

To: Hon Nicola Willis, Hon Chris Penk

From: Small Business Advisory Group (SBAG)

Re: Feedback and Reflections on the 'Going for Growth' Strategy

Date: 7 April 2025

Tēnā kōrua Ministers,

On behalf of the Small Business Advisory Group (SBAG), we appreciate the opportunity to contribute to the Government's *Going for Growth* strategy. We welcomed the clarity of the framework and the ambition of the five pillars, and we acknowledge the strong intent to create a more productive, sustainable, and inclusive economy.

### **1. A Strong Framework – But Clarity Needed on Delivery**

SBAG members appreciated the structure of the plan and the focus areas, but a common concern was the lack of clearly defined roles and responsibilities. For the strategy to be actionable, it must state who is responsible for what, and by when.

- Central government must act as the system and policy enabler — aligning nationwide investment, simplifying regulation, and building high-trust, shared data infrastructure.
- Local government must be empowered (and in some cases directed) to lead regional implementation: supporting place-based initiatives, local skills pipelines, and community-first infrastructure projects.
- The business sector should not just be a beneficiary, but an active leader — especially in innovation, workforce development, and embedding sustainability.

### **2. Grounding the strategy in economic reality**

A striking insight from the workshop was the perceived disconnect between the strategy's optimism and the current state of play for small businesses, particularly the urgency small business needs. Many are experiencing the most difficult operating conditions in years:

- Revenue is down.
- Costs are up.
- Skilled staff are hard to find.
- Owner and staff wellbeing is under strain.

The strategy must reflect the economic reality of 2025 to maintain credibility and relevance. Before we build forward, we must acknowledge the challenges businesses are currently facing and, where possible, provide short-term relief.

### **3. Skills development, training and regional partnerships**

The current Regional Business Partners programme is the main way that central government provides training support to SME businesses. With the changes to Callaghan Innovation, one component of the RBP programme will be removed, but the core Capability Voucher system is one that is valued by businesses and the delivery agencies. The system can be improved (e.g. to ensure high quality and impactful delivery) but we know there are providers in the network who provide highly valued services with proven track records. The challenge is often on the ‘demand side’ – i.e., businesses are not taking time to make the necessary improvements and learn how to increase productivity. We’d like to see ways that we can create incentives for business to invest in development and training, with reputable and proven suppliers.

### **4. Compliance and data – we can do better**

Despite past conversations and good intentions, many small businesses are still overwhelmed by repetitive, uncoordinated data requests from government — particularly from agencies like Stats NZ, IRD, MBIE and DIA.

#### ***Top compliance pain points***

Duplicated government processes – agencies collect the same info separately, creating admin burden.

Inconsistent local rules – councils interpret and apply compliance (e.g. H&S, licensing) differently.

Unfit regulations – Acts like the RMA, Holidays Act, and AML rules are outdated or poorly suited to SMEs. We acknowledge recent changes in some of these areas.

High compliance costs – insurance, utilities, and slow payment cycles impact viability.

Lack of understanding of SME realities – rules aren’t right-sized for small business needs or risk levels.

#### ***Practical solutions***

Standardise and streamline – shared templates, one business ID, and cross-agency systems.

Digital enablement – online forms, pre-populated data, and centralised dashboards. Government should use AI to pull together centralized approaches where appropriate.

Local government consistency – regionalised plans, standard interpretations, feedback loops.

Support with costs – adjust IRD thresholds, simplify access to incentives, remove or reform FBT.

Case managers & training – help SMEs navigate the system and invest in their own compliance skills.

### ***Short-term issues and fixes***

Cashflow pressure – SMEs want better access to finance, faster payments, and IRD flexibility.

Slow decisions – call for urgency in how government responds and implements policy.

Poor visibility of opportunities – small businesses struggle to find, access, and understand govt support.

## **5. Consideration of Government-backed loan programs**

We recommend considering a New Zealand adaptation of the U.S. Small Business Administration (SBA) loan model, or the Australian Business Growth Fund (BGF).

The SBA government-backed loan scheme provides guarantees to lenders, enabling small businesses to access capital with lower equity requirements and longer repayment terms. Such a model could support succession in small businesses, allow entrepreneurs to acquire and grow existing firms, and strengthen regional economies. This would be particularly helpful in enabling purchases of businesses that lack succession, with financing structures like 10% down on a 10-year loan backed by government guarantee.

The Australian Business Growth Fund (ABGF) is a public-private initiative designed to support small and medium-sized enterprises (SMEs) by providing patient, long-term equity capital to help them scale. It was established in partnership between the Australian Government and major banks, aiming to bridge the gap between early-stage venture capital and large-scale institutional funding. The fund typically invests between AUD \$5 million and \$15 million in growing Australian businesses with strong potential, taking a minority

stake to allow founders to retain control. The ABGF supports businesses across various sectors, focusing on those with proven business models, revenue, and a clear plan for expansion, while also providing strategic guidance through its experienced investment team.

There was a previous attempt to scope out a similar system for New Zealand which appears to have been abandoned. We'd like to see this re-looked at.

## **6. Thematic insights by pillar**

Summarised insights from our group by each pillar of the strategy include:

- Talent – Need for practical, connected education-to-employment pathways, better visa settings, and support for retention and regional workforce planning.
- Business settings – Simplification of compliance, fairer procurement access, and better support for SME resilience. While procurement is mentioned in the strategy, it lacks specificity. We believe local, transparent procurement reform is a critical lever for regional economic recovery.
- Global trade & investment – Faster visa processes, more regional export support, and digital trade linkages.
- Innovation, technology & science – Easier access to R&D and commercialisation, with emphasis on digitisation of government.
- Infrastructure – Faster delivery, regional clarity, and alignment with future-focused industries.

We trust this feedback is useful for you and your officials as you formulate the next version of your policy.

Ngā mihi nui,

David Downs

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