

Minutes – Small Business Council Meeting

Date and location	5 September 2018 Ministry of Business, Innovation and Employment, 15 Stout Street, Wellington
Attendees:	Terry Baucher, Alison Brewer, Rachel Brown, Antony Buick-Constable, Paul Dansted, Karen English, Jim Gordon, Jerry He, Allison Lawton, Tenby Powell, Matt Ritchie, Deb Shepherd, Tania Siladi, Keith Taylor, Leeann Watson, Ed Tregidga (Secretariat), Kathy Brightwell (Secretariat)
Guests:	Hon Stuart Nash (Minister for Small Business), Karl Woodhead (MBIE), Abbe Marks (MBIE), Rohan MacMahon (DEDI-MAG), Amber Craig (DEDI-MAG)
Apologies:	Andy Hamilton, Nicole Buisson, Patti Poole (MBIE)
Notes:	
Conflicts of Interest:	Managed in conjunction with the Chair.

Item	Topic	Discussion	Action
1	General business	<p>Opening from the Chair</p> <ul style="list-style-type: none"> • Opened the meeting at 10.00am and introduced new Secretariat member to the Council. • Noted that Sector Workforce Engagement Programme (SWEP) will now be presenting at a later meeting. Gave a short Summary of SWEP, on which he serves. • Outlined the day's schedule and noted the importance of plotting a general direction for the Council to move forward in. • Asked the Council if there are any comments on the minutes from the previous meeting. 	

		<p>Previous meeting's minutes</p> <ul style="list-style-type: none"> • Noted that in order for the Council to navigate the issue of developing a definition of small business it would be helpful to have a better understanding of when various definitions are used by government and the rationale behind specific definitions. • Noted the diversity of definitions of small business internationally, and that where contextually relevant New Zealand could utilise those examples. • Noted that the segment of businesses which the Council is interested in needs to be measured by something broader than number of employees eg privately-owned family businesses, multiple shareholders, or turnover. • Officials gave a summary of why different definitions are necessary depending on the policy context. Noted that different agencies will develop a definition of small business to segment businesses according to the context within which each are working. • Secretariat will work with IRD to provide a scan of where specific definitions are used in legislation or policy. <p>Conflict of interest policy</p> <ul style="list-style-type: none"> • Outlined the process members should go through to declare any new conflicts, ie raise conflicts individually with the Chair and inform the Secretariat for inclusion on the conflicts register. • Secretariat will collate all actual or perceived conflicts of interest on a living conflicts register. <p>Existing support for small businesses</p> <ul style="list-style-type: none"> • Noted that there is a lot of work being done by the public and private sectors to support small business, and that it would be useful to understand where the gaps are from a business-centric perspective. <p>Communications</p> <ul style="list-style-type: none"> • Outlined that when Council members receive communications they should exercise judgement in choosing how to respond, bearing in mind the risk that engaging too broadly on an individual basis may distract the Council from its core tasks. 	<p>Secretariat to provide a scan of where specific definitions of small business are used in legislation or policy.</p> <p>Secretariat to collate conflicts on a living register.</p> <p>Secretariat to provide a summary of the small business support landscape and where gaps exist.</p> <p>Secretariat to collate messages received by Council members.</p>
--	--	---	---

		<ul style="list-style-type: none"> • When Council members receive communications which are of interest to the entire Council they should acknowledge receipt of the message and forward to the Secretariat. Secretariat will collate all messages and send them out with the reading pack prior to each Council meeting. • If Council members receive communications which require a more substantial response and/or further engagement they can forward the communication to the Secretariat. • Noted that the Chair has written to Christopher Luxon to suggest collaboration between the Small Business Council and the Business Advisory Council and has yet to receive a response. 	
Item	Topic	Discussion	Action
2	Living Standards Framework Discussion	<p>Discussion</p> <ul style="list-style-type: none"> • While using GDP as the sole measure of success for small business provides a simple and easy to use target, using the Living Standards Framework may work better in the New Zealand context. It provides an opportunity for small businesses to move away from a purely economic focus to a broader socio-economic focus. • The government, funders and consumers are all starting to look at broader measures of success and the Council can help small businesses to meet those expectations. • Noted that thinking about success in this way will resonate with Maori and Pasifika, and create opportunities for more authentic engagement with iwi. • A lot of small businesses are already looking at how to be more sustainable. Customers and employees are demanding it and there are products available now to support businesses to be more environmentally and socially responsible • Noted the increasing prevalence of social enterprises and businesses which voluntarily adopt targets beyond fiscal success. As millennials increasingly enter senior positions and begin to own their own businesses this trend will increase. • The age and stage of a business is a major factor – start-ups are more likely to adopt the Living Standards Framework as second nature but businesses that have been operating for a long time may struggle. 	

		<ul style="list-style-type: none"> • A reporting framework that could be utilised to measure and record multi-faceted versions of success would be useful for small businesses. This could be integrated into accounting software. Noted that some accounting software already enables reporting against broader measures of success eg staff turnover. • Noted that there is no obligation for non-incorporated businesses to prepare financial statements and so a potentially large subset of small businesses would not be captured by an integrated living standards reporting framework. Adding additional complexity to reporting and/or accounting requirements could increase the costs for small businesses and may fail to get support. • Discussed the importance of fiscal success to small businesses in enabling them to also concentrate on other forms of success, but also that addressing other forms of success alongside fiscal success will improve long term business sustainability. The Living Standards Framework is a good risk management tool. All of these things will end up on the financial bottom line. • Agreed that the Living Standards Framework should be central to the Council's work but noted that communications and outputs of the Council need to be tangible rather than philosophical so that they resonate with small business. • Noted that the government is working on translating the four capitals (financial/physical, natural, human and social) of the Living Standards Framework into something more tangible, but there is a need for it to be user-friendly for small businesses as well. 	
Item	Topic	Discussion	Action
3	Digital Economy team and Ministerial Advisory Group SME sub-group	<ul style="list-style-type: none"> • Chair welcomed the Digital Economy and Digital Inclusion Ministerial Advisory Group (DEDI-MAG) SME Subgroup. • DEDI-MAG summarised history of the group and what it does. • Secretariat will forward DEDI-MAG presentation to the Council. <p>Comments from Council</p> <ul style="list-style-type: none"> • Digital capability could be a key enabler for businesses progress against the Living Standards Framework. • Education and support are the most important things needed by small businesses in order to increase their digital capability, the infrastructure is already there. 	<p>Secretariat to forward presentation to the Council.</p> <p>Secretariat to liaise with DEDI-MAG and plan for future engagement.</p>

		<ul style="list-style-type: none"> • Secretariat will liaise with DEDI-MAG and make a plan for engagement with the Small Business Council. 	
Item	Topic	Discussion	Action
4	Workshopping potential outcomes for the Small Business Council	<ul style="list-style-type: none"> • Minister Nash joined the meeting briefly and thanked the Council and reiterated his support for the membership. Noted that Council can communicate with the small business sector as it sees fit, for example using social media. <p>Planning outcomes</p> <ul style="list-style-type: none"> • Chair highlighted the need to determine the outcomes that the Council should work towards and a framework to get there. • Summarised email from absent Council member and opened up the floor for discussion. • Agreed that the Council should look across time horizons to anticipate the issues which small businesses will be dealing with in the future eg 5 years, 10 years and 30 years to 2050. • Discussed the possibility of separating into sub-groups which will dive deep into specific topics. <p>Engagement</p> <ul style="list-style-type: none"> • Noted that the Council is creating a future for a young demographic [generation] which only has one representative on the Council. It is important to consider how the Council can engage with young people and other important demographics. • Noted that it would be good to engage with the Asia Pacific Economic Cooperation forum (APEC) Micro, Small and Medium-sized Enterprises (MSME) Working Group, on which the Chair serves as Co-Chair. • Discussed the possibility of releasing a blog post after each Council meeting that informs the public of what the Council is thinking about and working on the possibility of utilising surveys to gather viewpoints of a wide range of businesses. 	

		<p>Whiteboard session on framework development</p> <ul style="list-style-type: none"> • Brainstorming session developing a purpose and framework to guide the development of a strategy and identifying key questions that the Council will need to traverse. • Agreed that a successful outcome for the Small Business Council would be a small business strategy to guide the New Zealand wide development of small businesses and facilitate growth and productivity. • Discussed the importance of understanding the changing nature of business demographics and the business environment in the context of understanding what the world will be like in the future. • Noted that climate change and resulting geographical shifts will impact on the small business sector. • The difficulty in predicting what will happen in the future and noted that agility and resilience will be the most important qualities for small business success in the future. • Noted that climate change and resulting geographical shifts will impact on the small business sector. Confirmed that the Living Standards Framework will be referred to throughout the Council's process. <p>Business demographics</p> <ul style="list-style-type: none"> • Discussed the lack of medium-sized businesses and the prevalence of micro-sized businesses in New Zealand. Noted that many businesses either do not have aspirations to grow or find it very difficult to grow. • Identified that the main reasons small businesses fail or exit quickly is lack of access to talent, general business education and capital. • Discussed being more illustrative when segmenting businesses by size eg it may be more accurate to adopt the APEC terminology of micro, small and medium enterprise (MSME). Noted that it is the Small Business Council, but if the goal is to grow small businesses then it is necessary to understand successful medium and larger businesses. 	<p>Secretariat to work with IRD to provide a summary of current understanding of sectoral trends in the future.</p> <p>Secretariat to work with IRD to create a graphical summary of the whiteboard session.</p>
--	--	--	--

		<p>Looking to the future</p> <ul style="list-style-type: none">• Discussed that success for small businesses in the future may be more about mindset than skills, education or training. Noted that younger generations may be more likely to be able to change direction with agility and resilience.• Noted that younger generations do not have good access to the capital needed to start a business (eg are less likely to own a house as collateral) and that only certain types of businesses will effectively raise funds through methods such as crowd-funding.• Discussed that the next step for the Council is to determine what the ideal world looks like for the small business sector in the future and plot a course towards it.• Discussed the possibility of a Small Business Institute (a Crown Entity) which is a central coordinating agency based outside of a university.• Chair closed the meeting at 2:45pm.	
--	--	--	--