

Small Business Council: Terms of Reference

These Terms of Reference describe the purpose, role, functions, membership, systems and processes of the Small Business Council (Council).

BACKGROUND

Small businesses are the lifeblood of any economy. From the sole-trading plumber to the next high-tech innovative start-up, small businesses provide jobs that keep New Zealand growing. The Government wants small businesses to succeed, whether that means doing business efficiently, growing quickly, developing an export enterprise for products and services, or creating sustainable employment for their family or community.

Small businesses are important for building and investing in a growing and resilient economy. They are an integral part of regional development and they support the diversity that New Zealand needs to grow our economy in the long term. With the right capability development, investment and education, some small businesses can grow into larger businesses and many more will survive as important smaller enterprises in main centres and the regions.

Small businesses make up 97 per cent of all businesses in New Zealand, account for 29 per cent of employment, and contribute over a quarter (28 per cent) of New Zealand's gross domestic product (GDP).

The Small Business portfolio supports initiatives that help small businesses to grow and have the capability and opportunity to compete on the world stage.

The Minister for Small Business can take an interest in any legislation or regulations that may affect small business and bring these to the attention of the appropriate minister or look at developing legislation that makes it easier for SMEs to operate.

THE MINISTER FOR SMALL BUSINESS

The role of the Minister for Small Business is to make sure that all of government understands the issues faced by New Zealand's small businesses and that small business owners know what support is available to them. The portfolio acts as a conduit between small business and government, ensuring that policymakers understand and consider the views of small business owners when creating policies or legislation that may have an economic or other impact across the sector. This requires influencing the work of other agencies.

The Minister for Small Business's key responsibilities are to:

- understand – build relationships with small businesses and their representative organisations in order to understand their issues and be the voice of small business at the Cabinet table
- influence – ensure government agencies consider the characteristics of small businesses in the design and implementation of policies, and champion initiatives across government that benefit small businesses
- promote – educate small business owners about the services that government provides that make it easier for them to do business.

To support the Minister in these areas of responsibility, a new Small Business Council will be established to develop a long-term small business strategy for the government.

ROLE AND FUNCTIONS OF THE COUNCIL

The role of the Council is to support the Minister for Small Business to make sound decisions that support small businesses. In particular, the Council will:

- come up with a segmented definition for the SME sector, taking into account the size of businesses, that it can use for analysis, strategic development and discourse with the view that the definition will be adopted across government e.g. micro, small, medium
- consult with small business owners and work with relevant government agencies to develop a small business strategy that includes (but is not limited to) reference to the Tripartite Future of Work Forum, regional development, the digital economy, export growth, tax policy, small business access to finance, sustainable businesses, social enterprises, streamlining government processes, and how government can support each sector to explore opportunities and maximise potential. This advice should be developed having regard to the wider government economic strategy.
- provide advice on the ongoing purpose and functions of the Council beyond the initial twelve month appointment. The advice should include an analysis of the status quo, the gaps or issues in the existing framework, options to address the issues, and rationale as to why the suggested solution is the best. The advice should also address the creation of a technical advisory group to provide small business input into policy creation
- provide independent and objective advice on establishing a Small Business Institute to be located in a New Zealand university. The advice should include an analysis of the status quo, the gaps or issues in the existing framework, options to address the issues, and rationale as to why the suggested solution is the best.

The Council is accountable to the Minister for Small Business. In carrying out its role, the Council will:

- act in accordance with procedures agreed or mandated by the Minister for Small Business
- maintain the confidentiality of confidential material submitted to it or obtained in carrying out, or incidental to, its functions

- comply with legal requirements.

DECISION RIGHTS & PROTOCOL FOR ADVICE

In considering and providing recommendations on any proposal it is asked to consider, the Council may, with the knowledge and agreement of the Minister:

- confer with small business owners, including seeking any additional necessary information
- seek information relating to other relevant proposals and approved projects, and suggest combining or linking with other proposals and approved projects; and
- seek any other relevant external advice, including that of global best practice in an economy similar to that of New Zealand.

The Council, with the written agreement of the Minister for Small Business, will document systems and processes it will use to operate, including:

- the procedures for providing advice as may be sought by decision makers
- how its meetings are conducted, including a quorum, the procedures for when the Chair is absent, and voting
- how information is to be treated, secured and returned where a person is no longer a member of the Council
- a conflict of interest policy that complies with State Services Commission guidance, including procedures for where members of the Council are conflicted and the maintenance of a conflict of interest register
- its working relationship with MBIE and other government agencies.

All advice/outputs should be collectively agreed by the Council thereby exercising a quorum by consensus and having a collective view. For the avoidance of doubt, minority opinions must be represented.

MEETINGS

It is envisaged that the Council will meet every month over the twelve month period to consider papers and to hear presentations from officials on issues, opportunities and projects; however the Council may meet as frequently as it sees fit in order to deliver on agreed outcomes.

Additional meetings may be called when needed on particularly urgent or important proposals. Where such issues arise between scheduled meetings, the secretariat may contact the group by email or teleconference to seek their views.

An agenda will be circulated to members prior to each meeting. Pre-reading will be made available where the secretariat determines this will be useful for discussions.

Where members cannot attend a meeting, they can provide written or verbal feedback on proposals to the Chair.

ROLE OF THE CHAIRPERSON

The Chairperson of the Council is responsible for:

- ensuring the Council operates in a manner that enables it to undertake its role and functions
- managing any conflict of interest or lobbying that may arise
- liaising with the secretariat on all matters relating to the role of the Council.
- acting as the spokesperson for the Council
- maintaining a close relationship with the Minister for Small Business, MBIE and the secretariat.

ROLE OF THE DEPUTY CHAIRPERSON

The Deputy Chairperson is responsible for fulfilling the duties of the Chairperson, when the Chairperson is absent or otherwise unable to perform their required duties.

MEMBERSHIP

The Council will consist of thirteen members (including the Chairperson), appointed for a term of twelve months. Members will be chosen based on their commercial, industry, public policy, academic and sector specific knowledge and expertise.

The Minister for Small Business may, by written notice, appoint:

- any natural person as a member
- any member as the chairperson or deputy chairperson.

Any such appointment shall be effective from the time and date specified in the notice.

The Minister for Small Business may, at any time, at his or her discretion, terminate an appointment by written notice signed by the Minister and sent to the member (and copied to the secretariat) stating that the appointment shall be vacated.

A member may, at any time, resign membership of the Council by providing written notice to the Minister for Small Business. In addition to the thirteen members, the Minister may also appoint government officials as advisors to the Council. These officials will contribute to discussions but will not take part in decision-making. This will ensure that they can provide expert advice to the Council whilst maintaining their primary function of serving the Minister and the agency that employs them.

The Council is classified as a Group 4 Level 3 body under the Cabinet Fees Framework. Members are responsible for paying all Inland Revenue payments, other taxes and Accident Compensation Corporation levies in respect of remuneration and disbursements.

Members representing government agencies or crown entities are appointed in their capacity as representatives and are not entitled to any additional remuneration.

The daily remuneration for all others will be claimed in accordance with Cabinet Office instructions.

Travel, accommodation and meals will be organised and paid by the Ministry of Business, Innovation and Employment where practicable. Disbursements will be agreed with the Ministry of Business, Innovation and Employment. Where travel, accommodation and meals cannot be organised by the Ministry of Business, Innovation and Employment then actual and reasonable costs will be reimbursed in accordance with relevant Ministry of Business, Innovation and Employment policies.

QUORUM

There will be a quorum of 75 per cent for attendance at meetings. Absent members will receive the opportunity to provide their opinion by circular consensus on written advice to the Minister of Small Business.

OBLIGATIONS

The Council members will:

- act in good faith, and show honesty, integrity, openness and accountability in their dealings with each other
- act consistently with the State Sector Standards of Integrity and Conduct
- provide free and frank advice in relation to matters before the Council, while maintaining discretion about that advice and their conduct in the business community
- follow agreed communication protocols before making public statements on any aspect of the Council.

INVITED EXPERTS

The Chairperson may agree with the Minister to invite additional ad hoc attendees. This would be any person or persons whose qualifications or experience are likely, in the opinion of the Council and the Minister, to be of assistance to the Council in dealing with a particular matter.

Every person invited in this way will be entitled to take part in the proceedings of the Council meeting in relation to that matter.

That person, while not a member, will be subject to the same due diligence process, including that of confidentiality and paid at the same daily rate as a Council member (if applicable).

ROLE OF THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT

The Ministry of Business, Innovation and Employment will provide the secretariat for the Council. The secretariat:

- is responsible for all administrative tasks associated with the Council, including arranging meetings, providing papers, coordinating travel, and arranging the payment of their fees and expenses.
- will attend meetings and produce minutes and action items within ten working days of the meeting.
- collate and submit Council advice to decision makers, and report back to Council on decisions made and any relevant feedback from decision makers.

OFFICIAL INFORMATION ACT 1982

The Official Information Act applies to the records of the Council.

CONFIDENTIALITY CLAUSE

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

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

The Council 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 Council.

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

The Council members will make public comments only after advising the Minister for Small Business through the Chairperson, of their intention to do so. The Chairperson 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 for Small Business and the Council will operate on a 'no surprises' basis. The Council must maintain the confidence of the Minister at all times.