealand	Lisa Ford, General Manager
Business New Zealand	Kirk Hope, Chief Executive
Economic Development Association of New Zealand (EDANZ)	David Wilson, Executive Director
Employers and Manufacturers Association	Kim Campbell, Chief Executive
Franchise Association of New Zealand	Robyn Pickerill, Chief Executive Officer
MYOB New Zealand	Conor Roberts, New Zealand Communications and Public Affairs Manager
New Zealand Chambers of Commerce	Regional Chief Executives
New Zealand Hospitality Association	Vicki Lee, Chief Executive
New Zealand Institute of Management	Ash Dixon, Chairman
New Zealand Manufacturers and Exporters Association	Dieter Adam, Chief Executive
New Zealand Retailers Association	Scott Fisher, Chief Executive Officer
Xero	Rod Drury, Chief Executive

