

Minutes – Small Business Council meeting

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| Date and location | 6 March 2019 Canterbury Employers' Chamber of Commerce, 57 Kilmore St, Christchurch Central, Christchurch |
| Attendees: | Deb Shepherd (Deputy Chair), Terry Baucher, Alison Brewer, Anthony Buick-Constable, Nicole Buisson (apology for the afternoon), Paul Dansted, Jim Gordon, Andy Hamilton, Allison Lawton, Matt Ritchie, Tania Siladi, Leeann Watson, Jerry He, Patti Poole (Secretariat), Kathy Brightwell (Secretariat), Ed Tregidga (Secretariat), Sassi Berger (Secretariat) |
| Guests: | Gus Charteris (MBIE), Josh Townsend (CEO of Zeffer Cider), Kurt Janssen (CEO of Orbica) |
| Apologies: | Tenby Powell (Chair) was absent to attend the APEC Business Advisory Council, Karen English, Keith Taylor, Rachel Brown |
| Conflicts of Interest: | Compiled on a conflicts register |

| Item | Topic | Discussion | Action |
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| 1 | General business | <p>Opening from the Chair</p> <ul style="list-style-type: none"> Deputy Chair opened the meeting at 10.00am and thanked Canterbury Employers' Chamber of Commerce for hosting this event. Council was reminded that a number of small business owners were arriving at lunchtime to network. This is a good opportunity for the Council to hear from small businesses directly. <p>Previous minutes and actions</p> <ul style="list-style-type: none"> The minutes of the previous meeting were confirmed and progress with actions noted. | |

| | | <p>Discussion and updates</p> <ul style="list-style-type: none"> • Council discussed the Tax Working Group report and the recommendations relating to SMEs. Noted the scope to explore tax issues for small businesses more deeply as part of the strategy. • Council discussed further engagement with the Digital Economy and Digital Inclusion Ministerial Advisory Group (DEDIMAG). • The Innovation and Sustainability subgroup of the Council advised that they have been in communication with the DEDIMAG SME subgroup to discuss their progress. • Council discussed the importance of not replicating other work. • Council emphasised that coordination with the Business Advisory Council (BAC) would be useful. • Secretariat provided an update on progress with the small business survey, which went live on 28 February 2019 and some of the initial trends in responses. | |
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| 2 | Just Transitions presentation (MBIE) | <ul style="list-style-type: none"> • Deputy Chair introduced Gus Charteris from MBIE and invited roundtable introductions. <p>Just Transitions presentation</p> <ul style="list-style-type: none"> • The speaker gave an overview of the work of the Just Transition Unit. Part of the Government's Economic Strategy is a just transition to a low emissions economy. A just transition is about understanding the different pathways for transforming the economy. It involves partnering with communities to identify, create and support new opportunities for jobs and skills. • The first priority area is Taranaki, which was chosen in response to recent decisions to halt oil and gas exploration. A summit will be held in May to kick-start a national conversation about what a just transition to a low carbon economy is and what it will look like for New Zealand. Speaker invited representatives of the Council to attend. • Speaker noted that the Just Transitions Unit is running a social dialogue process in Taranaki involving 28 workshops over eight weeks. Noted that there is very strong small business attendance at the workshops. Speaker emphasised the focus is on helping small businesses | |

| | | <p>not putting in more compliance.</p> <ul style="list-style-type: none"> • Speaker gave examples of small businesses working together to adapt to overcome problems and adapt to the changing environment. • Council noted that there are relevant lessons from Christchurch and the innovation that has come about after the earthquakes. Council advised that there was recently a symposium on the earthquakes and there would be documentation from that available. • Deputy Chair thanked Gus for coming and for the invitation to the summit. | |
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| 3 | Small business case studies (Zeffer Cider and Orbica) | <ul style="list-style-type: none"> • Council introduced Josh Townsend of Zeffer Cider and Kurt Janssen of Orbica to present their journeys as small businesses. <p>Zeffer presentation</p> <ul style="list-style-type: none"> • Speaker outlined the development and growth of Zeffer Cider from its start at the Matakana farmers' market in 2009 to its current position with a plant in Hawke's Bay, the establishment of a board and becoming an exporter. • The company's main obstacles were production constraints (small tanks) and access to working and investment capital (initially relying on a small bank loan) and difficulty in staying disciplined to the strategy while struggling with the day to day operation. • Zeffer used private and equity crowd funding to finance the move to exporting. Crowd funding completely transformed Zeffer, enabling it to raise capital through smaller parcels. The drivers of Zeffer's success were support from fellow small businesses, working with NZTE, Chamber support for HR and legal advice, networking with strategic advisors, the Snowball Effect investment platform to raise capital, and setting governance discipline (noting they should have brought in a board of directors earlier). <p>Orbica presentation</p> <ul style="list-style-type: none"> • Speaker started Orbica in 2017 with the target market of corporate organisations and government. • The main enablers for Orbica were co-funding and R&D grants from Callaghan Innovation, working with organisations such as NZTE, Callaghan Innovation, and Chambers of | |

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| | | <p>Commerce. Orbica also applied for a mentoring programme about governance and marketing and still works together with other businesses they met in the programme.</p> <ul style="list-style-type: none"> • The biggest barriers were the large overheads in applying for government funds and finding staff. Speaker noted that due to the specialist type of work that Orbica does the people coming out of university do not have the necessary skills (he still hires them and trains them in the business). Speaker also noted that there is a lack of experienced candidates in New Zealand and that when trying to fill more senior positions he needs to recruit from abroad. • Orbica found the application processes for funds and tenders onerous. Speaker believed the new R&D tax credit will put more responsibility on companies and make it harder for them to access government financial support. • Speaker encouraged government to invest in local businesses through the procurement process. He found the tender process onerous and that central government is reluctant to take a risk on local companies. Urged agencies to allow local businesses to prove themselves particularly on smaller projects. • Speaker felt that the insistence of government agencies to own the Intellectual Property (IP) rights from projects stifles innovation. If the developer retained the IP they would have more ability to continue developing and refining the technology. <p>Q&A with small business CEOs</p> <ul style="list-style-type: none"> • Council asked what small businesses need the most. Speakers advised they need links to business support networks, easier processes to apply for business support and tender for procurement opportunities, and for government to support innovation by not holding on to IP. • Orbica commended Callaghan Innovation as a good model for other government organisations in terms of ease of doing business because once the relationship is built they help more and the process is easier. • Council asked why small businesses decide to export. Speakers explained they do it to expand their target market, balance risk, and to balance seasonality. They also explained that small businesses need support to export because it's risky. • Council asked businesses where their decision to export came from. Zeffer advised they | |
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| | | <p>have always wanted to export, and made a deliberate decision as a group to make the necessary investment to enter other markets. Zeffer explained it was a huge time and money investment, but NZTE support was great.</p> <ul style="list-style-type: none"> • Council asked why many businesses do not have functioning governance. Zeffer advised they established a governance board because they needed to in order to raise capital and they found that they get a lot of other value from it. A lot of small businesses do not have governance because they do not see the strategic value they can get from it. Some do not know how to go about establishing a governance board. • Council asked the speakers about their relationship with their competitors. Speakers advised that they talk to other businesses a lot and share ideas. They don't share the details of their specific plan but get value out of validating ideas and most owners are open with each other. Export focussed businesses work better together because the direct competition with each other is less. | |
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| 4 | New Zealand Trade and Enterprise (NZTE) presentation | <ul style="list-style-type: none"> • Deputy Chair invited Matt Ritchie to speak to the Council about the role of NZTE. <p>NZTE presentation</p> <ul style="list-style-type: none"> • Speaker noted the importance of international trade to New Zealand, but that it is difficult because of our remote location far away from other markets and our small population. NZTE helps businesses to trade internationally. • Speaker clarified that New Zealand has a strong brand for doing business because it is non-corrupt, democratic, fast and agile, has upcoming tech companies, innovation, and is a producer of safe sustainable food. • NZTE helps MFAT remove tariff and non-tariff barriers to trade. • Asia is New Zealand's closest market and is booming. Because of high demand, NZTE has put a lot of resources into businesses exporting to Asia (mainly food sector exporting). • NZTE's locations open and close depending on demand and are agile to follow business demand (currently 40 locations). • Speaker explained that NZTE is a Crown entity with about 600 employees, led by an independent board. NZTE has both export customers and investment customers, totalling | |

| | | <p>about 6000 companies.</p> <ul style="list-style-type: none"> • Speaker advised that 265 companies generate \$40b of export earnings. NZTE cannot add much value to the top companies, because they can buy expert advice themselves. Very few SMEs export. • NZTE provides a structured process to provide strategic advice to the lower performing companies. Approximately 80% of NZTE resource goes into 700 companies and 20% to 5,300 companies. • NZTE also operates the Regional Business Partners (RBPs) network, providing \$6m worth of capability vouchers for mentoring and training for 6,000 businesses. • Council queried why NZTE would run the RBPs network given NZTE's focus on exporting. • NZTE relies on Chambers and RBPs to work with businesses that want to export to prepare them and then refer them to NZTE. • Speaker advised they also have the New Zealand Story tool on their website. This is a joint initiative with Tourism New Zealand. It is a free service allowing businesses to use New Zealand imagery and the fern mark at a small cost to promote goods overseas and videos can be used for marketing. Businesses just have to make sure their product truly is from New Zealand to acquire the mark and there is good take-up of this resource. • Deputy Chair thanked Matt for his presentation. | |
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| 5 | Strategy discussion | <ul style="list-style-type: none"> • Council discussed strategy and subgroups shared their progress. | |
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| 6 | Next steps and close | <ul style="list-style-type: none"> • Deputy Chair closed the meeting at 3.00pm. | |