

# The Small Business Sector Report 2014





**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
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ONLINE: 978-0-478-41790-6



# Minister's foreword

I am pleased to present this report on the diverse and important small business sector in New Zealand.

Some 97 per cent of enterprises in New Zealand are small businesses. These 459,300 enterprises include those with no employees, micro (1-5 employees), and small (6-19 employees) enterprises. Small businesses make a significant contribution to the New Zealand labour market, with more than 584,000 people employed in enterprises with fewer than 20 people, making up 30 per cent of the workforce. These figures do not include self-employed, which number over 380,000.

Small businesses have a distinct role to play in the New Zealand economy and often provide a means of entry into business for new entrepreneurial talent and a career for those who value economic independence. Small businesses also act as specialist suppliers of parts, components and services to large companies. Small businesses contribute to variety and consumer choice for customers by serving niche rather than mass markets. They provide an important source of innovation and invention, something that all economies require.

This report provides an overview and snapshot of the small business sector in New Zealand, with a focus on the Business Growth Agenda (BGA) and how it affects small business. The report includes international comparisons, international trade, innovation, ICT and a summary of small businesses from the perspective of different industries nationally.

More than 100 government initiatives support small businesses. These include actions in the BGA and Result 9 work programme which help many small businesses. Many of the initiatives the Government is implementing through its BGA are focused on helping businesses access the key ingredients they need to grow and succeed.

The BGA aims to create this environment by focusing on the elements businesses need to be productive and competitive. Many BGA initiatives will benefit small businesses by reducing their costs, saving time, and increasing their competitiveness and opportunities for growth. Small businesses benefit from an environment which gives them confidence to invest and grow. The BGA is creating a competitive and productive environment which supports both export-focused and domestically-focused businesses.

Businesses can also be more productive when they spend less time and energy dealing with government. The initiatives under Result 9: Better Public Services for Business will significantly benefit small businesses, which typically face resource and time constraints, by making their interactions with government easier and reducing their need to contact multiple agencies.

Many businesses have limited experience in expanding overseas. The Government has set an ambitious goal for New Zealand to increase the ratio of exports to GDP from the current 30 per cent to 40 per cent by 2025. The Government is working to ensure that rules, regulations and policies assist small businesses and other New Zealand businesses to take advantage of international opportunities.

It is intended that this report will be read by a wide range of stakeholders in the sector, including business owners, government agencies and academics, and will be a key resource that showcases the state of the small business sector in New Zealand. Small businesses are the cornerstone of the New Zealand economy and the Government is committed to creating an environment to assist all businesses to invest, grow and succeed for the benefit of all New Zealanders.

## Hon Steven Joyce

Minister for Economic Development  
Minister for Small Business  
Minister of Science And Innovation  
Minister for Tertiary Education, Skills and Employment  
Associate Minister of Finance



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# 1 Report Objective

The Small Business Sector Report 2014 is a new government publication that provides a factual source of information in an accessible format on the small businesses that make up a large part of the New Zealand economy.

New Zealand needs to encourage firms of all sizes to operate at their peak potential to meet the goals of our Business Growth Agenda.

The report does not intend to draw policy conclusions. Its aim is to provide an overview of New Zealand's small business sector for business people, policy makers, media commentators, economists, academics, students and anyone with an interest in New Zealand's economic development.

# 460,000

number of small businesses in NZ

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Small businesses employ

# 584,000

people

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# 326,000

small businesses have no employees

That's **69%** of all firms in NZ

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**Age** of majority of **self employed** people: **30s, 40s and 50s**

There are around **three times** more in these age groups than **all others** combined

---

# 38%

The proportion of self-employed who are female

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More than **1/3<sup>rd</sup>** of small business owners report **starting** their business for **lifestyle** reasons

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Growth in

**Professional**

**Service** firms

since 2000 is

# >30%

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**Mining and Petroleum**

The industry with the highest **value added** per employee

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# 100,000

The number of Rental, Hiring and Property Service firms

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Total employment in **Agriculture, Forestry and Fishing** small businesses is the highest of all industries

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**Southland:** The region with the highest concentration of **Agriculture, Forestry and Fishing** small businesses

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**Pharmacists** are the **most common** Retail sole-operator

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# 1 Executive summary

## GENERAL

Some 97 per cent of enterprises in New Zealand are small businesses. These 459,300 firms include the 326,000 with no employees, 97,400 micro (1-5 employees), and 35,900 small (6-19 employees). The number of employing enterprises in New Zealand has not changed noticeably over the past decade and the high proportion of all enterprises that are small businesses is similar to the pattern found in most OECD countries.

Over the past decade, the total number of births of enterprises with fewer than 20 employees has fallen while the total number of deaths has increased. However, more than 90% of these have had no employees. If the zero-employee enterprises are removed, micro and small business turnover has been relatively steady, with slightly more births than deaths of employing micro and small businesses over the last ten years.

The numbers of zero-employee, micro and small enterprises in each region is proportionate to the region's population. Not surprisingly, the largest numbers are found in the regions with large urban centres, particularly Auckland, Canterbury, Wellington and Waikato.

Small businesses are represented in every industry and every part of New Zealand. In some industries or sub-industries they proliferate in all parts of the value chain, while in others like health or mining, they are a smaller but complementary part of value chains.

Most enterprises with fewer than 20 employees are managed by the owners. Limited liability companies are the most common ownership structure for all enterprises. However, there are also significant numbers of other structures for smaller enterprises, such as individual proprietorships and partnerships. In general, the complexity of ownership structures tends to increase with firm size.

## BUSINESS AND EMPLOYMENT

Since 2000, some territorial authorities have seen a high growth rate in the number of small businesses. For example, the Queenstown-Lakes District has seen higher increases in the number of zero employee, micro and small enterprises than other areas.

Much of the growth in small enterprises has been in the South Island, in places such as Hurunui, Selwyn and Queenstown-Lakes District. Over the same period, Ruapehu and Wairoa have experienced a decrease in the number of small enterprises. These changes reflect population shifts.

Small firms make a significant contribution to New Zealand's employment with 584,000 people employed in enterprises with fewer than 20 people, making up 30 per cent of the workforce. These figures do not include self-employed, which number over 386,000. The total number of employees in New Zealand businesses with fewer than 20 people has not changed noticeably over the past decade. In contrast there has been significant growth in employment in larger firms.

Small businesses have higher birth and death rates than larger firms and size has distinct effects on survival. For example approximately 25 per cent of zero-employee enterprises on average are still operating after ten years, in contrast to about 50 per cent of businesses with 10-19 employees.

Over the past decade, the number of self-employed in the 20-29 and 30-39 age groups has steadily decreased. Numbers have increased in the 50-59, 60-64 and 65+ age groups. Other data show a decline in the number of self-employed leaving their business since 2009, particularly the 30-39 and 40-49 age groups. This suggests more are staying in business longer, but in the 30-39 age group fewer people are becoming self-employed.

Small businesses tend to have higher worker turnover rates than larger firms. This is likely to be related to the reduced scope for internal career progress compared to larger firms, and the seasonal nature of some industries where small businesses are prevalent. It may also reflect the higher proportion of part-time and casual workers employed.

## ECONOMIC PERFORMANCE

Small businesses contribute nearly 30 per cent of New Zealand's GDP. Despite the global recession, an increasing number of small businesses report improving profitability and increasing average wage and salaries paid to employees. The ability of SMEs to access finance, be it debt or equity, has remained solid throughout the global financial crisis.

In the next few years, strong domestic economic growth, improving international economic growth, strong business and consumer confidence and a continuation of the ability of small businesses to access finance should provide the conditions for small businesses to invest more strongly in innovation and expansion.

## INTERNATIONAL TRADE

New Zealand's small population constrains the ability for New Zealand businesses to grow domestically. The ability of businesses to enter overseas markets is critical as it enables New Zealand businesses to access larger markets.

It is more common for large firms to generate overseas income than small businesses, but more than 75 per cent of all firms have never generated overseas income. Many types of small businesses cannot export their goods and services, including general practitioners and traditional retailers.

The level of international engagement is positively associated with firm size. This is consistent with most small businesses reporting that they either cannot or are not interested in exporting.

The most common source of overseas income for small businesses is the sale of goods for use by other businesses (B2B). This suggests they are more likely to be involved in supply chains rather than directly selling to end users.

Limited experience in expanding overseas is the most common barrier to small businesses wanting to export. The most cited barriers revolve around the unfamiliarity of operating in a different country. The ability to rapidly increase supply for exporting was not perceived



as a common barrier to trade. Trade promotion agency New Zealand Trade and Enterprise (NZTE) supports businesses that want to grow and succeed internationally. Its services focus on refining strategy, improving performance, building global networks and providing in-market support. On average SMEs comprise around 80 per cent of NZTE's customer base

## INNOVATION AND E-COMMERCE

Across the economy, innovation is key to the productivity growth, which dictates income levels and living standards. Small firms innovate less than large firms, but innovation is an important factor in maintaining competitiveness irrespective of firm size. At least 40 per cent of firms of all sizes in the 2013 Business Operations Survey reported they had innovated that year.

Compared to large firms, smaller firms focus more of their innovation investment on marketing. This could be because the need to market and sell is universal and the barriers to undertaking at least some marketing activity are low.

Differences between kinds of specific innovation activity appear to be more important than firm size – all firm sizes appear to focus on broadly the same areas. The most frequently reported activities are acquiring computer hardware and software, and employee training. Although small businesses report innovating by marketing more, market research is not a common mechanism with firms more likely to gain insights directly from customers or suppliers.

Barriers to innovation for small businesses include difficulties finding staff with the right skills and experience at a similar level to larger firms. All firms have in common similarly high barriers to developing or introducing a new product or service, followed by lack of management resources.

E-commerce is becoming increasingly important to most businesses. As with innovation, larger firms are more likely to have websites and make greater use of the internet more generally. But similarities and differences among firms are more interesting when we consider particular activities and uses. For example, for firms reporting using the internet for finance purposes, even the absolute difference by firm size appears to be limited, possibly reflecting the near universal uptake of online banking.

The availability of features on the websites of smaller firms appears to be more closely related to the costs of implementing them or their relevance than for larger firms. This is more noticeable for processes which involve significant costs, such as online payment or ordering systems and online after-sales support.

Smaller firms report very high use of online channels to interact with government, and the differences with large firms are less marked than in other areas and even negligible in some areas such as online payments. This suggests extensive efforts by government to provide more online pathways, and for these to be more convenient for business, are valued by small businesses.

## EASE OF DOING BUSINESS

New Zealand has been ranked third in the world for 'ease of doing business' in the 2014 World Bank Doing Business Report. Only Singapore and Hong Kong are ranked higher than New Zealand, but we rank first in the world for starting a business and investor protection. The report is an annual study measuring government regulations and their effect on businesses across 189 economies.

# 1 Key terms and data limitations

## DEFINING SMALL BUSINESS

In this report, a small business is any type of enterprise or firm with fewer than 20 employees. The sector can be further segmented into sub-sectors based on firm size where 'zero' represents businesses with no employees; 'micro' represents businesses with one to five employees; 'small' represents businesses with 6 to 19 employees. 'Small to medium' (20 to 49 employees), 'medium' businesses (50 to 99 employees) and 'large' businesses (100+ employees) are also used in the report for comparative purposes. In some limited cases the underlying data sources do not segment by the same size groupings and these are noted where they occur.

SMEs or small to medium-sized enterprises are all businesses with fewer than 50 employees.

## DEFINING SECTOR

A 'sector' is a loose definition to describe businesses or organisations that share common characteristics and/or produce similar products or services. In this report, the sector of interest is all small businesses within New Zealand.

## DEFINING INDUSTRY

The term industry is used to describe a group of businesses who are engaged in similar production activities. Industries are classified using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system.

## DEFINING A BUSINESS

In this report, the terms 'business' and 'firm' are synonymous with 'enterprise'. These terms refer to a legal entity operating in New Zealand that includes companies, partnerships, trusts, estates, incorporated societies, producer boards, local or central government organisations, voluntary organisations, or self-employed individuals.

## DEFINING A BUSINESS UNIT

The term 'business unit' represents a business location engaged in one, or predominantly one kind of, economic activity from a single physical location or base in New Zealand. A firm with multiple locations or outlets (e.g. The Warehouse) is counted as one firm but multiple business units. 'Business unit' is synonymous with Statistics New Zealand's term 'geographical unit'.

## LIMITATIONS/SCOPE OF DATA

Generally, firm size (zero, micro, small, etc) has been defined based on firm employee counts reported from the data source. However, some data sources report employee count from business units rather than from the firm as a whole. 'Business unit size' has been used to distinguish business unit employee count size measures from the firm-based equivalent.

The scope of a business /enterprise includes public entities like schools, police stations and other public bodies. With the exception of data from the Business Operations Survey, all data sourced from Statistics New Zealand (and by extension, data from the OECD) will include such public entities. While this data is inconsistent with a focus on small business, it should be noted that in many parts of the report the effect is quite contained. For example, in the industry perspectives, data on public institutions are largely confined to the Health and Social Services, Education and Training and Public Administration, Defence and Public Safety sections. Data on SMEs in the other industry sections should be read as substantially covering commercial enterprises (e.g. Manufacturing, Retail, Construction).

Most of the data in this report comes from Statistics New Zealand which uses an 'economically significant' threshold for its economic and business measures. Criteria for economic significance vary across different economic statistics but commonly require the firm to meet at least one of the following criteria:

1. Annual expenses or sales subject to GST of more than \$30,000
2. Part of a group of enterprises
3. Registered for GST and involved in agriculture or forestry
4. Over \$40,000 of income recorded in the IR10 annual tax return

Further information about economic significance can be found on Statistics New Zealand's website ([www.stats.govt.nz](http://www.stats.govt.nz)).

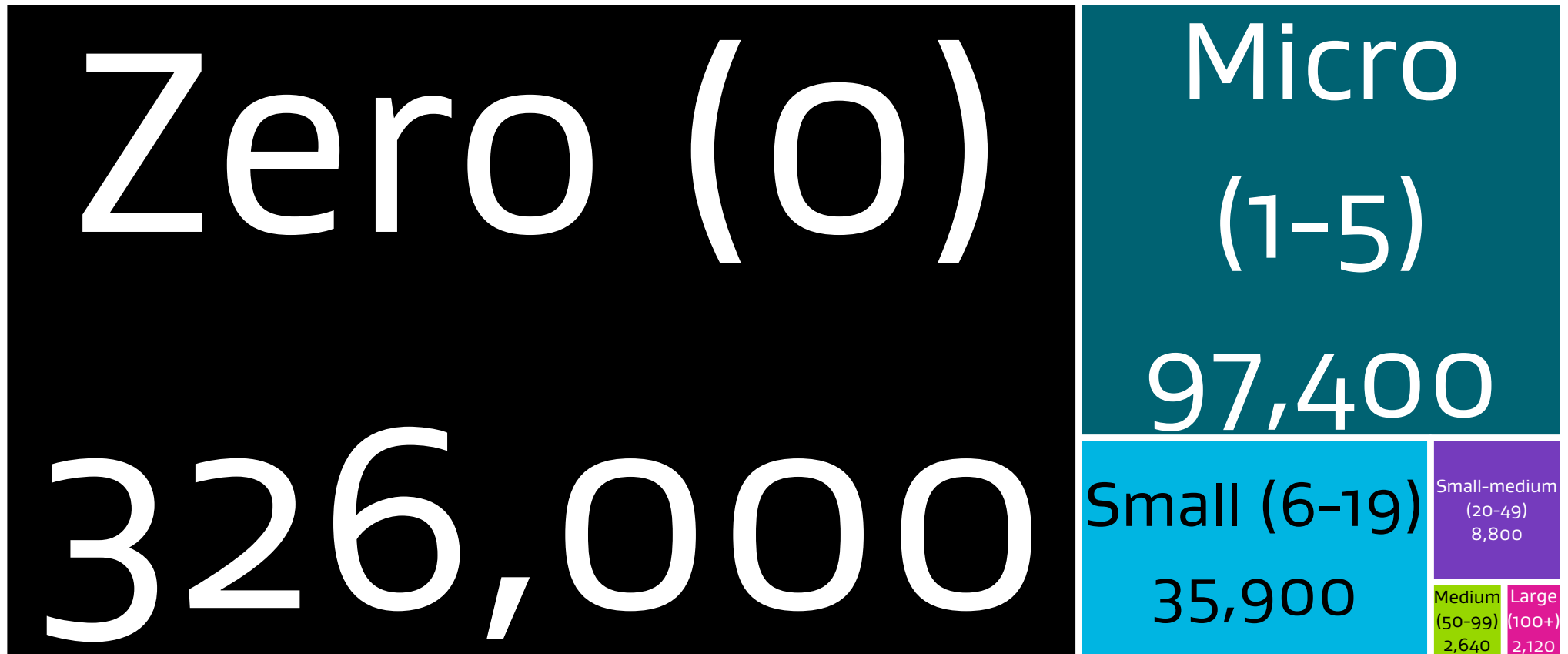
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# Overview of small businesses in New Zealand

## 2 ENTERPRISES

As in most other economies, nearly all New Zealand enterprises are small

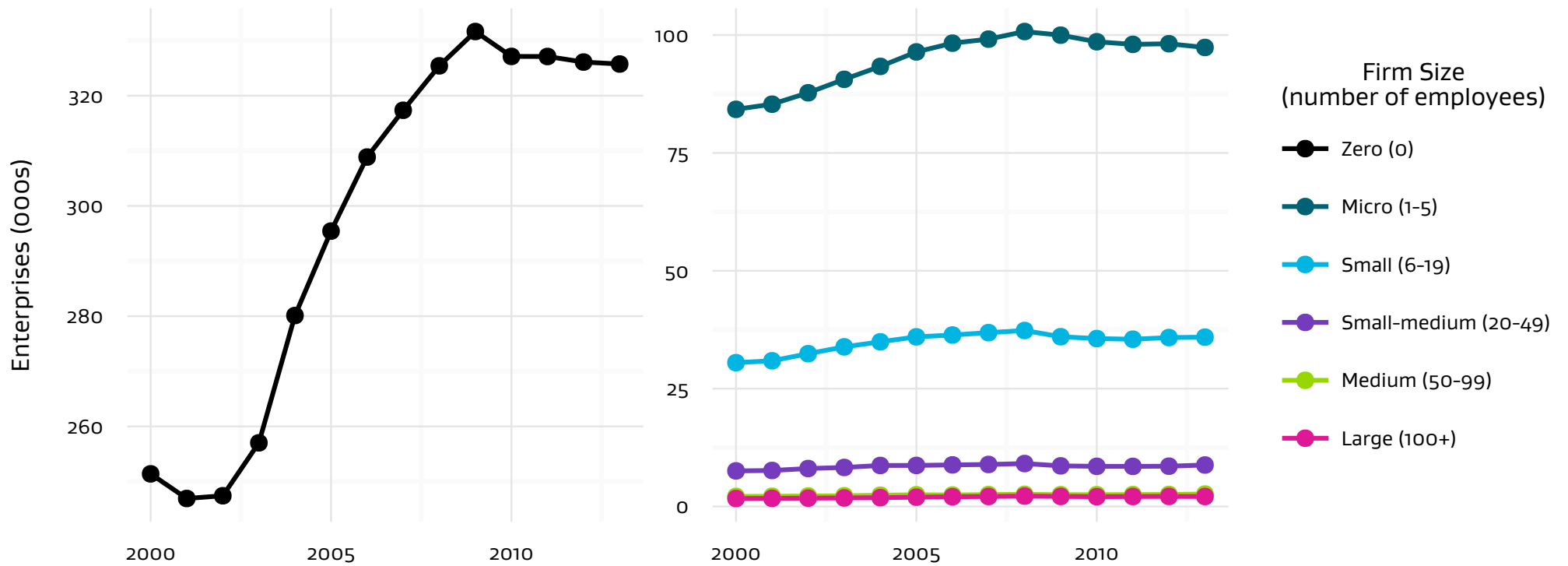
Number of enterprises in 2013 categorised by employee numbers



Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

The number of zero-employee enterprises has increased over the past decade but the number of employing enterprises has been stable

Number of enterprises by firm size, 2000 - 2013



Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

## 2 ZERO-EMPLOYEE BUSINESSES

### Zero-employee firms experiencing strong growth

As the name suggests, zero-employee businesses do not employ any staff beyond the founder or owner. They play an important commercial role in the economy. They are easy to establish, and provide a practical and strategic purpose for a range of industries, situations and firm sizes.

With some exceptions, they present more change and variability across many kinds of measurement than other small businesses. Enterprise survival rates provide a good example of this, with zero-employee businesses showing much greater attrition over time.

The broad characteristics of New Zealand zero-employee businesses are more or less common to comparative economies in the OECD. Zero-employee businesses are also the most common firm size in the United States, for example, comprising 21 million out of a total 27 million firms.

Zero-employee businesses can include importers, exporters, manufacturers, plumbers, consultants and start-ups, property investors, real estate agents and gardeners.

Industry dynamics, market forces and regulations may make it hard to identify some businesses as zero-employee operations. For example, a medium-sized dairy farm with five people working on it fulltime can still be a zero-employee enterprise if those people are share-milkers, contractors or unpaid family members of the farm owner.

Zero-employee businesses can also serve wider legal, accounting, risk or tax purposes. It is common practice in the construction industry to establish companies around particular commercial projects. But in residential construction, considering the lack of scale, the number of zero-employee firms probably reflects the high level of sole traders.

Zero-employee businesses may also play a role during corporate transactions or to manage subsidiary or other special activity. This is likely to account for the majority of the 500 zero-employee enterprises each year that report revenues in excess of \$100 million.

The number of zero-employee enterprises grew during the mid-2000s and has stabilised since the start of the Global Financial Crisis. This earlier growth may have had several causes. Individuals in the housing rental industry, where there has been significantly larger growth off a higher base than any other sector, may have preferred to use a company structure for tax purposes.

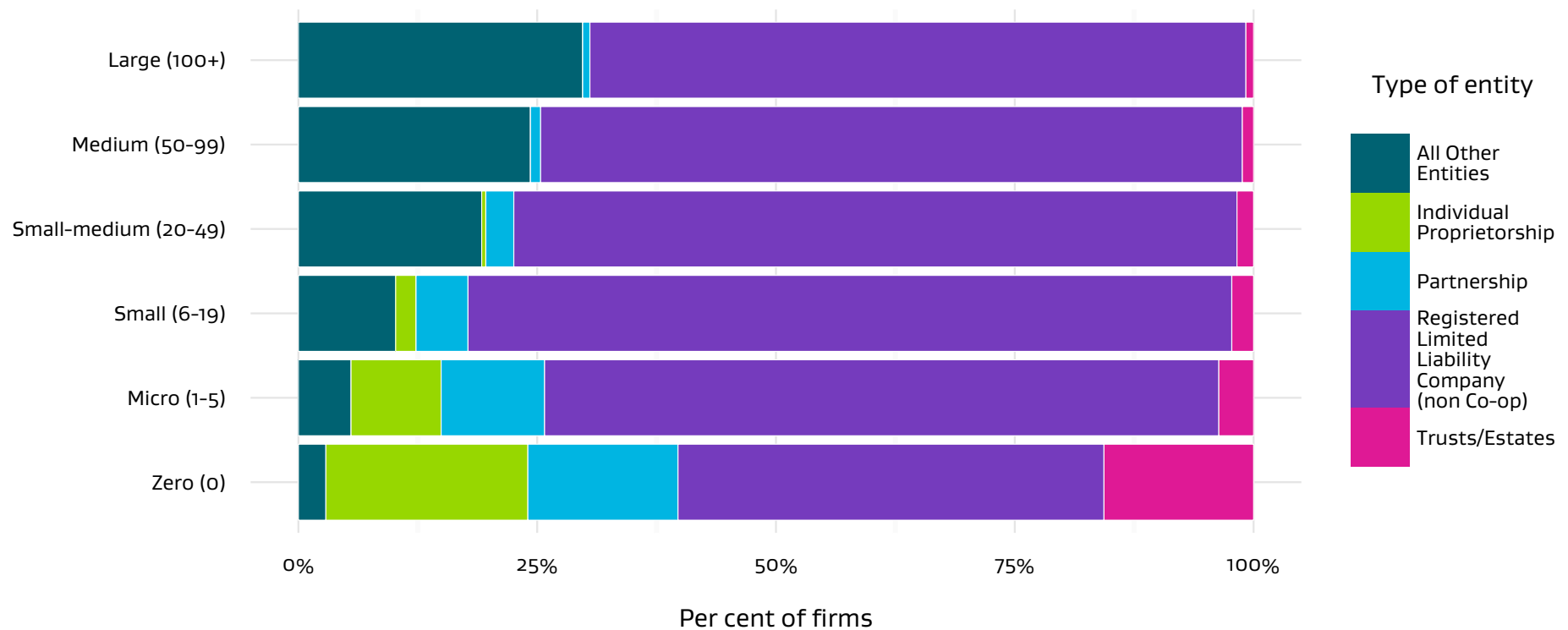
Companies Office data show a decrease in the number of new rental company registrations from 2010-11. This may be partly attributable to the change in tax rules relating to loss adjusting qualifying companies (LAQCs) considering the proportion of LAQCs which were being used for private residential property investments. There was also growth in zero-employees in financial asset investing which may have been related. Management and related consulting activities have been another growth area of zero-employees, and an area where there is a relatively high absolute number.

While zero-employees are the most common enterprise size across industries, the proportion of zero-employees is much lower in certain areas. For example, at any given time there are only a few hundred zero-employees in utilities or public administration, compared to approximately 30,000 in farming and 80,000 in property.

## Small businesses have a diverse range of ownership structures

"All other entities" include co-operative companies, joint ventures and consortia, branches of companies incorporated overseas, government-owned trading entities, central government, local authority trading enterprises, local government incorporated and unincorporated societies and associations, and charitable trusts.

Type of legal entity by firm size, as at 2013

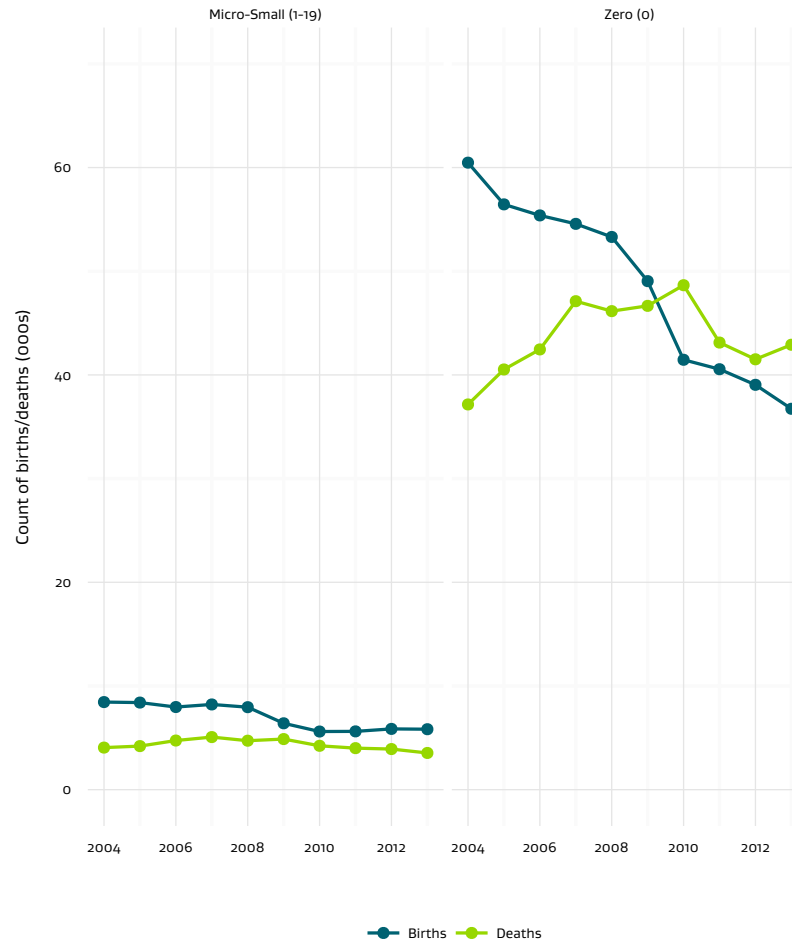


Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.



Starts and closures in micro- and small business have been relatively stable. In contrast, zero employee starts and closures have been more volatile, with more closures than start ups since 2010.

### Births and deaths for Micro-small and Zero employee firm sizes

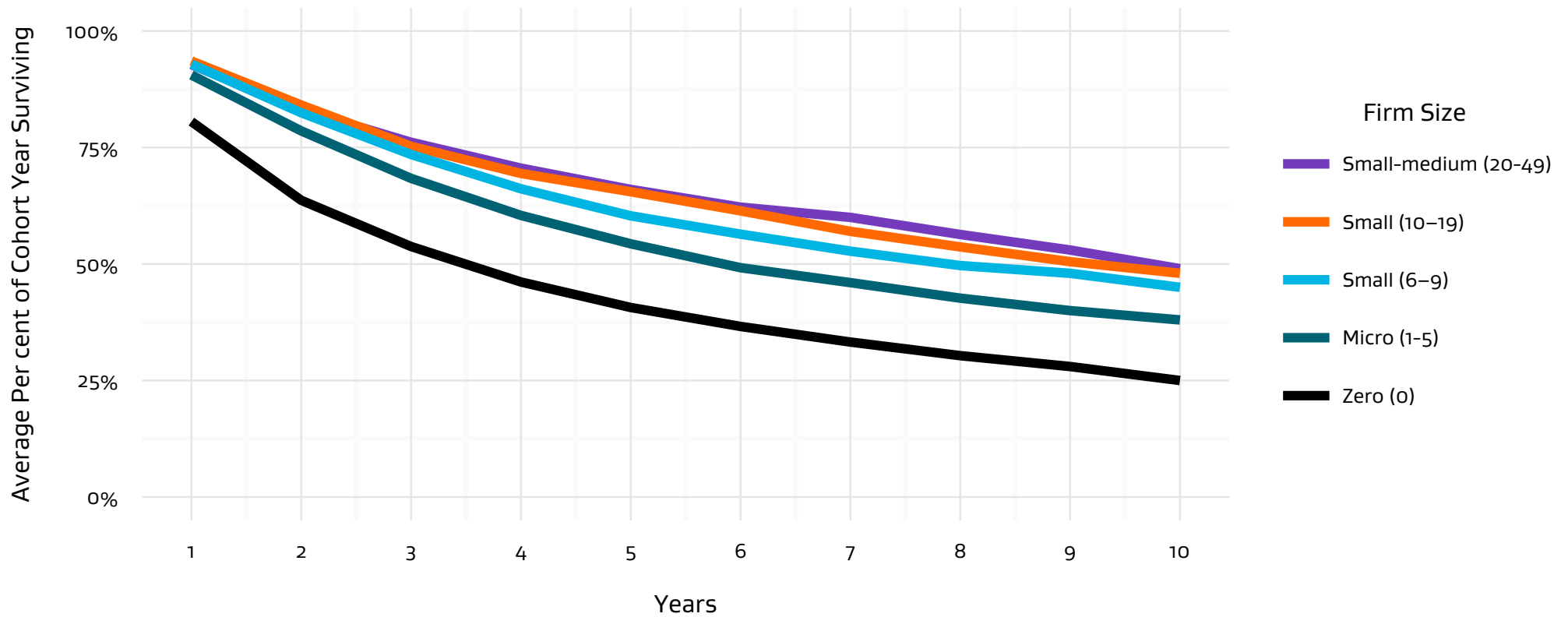


Source: Business demography statistics, Statistics New Zealand, 2013, custom data.  
 Notes: All numbers are provisional. Enterprise births and deaths for 2013 should be treated with caution.



## The smaller the business, the lower the survival rate

### Average enterprise survival rates by firm size



Source: Business demography statistics, Statistics New Zealand, 2013. Access via Statistics New Zealand webpage.

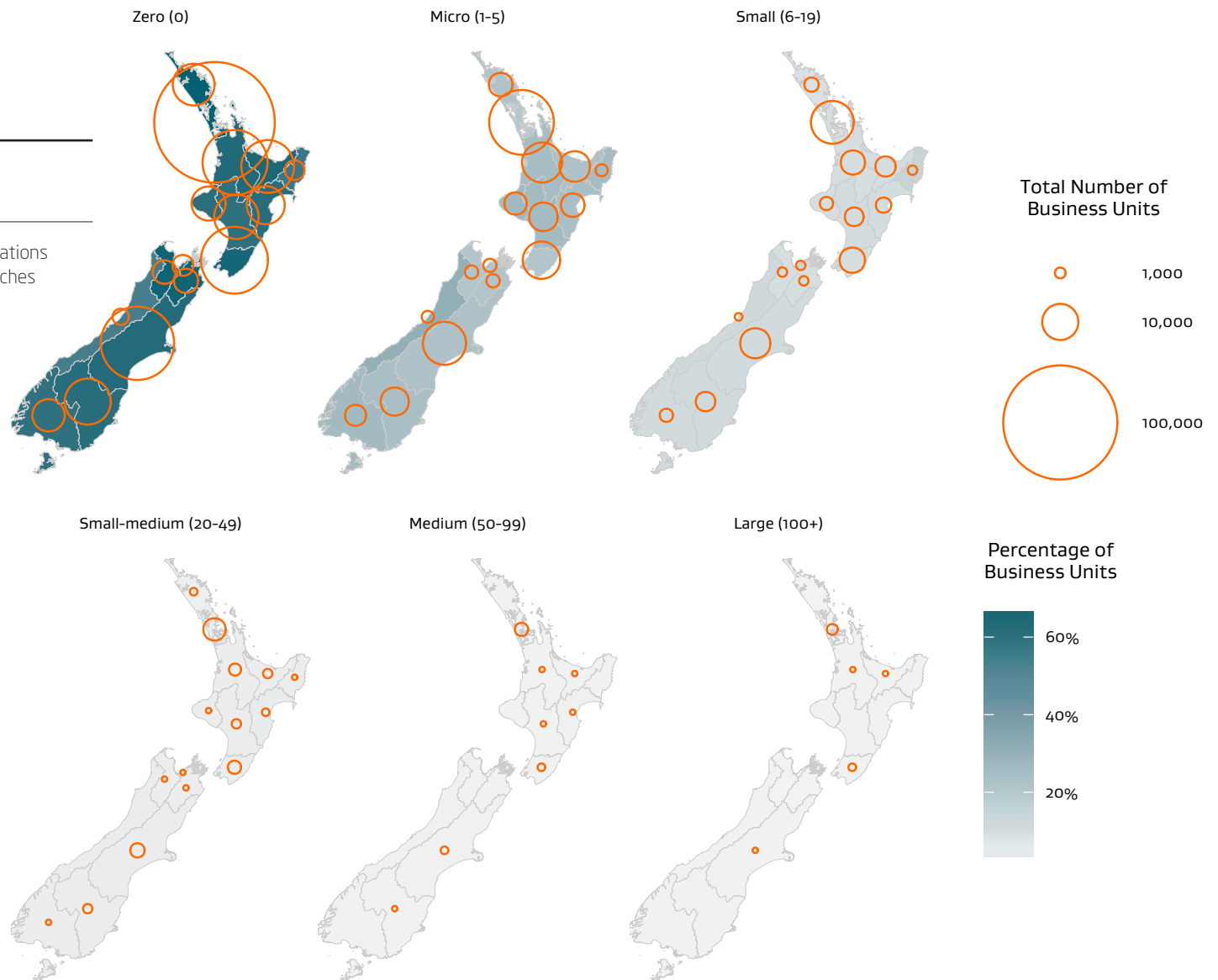
Notes: All numbers are provisional. Survival rate is defined as the percentage of enterprise births in each reference period that survive into future reference periods in the business demography population. For full notes consult source data.

## 2 REGION

### The location of small businesses reflects New Zealand's population

#### Distribution of business units by size and region in 2013

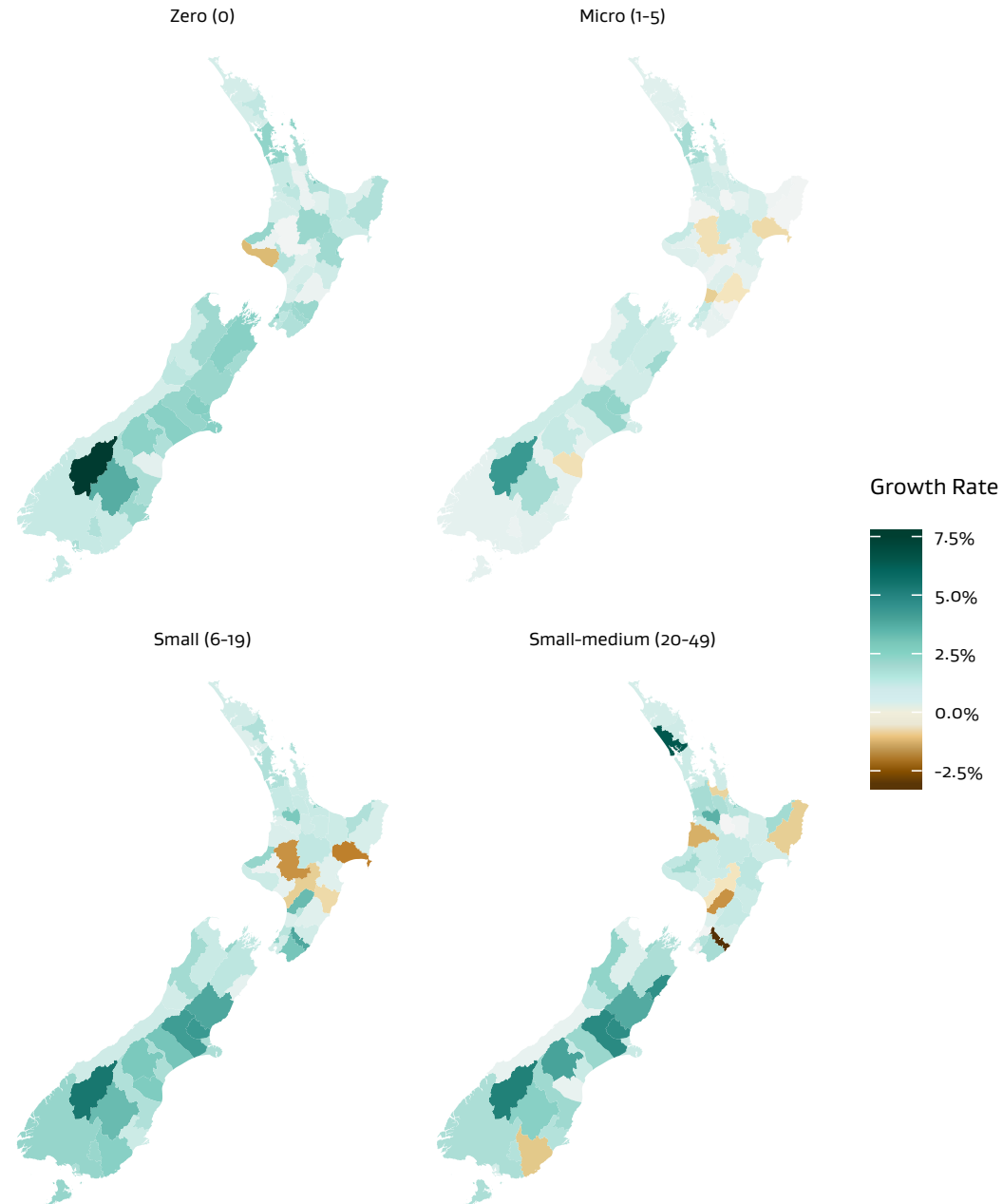
Business units, or geo units, are the physical operating locations of a business. For example, a business with offices or branches in three regions will have three separate business units.



Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. Business units are equivalent to geographic units. For full notes, consult Statistics New Zealand.

The number of small businesses is growing faster in areas of high population growth

Growth in number of business units by size and territorial authority Compound Annual Growth Rate - 2000 to 2013

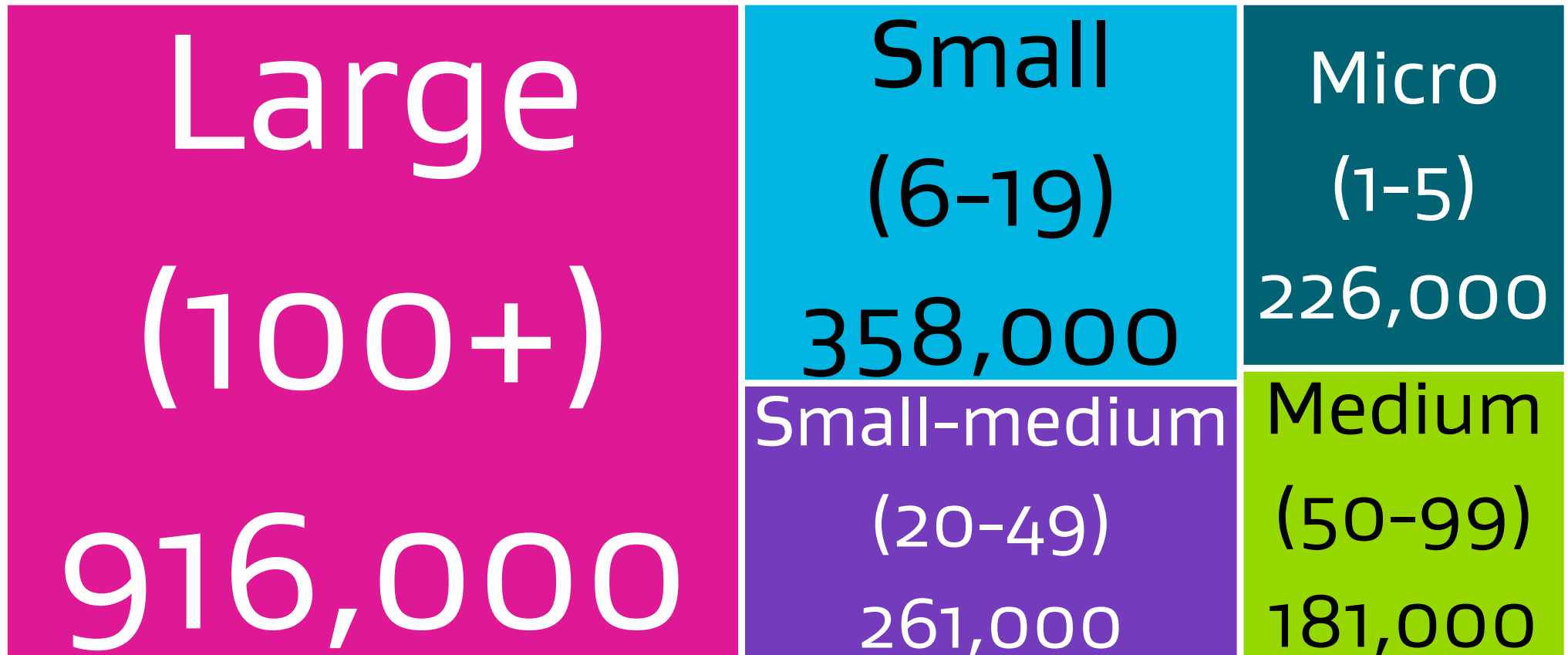


Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. Business units are equivalent to geographic units. For full notes, consult Statistics New Zealand.

## 2 EMPLOYEES

Small businesses employ a significant proportion of the total workforce.

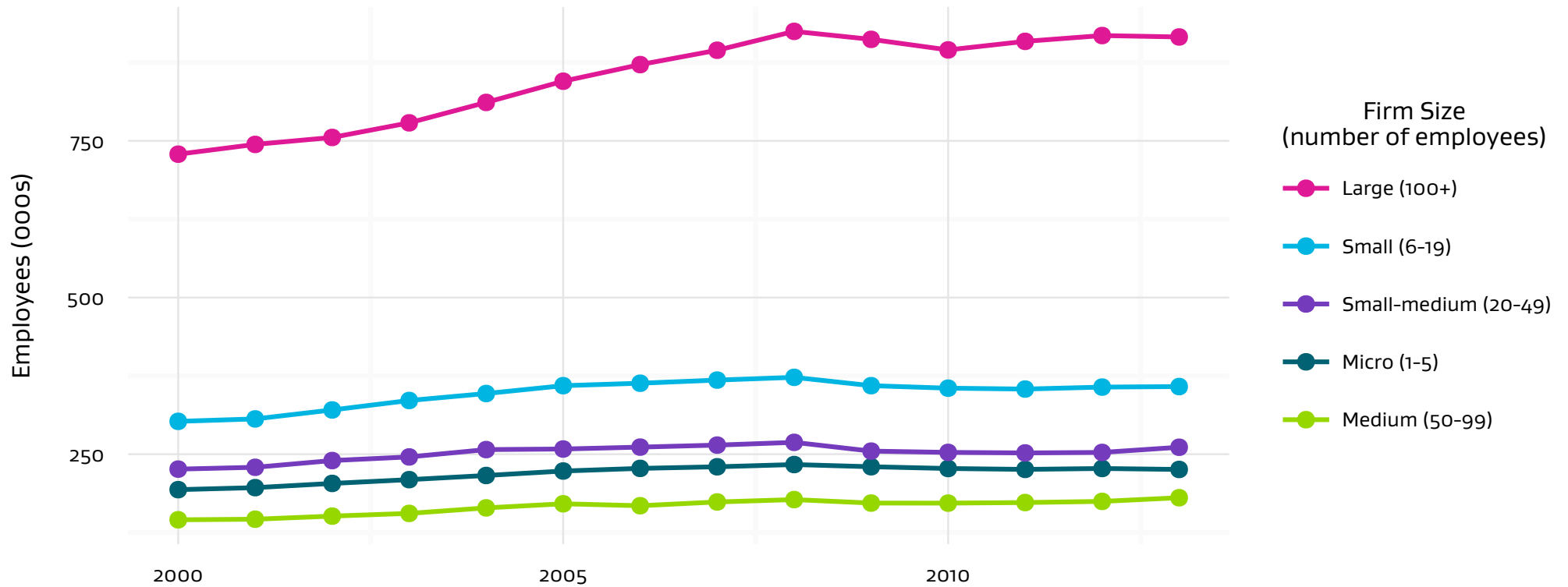
## Employee by firm size in 2013



Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

Most employment growth has been in large firms, while the number of people employed by small businesses has been stable

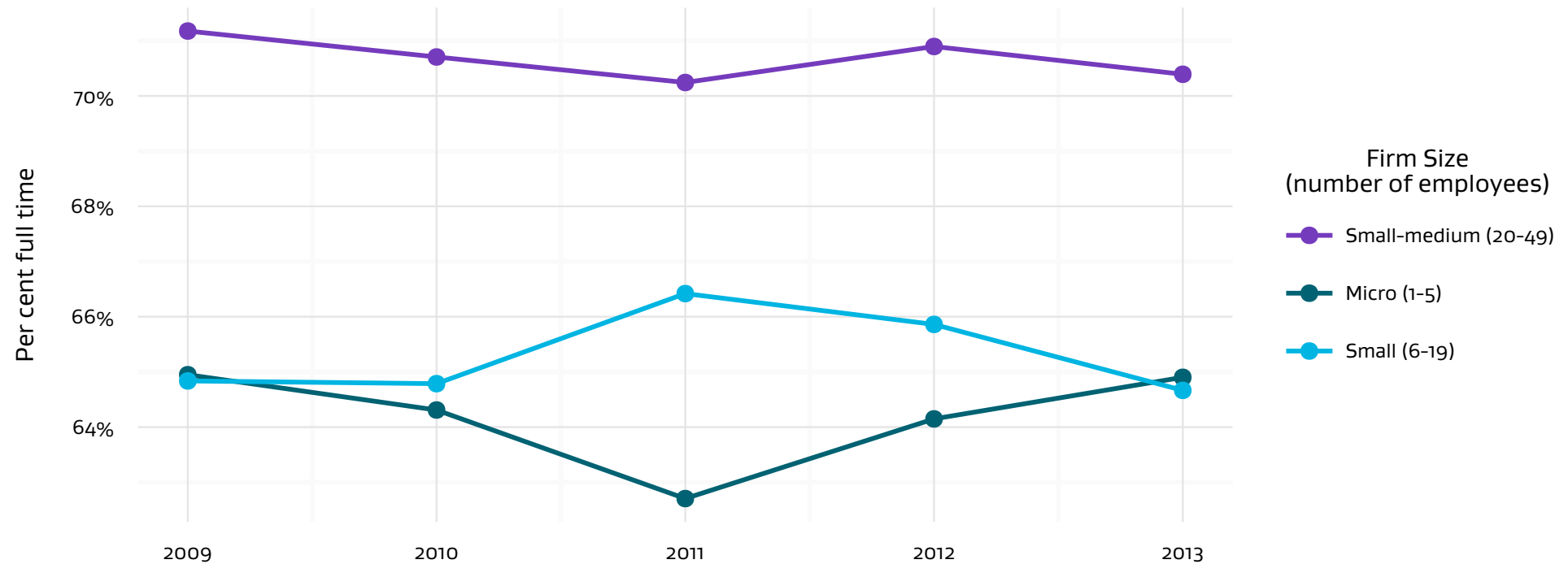
Employees by firm size, 2000 - 2013



Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

## Around one third of the small business workforce is part-time

### Percentage of employees working full time by firm size

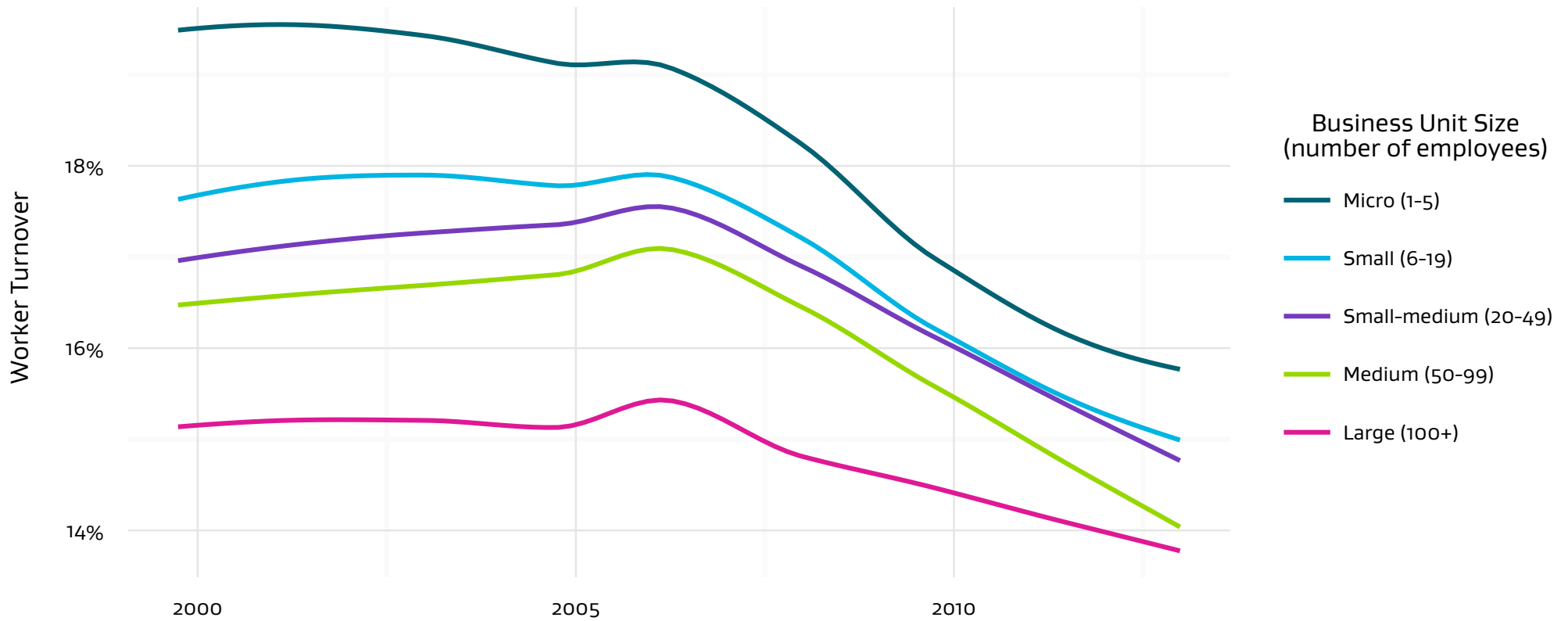


Source: Quarterly Employment Survey, Statistics New Zealand, 2013. Custom data supplied to MBIE  
Notes: The 2009 year is an average of only the September and December quarters

## Small businesses have more workers joining and leaving, although turnover rates of all firms have declined following the GFC

### Worker turnover rate by firm size

The worker turnover rate is the ratio of the average number of new employees and those who have left to the total number of jobs. It is a good measure of workforce stability and the dynamism of a business.

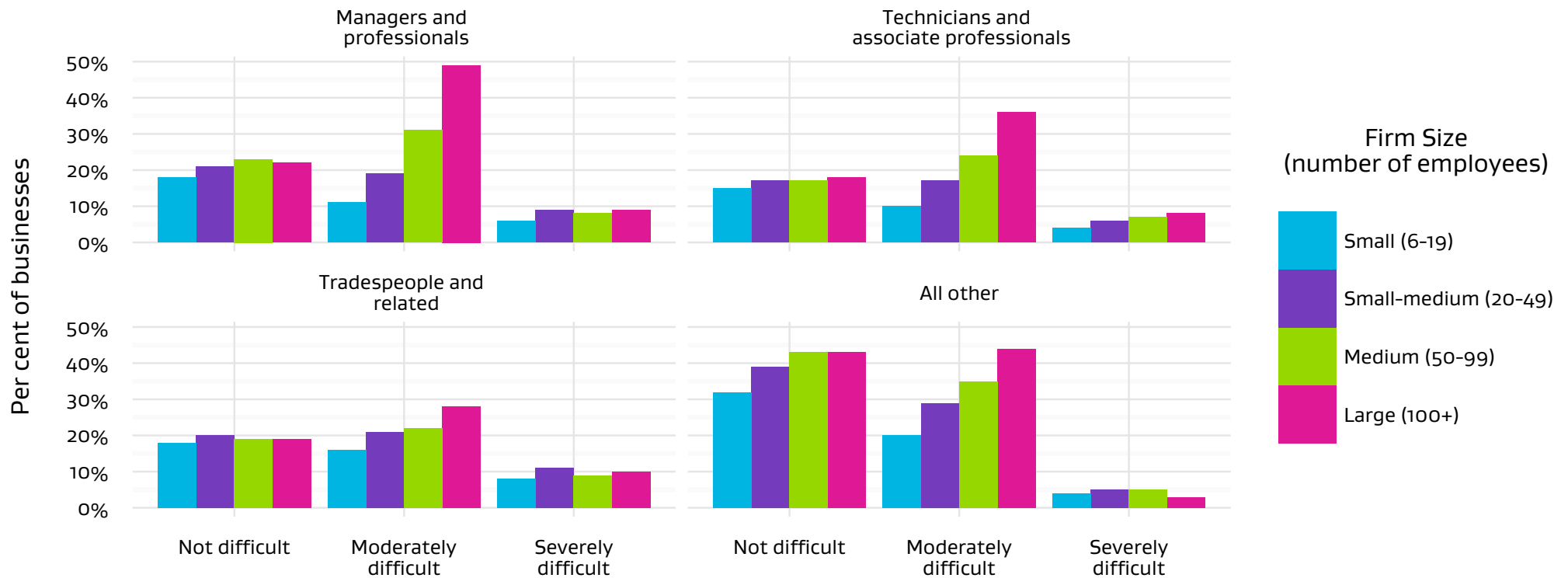


Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
 Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people. Data have been smoothed.



## Regardless of size some firms experience difficulties recruiting

Difficulty in recruiting by position and firm size, 2013



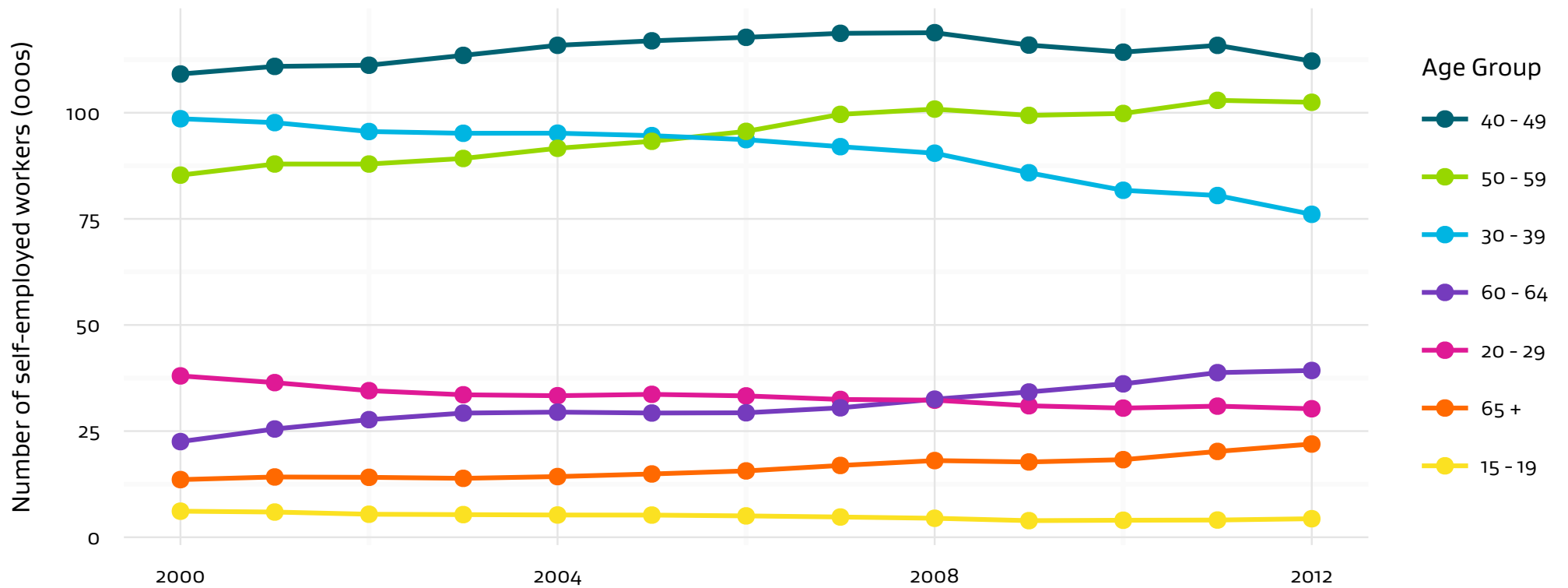
Source: Business Operations Survey, 2013. Access via Statistics New Zealand website



# SELF EMPLOYED

Most self-employed people are in their 30s, 40s or 50s

Distribution of self-employed by age, 2000 - 2012



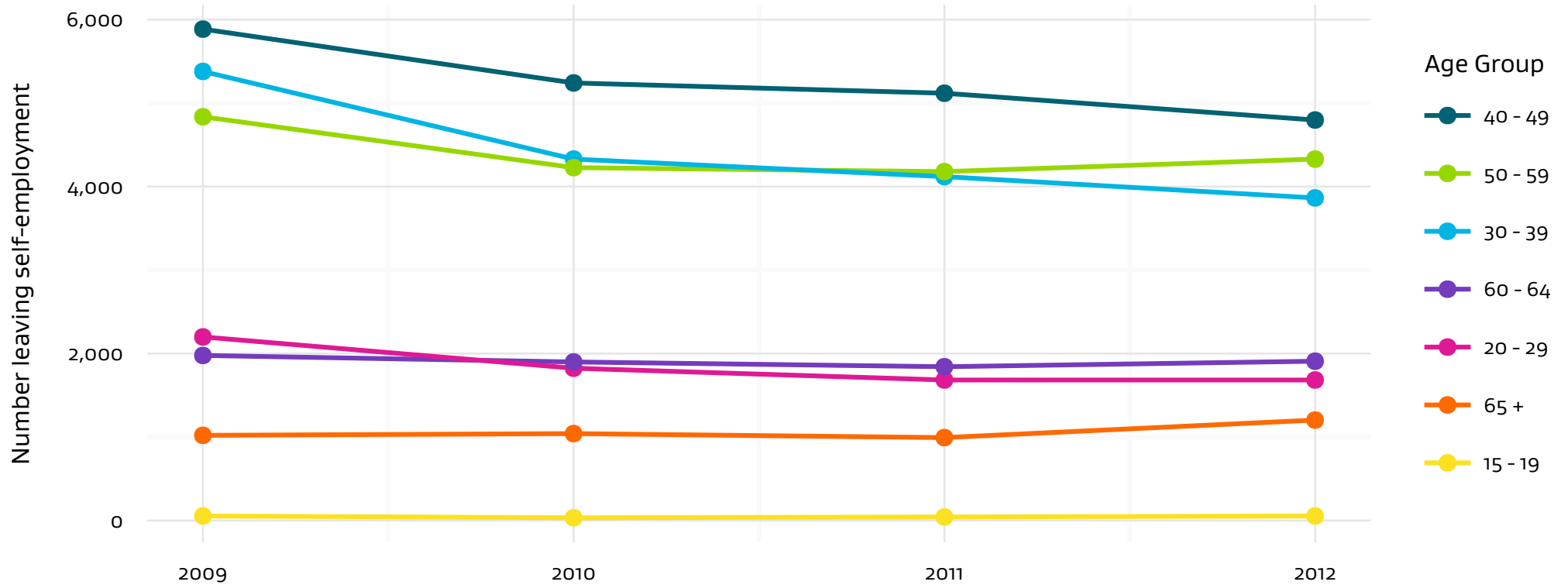
Source: Annual Linked Employer-Employee Data (LEED), custom data supplied by Statistics New Zealand.

Notes: 2012 data are provisional. Self-employed is defined as main income source in the tax year. Self-employed people are counted once, even when they receive self-employed income from two or more enterprises that birthed during the tax year.



## Self-employed people are staying in business longer

Self-employed attrition by age, 2009 - 2012



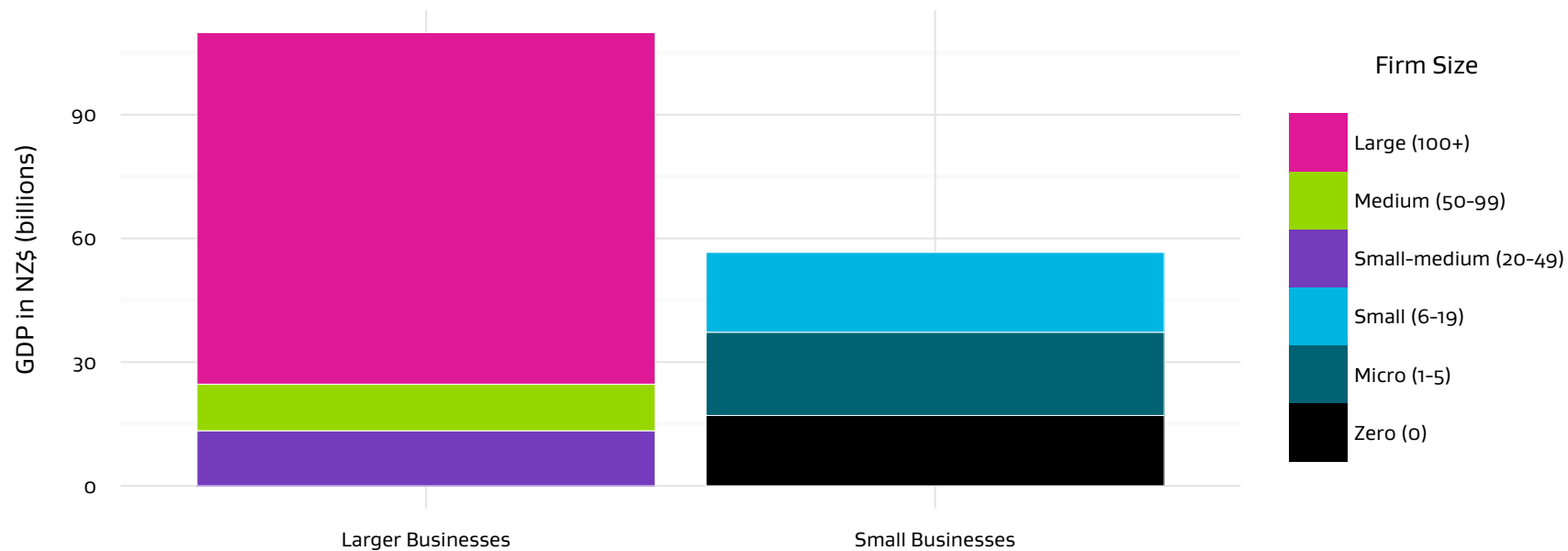
Source: Annual Linked Employer-Employee Data (LEED), custom data supplied by Statistics New Zealand.

Notes: 2012 data are provisional. Self-employed is defined as main income source in the tax year. Self-employed people are counted once, even when they receive self-employed income from two or more enterprises that birthed during the tax year.

# PERFORMANCE of Small Businesses

Small businesses contribute a significant proportion of GDP

Nominal GDP by firm size for year ending March 2011

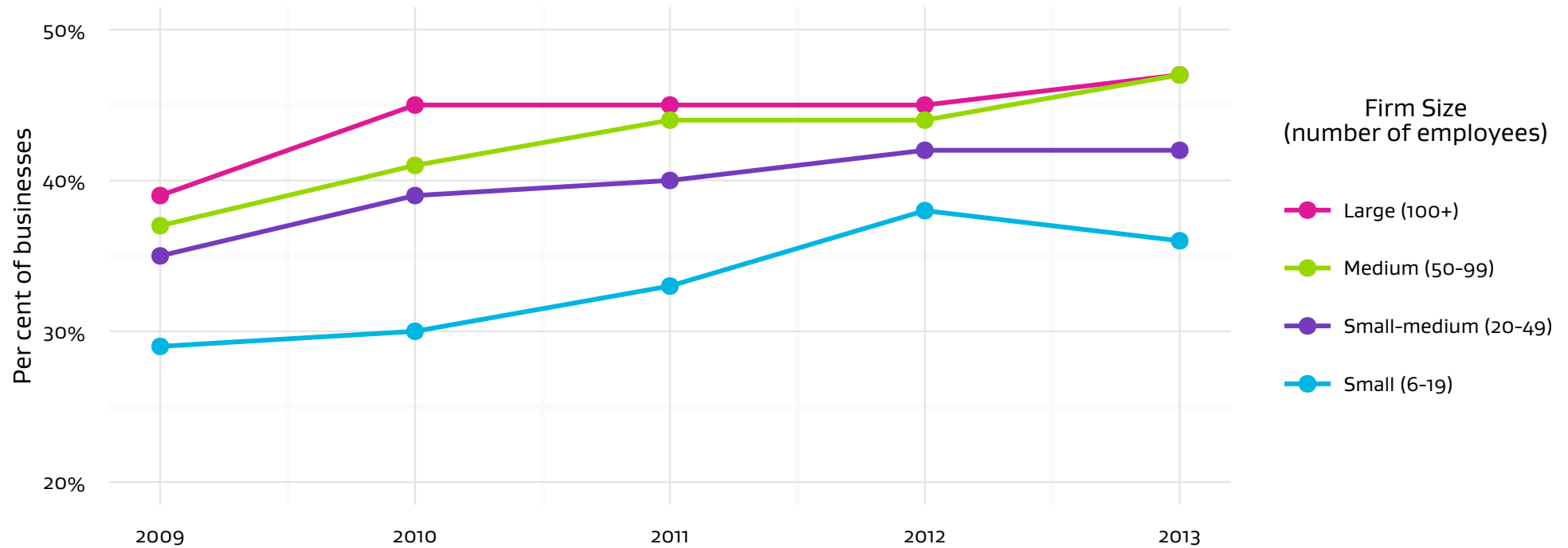


Source: System of National Accounts, custom data supplied by Statistics NZ

Notes: Data show nominal contribution to GDP for year ending March 2011, excluding GST on production, import duties, and excluded industries.

## Mixed picture on reported increases in profitability by firm size

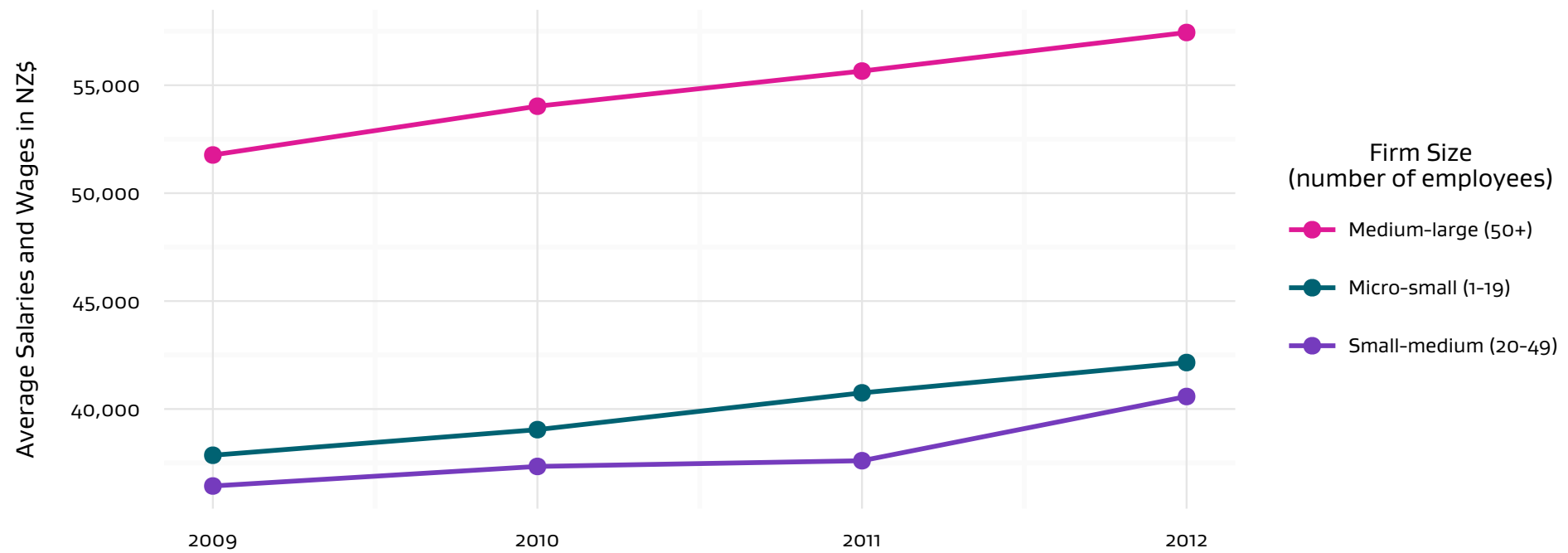
### Per cent of companies reporting increase in profitability



Source: Business Operations Survey, 2009 - 2013. Access via Statistics New Zealand website

## Salaries and wages are increasing

### Average salaries & wages per employee



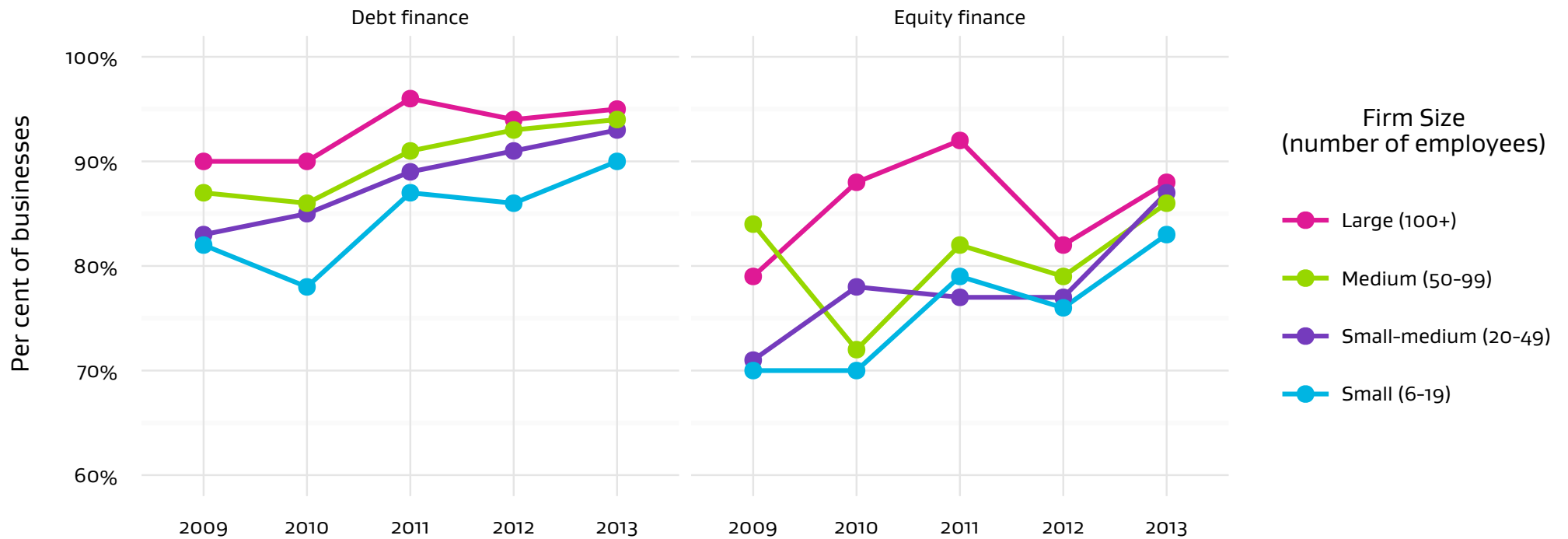
Source: Annual Enterprise Survey, custom data supplied by Statistics NZ

Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds.



## Access to finance is improving over time

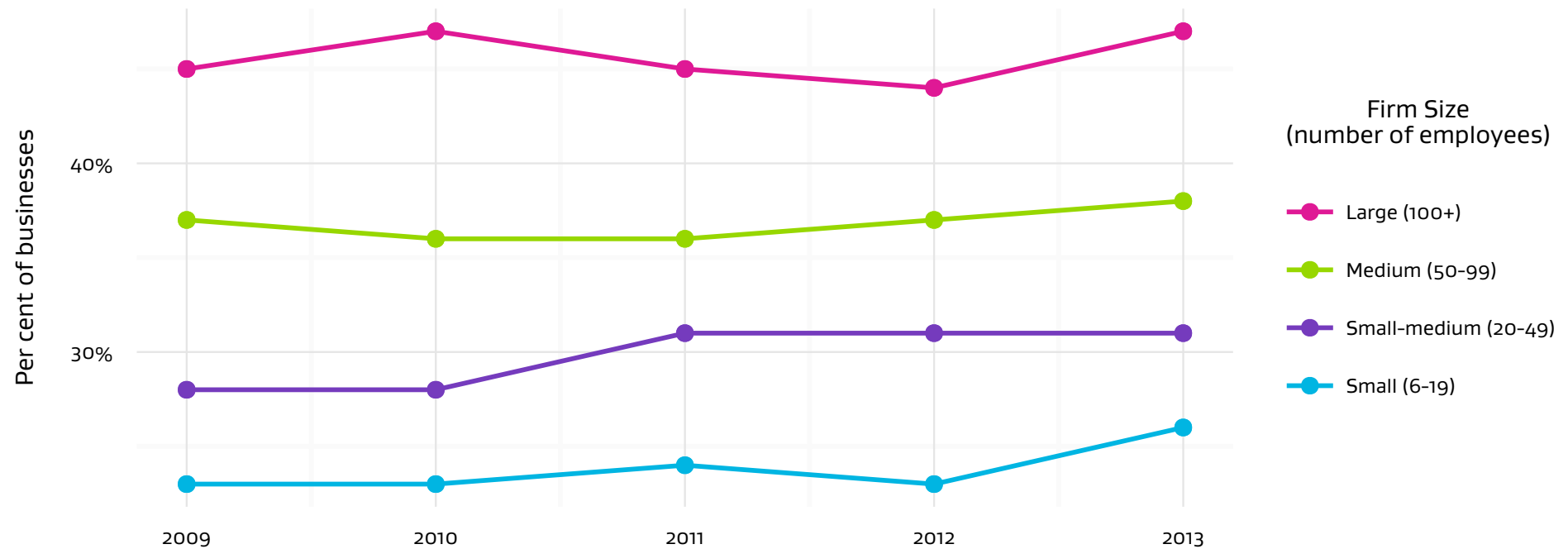
### Availability of finance on acceptable terms by financing type and firm size



Source: Business Operations Survey, 2009 - 2013. Access via Statistics New Zealand website

## Recent signs of expansion after a subdued period.

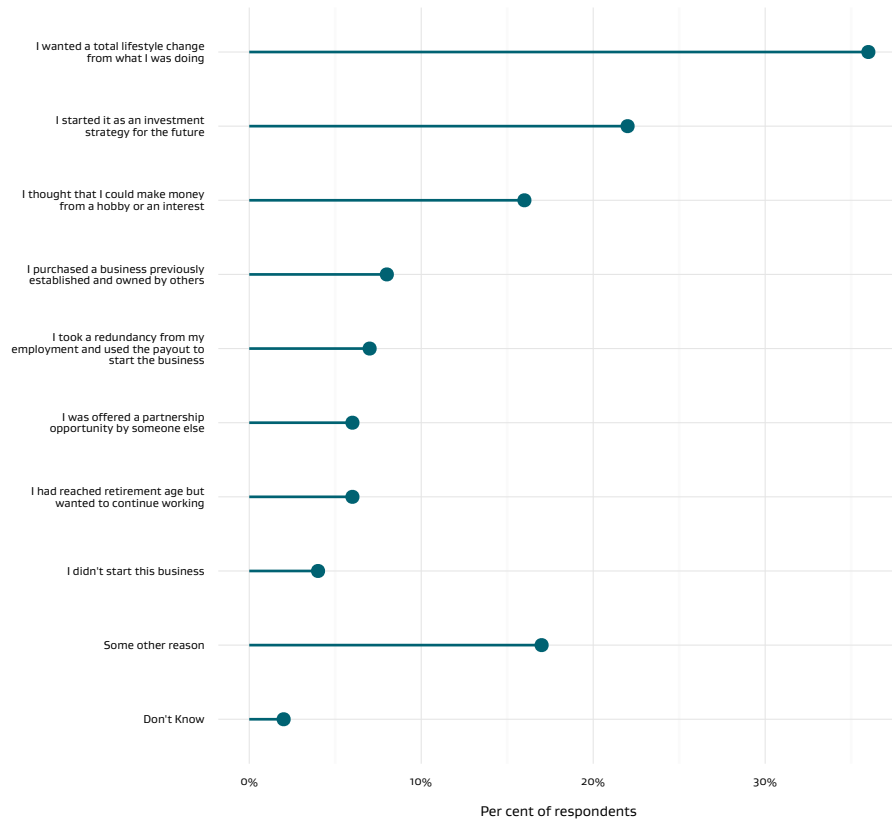
### Per cent of business that invested in expansion by firm size



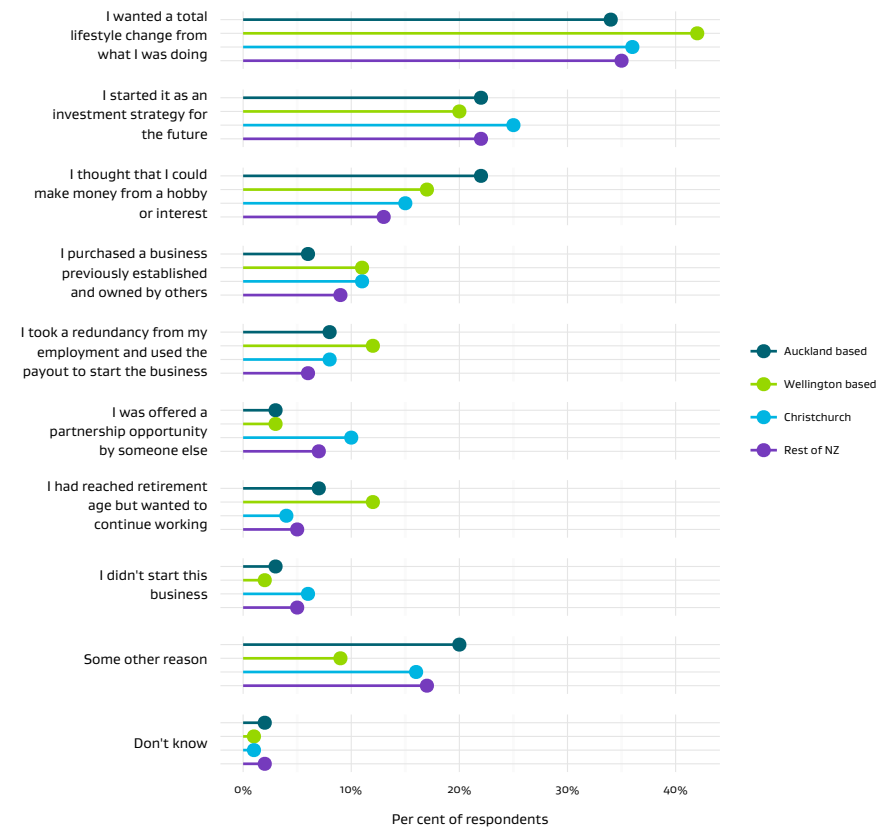
Source: Business Operations Survey, 2010 - 2013. Access via Statistics New Zealand website

# Motivations for starting a business

## Main reason for starting a new business



## Main reason for starting a new business, by major city



Source: MYOB Business Monitor, Mind Your Own Business, 2013 (wave 2).

Source: MYOB Business Monitor, Mind Your Own Business, 2013 (wave 2).

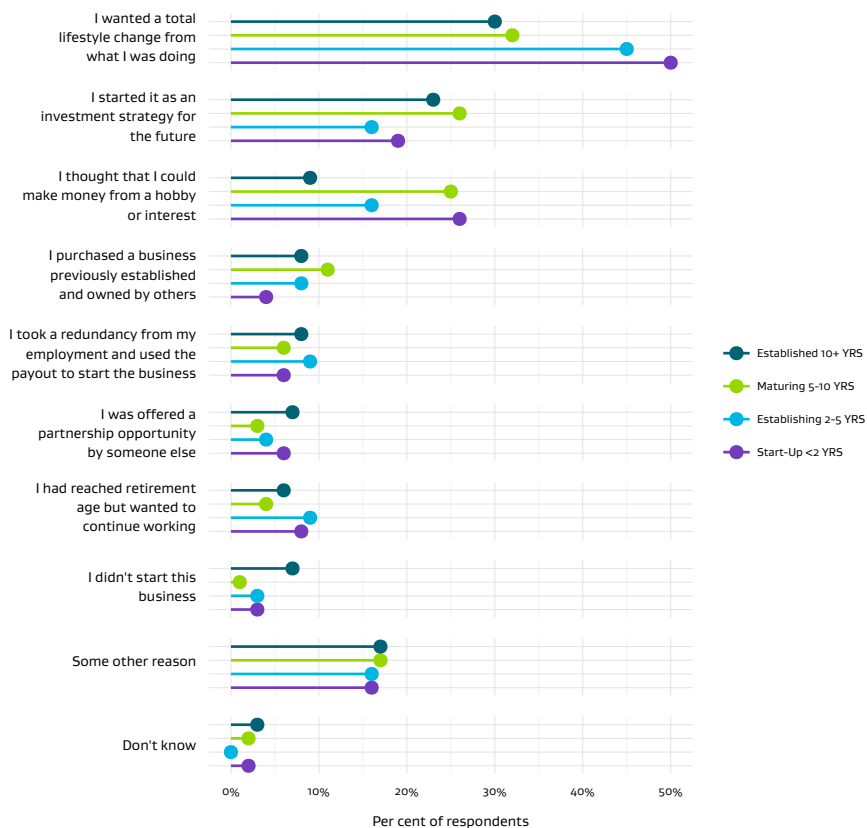


## Main reason for starting a new business, by age of business

## SMALL BUSINESSES ARE STARTED FOR A NUMBER OF REASONS

The MYOB Business Monitor is a nationwide survey of over a thousand business owners of sole trading, micro, small and medium-sized businesses from across all industry groups.

The survey is designed to research key areas of business performance, including profitability, cash flow and pipeline work, as well as business confidence and satisfaction in the support of government.



Source: MYOB Business Monitor, Mind Your Own Business, 2013 (wave 2).

## Case Study

# Miranda Grange

### Small businesses provide owners with the opportunity to follow their passion

Miranda Grange has created a happy balance in her life as a lawyer and part-time celebrant. A lawyer during the week, Miranda runs her own business as a registered marriage and civil union celebrant.

Passion, not profit, drives her business. Miranda wants to help couples celebrate their love, lives and families.



*Miranda in action conducting a wedding earlier this year.*

Word-of-mouth exposure has helped build her business from a first ceremony in December 2011 to 15 weddings and civil unions this year. She markets her services through a website and social media.

Miranda is based in Wellington and has travelled throughout the country to conduct ceremonies from Wanaka in the south to Auckland in the north.

She continues to develop her professional career by studying part-time for a Master of Laws degree.

By following her passion, Miranda has set up a growing small business and achieved her perfect work/life balance.

<http://m.dzander.com/>

3

# Focus Areas

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# 3 Small Business and Government

## The Business Growth Agenda

Building a more competitive and productive economy is one of the Government's main priorities in its plan to create more and better paying jobs and higher standards of living. The Business Growth Agenda drives this by ensuring Government stays focused on what matters to business. More than 350 actions make up the Business Growth Agenda which supports the six key inputs businesses need to succeed, grow and create jobs. These are access to export markets, capital, innovation, skilled workers, natural resources and the necessary supporting infrastructure.



Small businesses benefit from an environment which gives them confidence to invest and grow. The Business Growth Agenda is working to create a competitive and productive economic environment which supports both export-focused and domestically-focused businesses. Many initiatives help small businesses by reducing their costs, saving time, and providing opportunities for growth.

# Examples of Business Growth Agenda actions that help small businesses

## INFRASTRUCTURE

- The roll-out of Ultra-Fast Broadband and the Rural Broadband initiative are lowering business costs and providing new revenue opportunities.
- The Roads of National Significance programme and other transport projects are enabling businesses to move goods and people more efficiently.

## EXPORT MARKETS

- Free Trade Agreements are improving access to international markets.
- New Zealand Trade and Enterprise (NZTE) is helping internationally-focused small businesses succeed in overseas markets.
- The NZ Export Credit Office (NZECCO) is being used to help promote the export of New Zealand Capital Goods and Services. NZECCO loan and bond guarantee products have enabled an additional \$75m underwrite of export transactions to date.
- The development of a NZ Story video that works for a range of exporters and sectors, including tourism and education, and for immigration.
- The development of the New Zealand story and supporting resources is helping New Zealand firms market themselves internationally within a wider New Zealand brand.

## INNOVATION

- Increased support for business research and development that Callaghan Innovation is leading.
- More businesses are being encouraged to integrate design-led principles and tools into their business through NZTE's Better by Design programme.
- Changes to New Zealand's patent settings will enable businesses to have greater certainty their intellectual property will be enforceable by world standards.
- Changes to allow the tax deductibility for black hole R&D expenditure will make R&D more attractive for businesses.
- Changes to allow the cash-out of R&D tax losses for innovative start-ups will allow certain R&D-intensive companies that are not yet profitable to cash out their deduction from R&D expenditure as opposed to carrying it forward.

## SKILLED AND SAFE WORKPLACES

- The voluntary 90-day employment trial period reduces the risk for a business of hiring an employee.
- Changes to employment legislation will allow businesses greater flexibility when employees can work and whether to enter into collective bargaining.
- New workplace health and safety rules will mean less compliance for businesses in low risk industries and benefit businesses with excellent safety records.
- The introduction of the Starting-out Wage is lowering the barriers for businesses to hire young and inexperienced workers.
- The new Apprenticeship Reboot programme is likely to get more apprentices qualified by providing help to employers towards tool and training costs.

## CAPITAL MARKETS

- The reduction in personal and company tax rates has allowed small businesses and their owners to retain more of their revenue.
- Changes to financial markets legislation will provide more financing options, making it easier and cheaper for businesses to raise capital.
- The IRD business transformation project will make it possible for firms to easily and accurately determine their tax obligations and simplify provisional tax, PAYE and GST payments.
- Rebuilding the Government's financial reserves and prudent economic management will keep interest rates lower over the cycle.
- Improvements to staff shareholding schemes will reduce compliance costs to businesses, by reducing the disclosure requirements needed for businesses to offer shares to employees.
- Licensed crowd-funders and peer-to-peer lenders can now operate, offering new ways for firms to raise capital.

## NATURAL RESOURCES

- A new six month limit for consent applications has been enabled through the Resource Management Act. Fast-track processes for simple consents are also being developed.
- Regulations for the safety and security of food are being reformed, so that small businesses working in low-risk food areas will be able to operate under food safety programmes.
- More business opportunities are being created on public conservation lands and waters.
- The reform of the Te Ture Whenua Maori Act will improve the productivity of collectively-owned Maori land.

## 3 The roll-out of Ultra-Fast Broadband across New Zealand is already improving the productivity of many small businesses

The Government's \$1.5 billion Ultra-Fast Broadband (UFB) initiative is bringing fibre optic technology to homes, schools, hospitals, marae and businesses. By 2015, 90 per cent of businesses will be connected to UFB, and 75 per cent of New Zealanders will be connected by 2020.

UFB enables downlink speeds of at least 100 Mbps (megabits per second) and uplink speeds of at least 50 Mbps. UFB uptake among businesses is occurring in a wide range of sectors, from cafés to panelbeaters. It has many benefits including improving productivity through changes to business processes.

The UFB is complemented in rural areas with the Rural Broadband Initiative which addresses the specific broadband infrastructure needs of rural New Zealand. Over 187,000 rural homes and businesses are now able to access new fixed wireless broadband, and over 66,000 rural homes and businesses are able to access improved fixed-line broadband. Ultra-fast broadband is currently available in 28 New Zealand towns and cities, and more than 420,000 New Zealanders now have access to ultra-fast fibre.

UFB benefits to small businesses include:

- reduced telecommunication costs by using Voiceover Internet Protocol instead of multiple phone lines
- greater reliability, with fewer calls and online queries dropping out or being interrupted
- improved communication between branches and people working remotely
- improved options for videoconferencing
- access to cloud applications and rapid data backups
- improved customer service and staff morale.

Go to [www.crownfibre.govt.nz](http://www.crownfibre.govt.nz) for more information on the UFB roll-out.



### BEATING TO A DIFFERENT DRUM

An Auckland panelbeater has improved productivity by 10 to 15 per cent since connecting to Ultra-Fast Broadband (UFB).

Brian Holgate Panelbeaters has more than 50 cars going through its two workshops every week. Its assessments and repairs of crashed cars include sending photos of damage to insurance companies. It was frustrating using ADSL (copper-based broadband), as the connection was slow and sometimes down for two or three hours at a time. This resulted in delays getting repairs completed and cost everyone time and money.

With UFB, the panelbeating business was able to get much faster connection speeds and unlimited data. It estimates UFB improved productivity by 10 to 15 per cent and has reduced staff stress levels. UFB is also providing a better connection between the business' two workshops, enabling the main accounts staff member to service both offices easily. The company is considering using the UFB connection for video footage of damaged vehicles in the future, enabling its operations to become even more efficient.

*Sourced from Crown Fibre Holdings Ltd Annual Report 2013*

# Reducing costs for small businesses across New Zealand

## RESULT 9 AND THE NEW ZEALAND BUSINESS NUMBER

The Result 9 programme's One-Stop Online Shop approach co-ordinates government advice and support for the people who run and grow New Zealand businesses. This whole-of-government programme develops and delivers better business products and services for all New Zealand companies.

Released in August 2012, the Result Action Plan outlined two targets for the programme.

- **Lower costs:** Business costs from dealing with government will be cut by 25 per cent by 2017. The plan aims to reduce, year-on-year, the effort required by businesses to work with government agencies.
- **Improve services for business:** By July 2017 the key performance ratings for government services to business will be similar to those used by leading private sector firms. Since July 2013, businesses have been able to contribute to this target through an online feedback system.

Ninety per cent of businesses have contact with one or more government agencies at least once a year. That's 409,000 businesses. Government agencies interact with small-to-medium sized enterprises about three million times every four months.

So far Government has:

- **Set up the New Zealand Business Number (NZBN) system.** This is a central part of the Result 9 programme. It aims to make it easier, quicker, and less complicated for businesses to deal with the Government. All businesses, government agencies and commercial entities in New Zealand will eventually receive an NZBN. The 13-digit number will become the single identifier for each entity when it interacts with government agencies and other businesses. The next steps are to integrate all registration services across Inland Revenue, MBIE and ACC so businesses will only need to supply key information once, saving time and expense. In December 2013, 1.1 million companies on the New Zealand Companies Office register were allocated an NZBN. On average, 3000 to 4000 newly-incorporated companies are expected to get NZBNs each month. By 2016 businesses will only have to provide government with their information once. The number will automatically be shared across government agencies.

- **Overhauled the online patents system.** The online system for applying for, and managing, patents has been reworked. Managed by the Intellectual Property Office of New Zealand, tasks that previously took days can now be done instantly.
- **Set up myIR.** Inland Revenue has launched a new online service for businesses, filing GST through 'myIR' Secure Online Services. By 31 January 2013 more than 70,000 businesses had filed over 150,000 GST returns.
- **Significantly improved the Companies Office website.** Users can more easily get immediate access to relevant information and complete compliance obligations.
- **Launched ONECheck.** Business.govt.nz's ONECheck tool combines a company name, domain and trade mark search in one place online.

## BUSINESS TRANSFORMATION PROJECT

The Inland Revenue Business Transformation Programme aims to make it as easy as possible for New Zealanders to file and pay their taxes on time, receive their correct entitlements and cut the costs of compliance.

The major 10-year programme is changing Inland Revenue's policies, processes, platforms and service delivery. The transformation aims to significantly improve how business, customers and third parties work with Inland Revenue. It also aims to contribute to the Better Public Services and the all-of-government Information & Communications Technology (ICT) strategy.

Benefits will include:

- **Improved customer experience.** The programme aims to provide certainty to customers that they have met obligations, significantly simplify customer requirements, and improve customers' experience with Inland Revenue and government;
- **Economic benefits to New Zealand.** The project aims to reduce the time businesses and other customers spend on tax compliance. This should decrease customer compliance costs associated with meeting tax and social policy obligations.
- **Improved revenue system integrity.** Simpler systems will encourage voluntary compliance. The project also aims to reduce fraud associated with filing incorrect tax information, not filing required obligations, or obtaining social entitlements fraudulently.
- **Reduced time to implement policy initiatives.** Policy changes within Inland Revenue will be introduced and implemented faster and more cost-effectively.
- **Financial benefits to the Crown.** Increased compliance, improved accuracy of tax assessments, reduced numbers of customers in debt, and productivity savings for Inland Revenue will lift Crown revenue
- **Reduced risk of operational failure.**

Inland Revenue collects approximately 80 per cent of core Crown revenue (or approximately \$49 billion) and reaches more New Zealanders than any other agency.

## REGIONAL BUSINESS PARTNERS

There are 14 regional business partners around the country to help local businesses in their areas grow and innovate with expert advice and access to funding.

Regional Business Partners have been set up by New Zealand Trade & Enterprise (NZTE) and Callaghan Innovation to be local hubs of business development know-how and research and development (R&D) expertise.

Each partner works with local businesses in their region to give advice, support and access to funding to help them grow their businesses.

The Regional Business Partners are:

- Northland Inc
- Auckland Tourism, Events & Economic Development (ATEED)
- Waikato Innovation Park
- Tauranga Chamber of Commerce
- Gisborne Chamber of Commerce
- Hawkes Bay Chamber of Commerce
- Venture Taranaki
- Vision Manawatu
- Grow Wellington
- Nelson Regional Economic Development Agency
- Development West Coast
- Canterbury Regional Business Partners Limited
- Otago Chamber of Commerce & Economic Development Unit, DCC
- Venture Southland

Through the Regional Business Partners, qualified small businesses can access capability vouchers for expertise and training worth up to \$5,000 from over 700 accredited providers around the country. They can also apply for up to \$5,000 worth of Callaghan Innovation business research and development grants. <http://www.business.govt.nz/support-and-advice/advice-mentoring/regional-business-partners>



## NEW ZEALAND TRADE AND ENTERPRISE (NZTE)

NZTE is the government's international business development agency. It offers a range of services to new businesses and those looking to grow and internationalise, including exporters and high-growth businesses. These include providing information, training, mentoring services, advice, and funding. NZTE's knowledge of overseas markets and its contacts overseas enable them to actively connect New Zealand businesses with trade and investment opportunities. NZTE also offers specialised services for investors looking to invest in New Zealand business ventures. [www.nzte.govt.nz](http://www.nzte.govt.nz)

## CALLAGHAN INNOVATION

Callaghan Innovation accelerates the commercialisation of innovation by firms in New Zealand by providing businesses with a single front door to the innovation system, working in partnership with New Zealand Trade and Enterprise, economic development agencies, business incubators, universities, polytechnics, Crown Research Institutes, the venture capital community and industry associations. It funds business research and development, advises businesses on innovation and provides research and technical services. [www.callaghaninnovation.govt.nz](http://www.callaghaninnovation.govt.nz)

## BUSINESS.GOV.T.NZ

Business.govt.nz is a first-stop shop for small businesses wanting to access all the government-related advice and support they need to set up, operate and grow.

It links businesses to the help available across all government agencies.

New Zealand businesses and their advisors have visited the business.govt.nz website more than a million times in the past year.

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.

There are also templates for writing business plans, an infographic on types of intellectual property, and a calendar of business-related events and seminars.

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.

Business.govt.nz's Mobile Business Toolbox iPad app allows small businesses and their advisors to use a selection of tools and resources on the move.

The website is one of MBIE's key initiatives for improving interactions with business, and a key contributor to the Better Public Services Result 9 programme.

[www.business.govt.nz](http://www.business.govt.nz)

## Case Study

# Green Meadows Beef

### Regional Business Partners can help small businesses grow

Taranaki-based Green Meadows Beef supplies New Zealand boutique stores and homes with grass-fed Angus beef. Its innovative packaging designs, and smart use of brand across traditional and social media, help differentiate it from competitors.

Started as a family business, in a little over a year the company has progressed from running a beef farm to opening a small processing plant.

Green Meadows Beef approached Taranaki Regional Business Partner, Venture Taranaki, for help in growing its business.



PHOTO CREDIT

Together they identified a need for strategic planning advice. Venture Taranaki issued Green Meadows Beef with a voucher to work with Staples Rodway's business advisory team.

Green Meadows Beef now has a strategic plan with goals and targets to help sustainably grow its business.

The strategy led Green Meadows Beef to open its processing plant, take on new staff and look towards export opportunities.

The company went on to win the contract to supply beef for the June 2013 All Blacks v France test match in New Plymouth.

It is also now working with catering companies supplying the Taranaki oil and gas industry. More stores, and Mum and Dad customers, are enjoying Green Meadows Beef products.

Venture Taranaki continues to work with Green Meadows Beef. [www.greenmeadowsbeef.co.nz](http://www.greenmeadowsbeef.co.nz)

## Case Study

# 90-day employment trial period

## Creating employment opportunities by reducing the risk

Small businesses are using the option of a 90-day trial period to reduce the risk of employing new staff. Retail is one of the key industries to embrace the change.

Government introduced the 90-day trial period on 1 March 2009 following an amendment to the Employment Relations Act 2000. The change allowed employers with fewer than 20 employees to trial new employees for up to 90 calendar days. The provision was extended to all businesses from 1 April 2011.

Barry Hellberg, Government Relations Manager, New Zealand Retailers Association, described the trial as productive and positive. "It has provided a platform



PHOTO COURTESY OF ROB TUCKER

for retailers and businesses in general to find the right person," he said. "Ninety days is a good time frame to make that evaluation. It reduces the risk."

Small businesses with fewer than 20 employees are more likely than larger ones to use a trial period to hire a new employee. That's according to the Department of Labour's May 2012 report *Employers' Perspectives – Part One: Trial Periods*.

Employers surveyed in the report said the reduced risk from trial periods allowed them to take a chance on trialling a new position.

Small businesses went one step further. They indicated they were more likely than larger firms to not have filled the position if they had not been able to employ someone on a trial period.

One Auckland retailer quoted in the report said the trials are "great to give particularly small businesses the opportunity to give someone a go that may not otherwise be given a go".

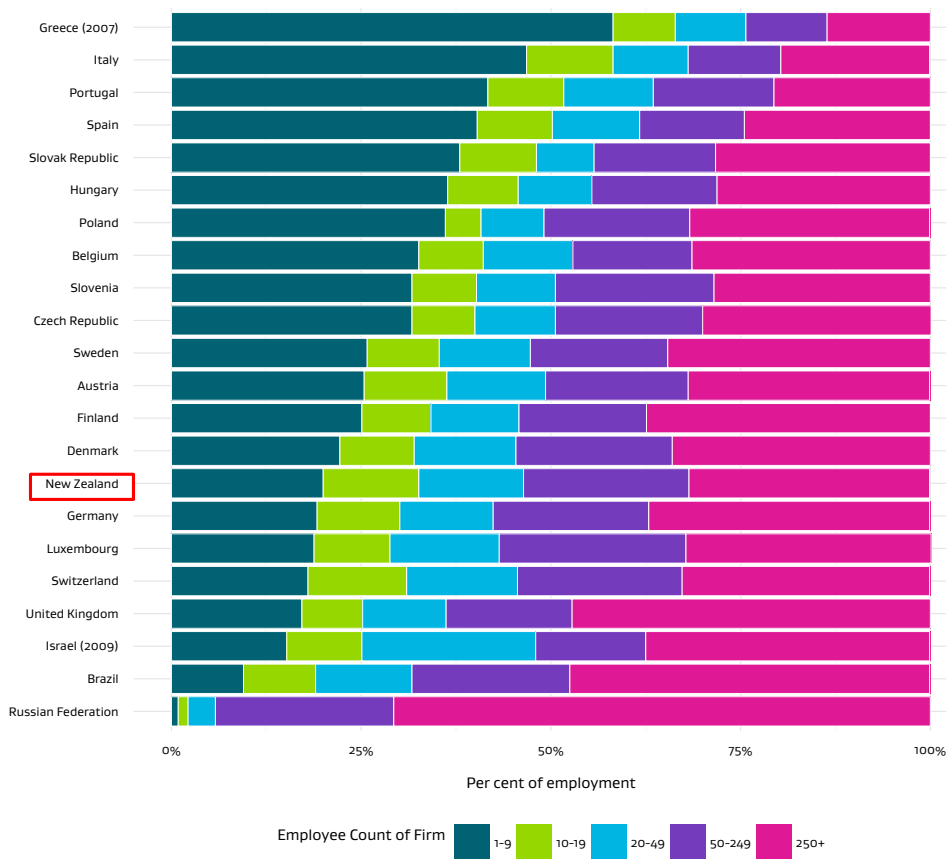
A Wellington retailer said, "the three-month trial period's a much, much bigger motivation in decisions for us... it's the safety net".

The trial is optional and not all employers choose to use it. Uptake in the retail sector has been more widespread than in some other sectors.

# 3 International comparison

New Zealand small businesses' share of employment is typical

Per cent share of employment by size (employment count) of firm for selected countries, 2010



Source: OECD Science, Technology and Industry Scoreboard 2013, OEC, 2013. Access via OECD iLibrary  
 Notes: Data refer to the number of persons employed, except for New Zealand, the Russian Federation and the United States, which use number of employees and therefore exclude the working-proprietors without employees. For full notes regarding data, consult source material.

and innovation levels are close to the median

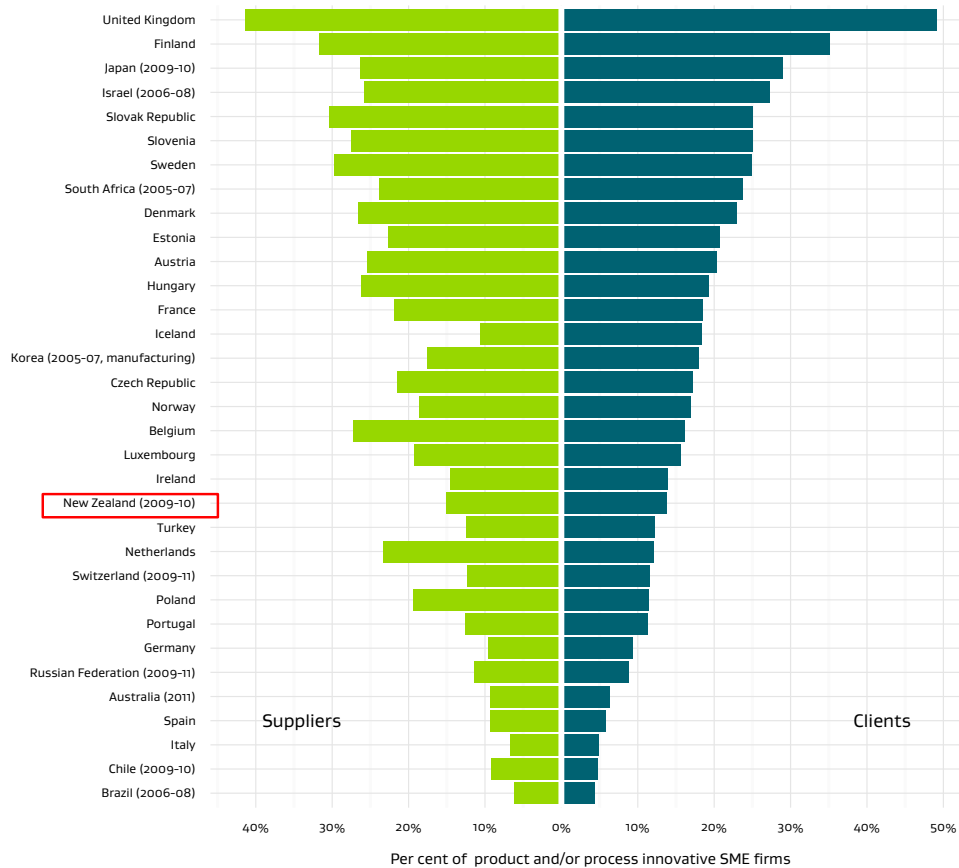
Per cent of SME and large firms innovating by innovation type, 2008 - 2010



Source: OECD Science, Technology and Industry Scoreboard 2013, OEC, 2013. Access via OECD iLibrary  
 Notes: The OECD defines SMEs as firms with fewer than 250 employees. For full notes regarding data, consult source material.

## New Zealand SMEs are slightly less collaborative

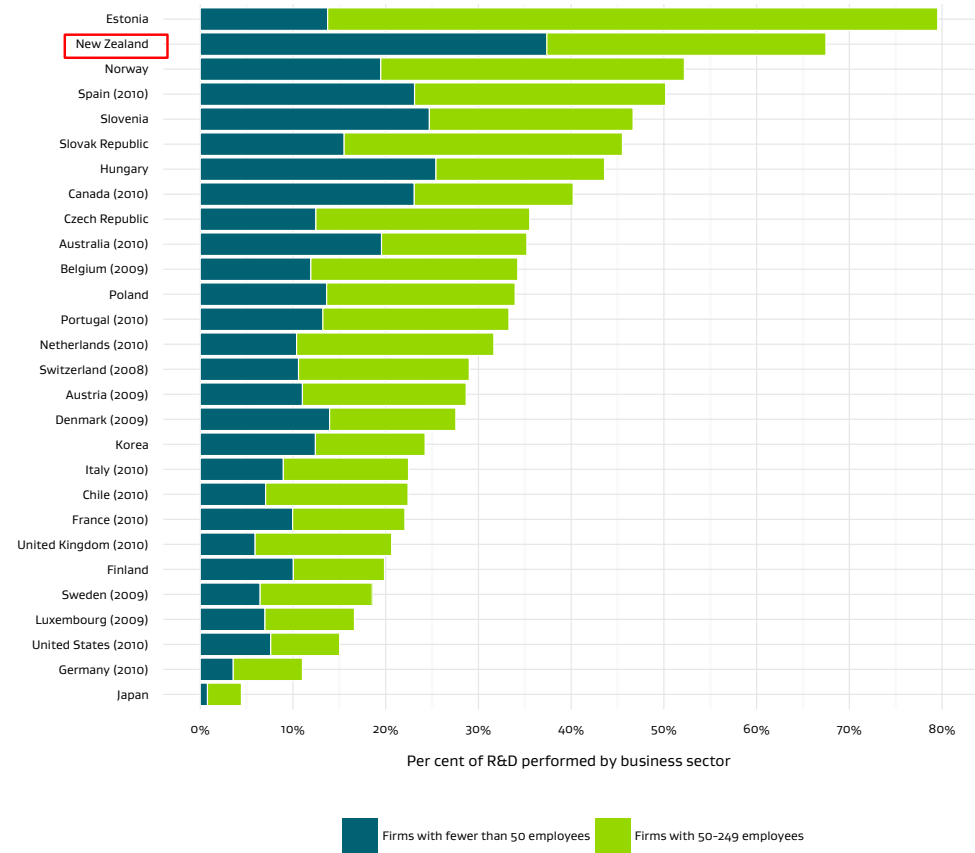
Per cent share of innovative SME firms collaborating with suppliers and clients, 2008 - 2010



Source: OECD Science, Technology and Industry Scoreboard 2013, OEC, 2013. Access via OECD iLibrary  
 Notes: The OECD defines SMEs as firms with fewer than 250 employees. For full notes regarding data, consult source material.

## ... but account for an outsized share of R&D

Business research and development (R&D) by selected firm sizes, 2011



Source: OECD Science, Technology and Industry Scoreboard 2013, OEC, 2013. Access via OECD iLibrary  
 Notes: National statistical agencies use different minimum thresholds for inclusion in R&D surveys and estimates. For full notes regarding data, consult source material.

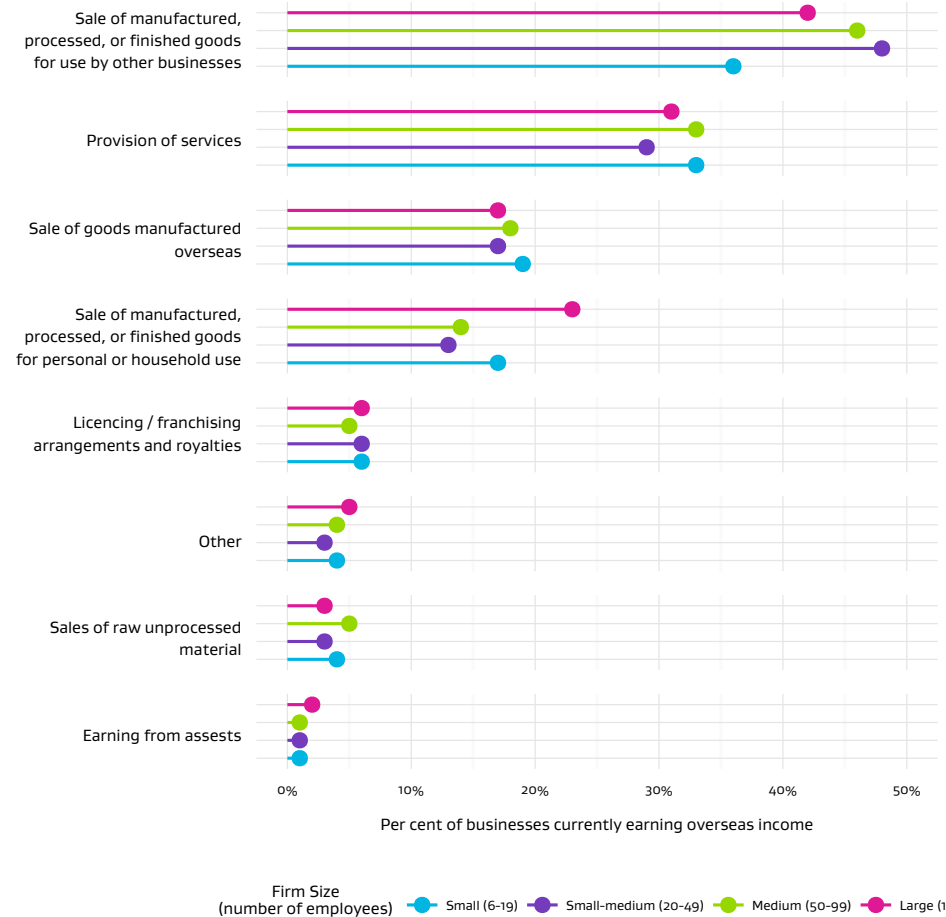
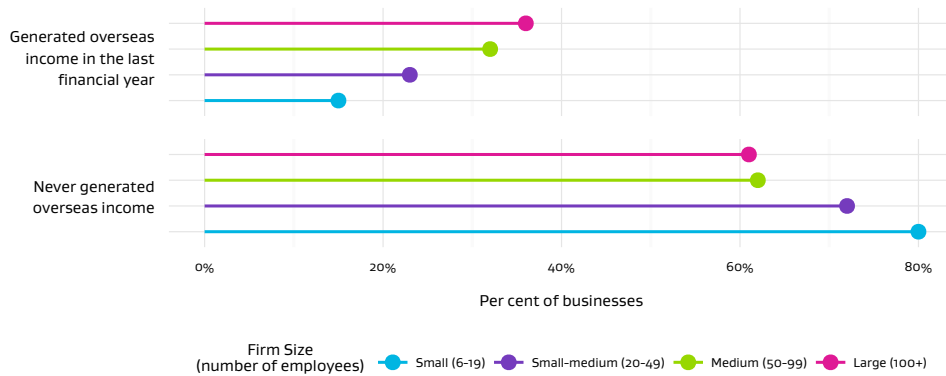
# 3 International Trade

Larger firms generate overseas income more often than smaller firms. Around 80% of small firms have never generated overseas income

Of those businesses generating overseas income, the sale of goods for use by other businesses is the most common revenue stream

International engagement by firm size, 2011

Sources of overseas income by firm size, 2011



Source: Business Operations Survey, 2011. Access via Statistics NZ website

Source: Business Operations Survey, 2011. Access via Statistics NZ website

### Of those businesses not earning overseas income, the main reason identified is that they are not interested or their business is not suitable

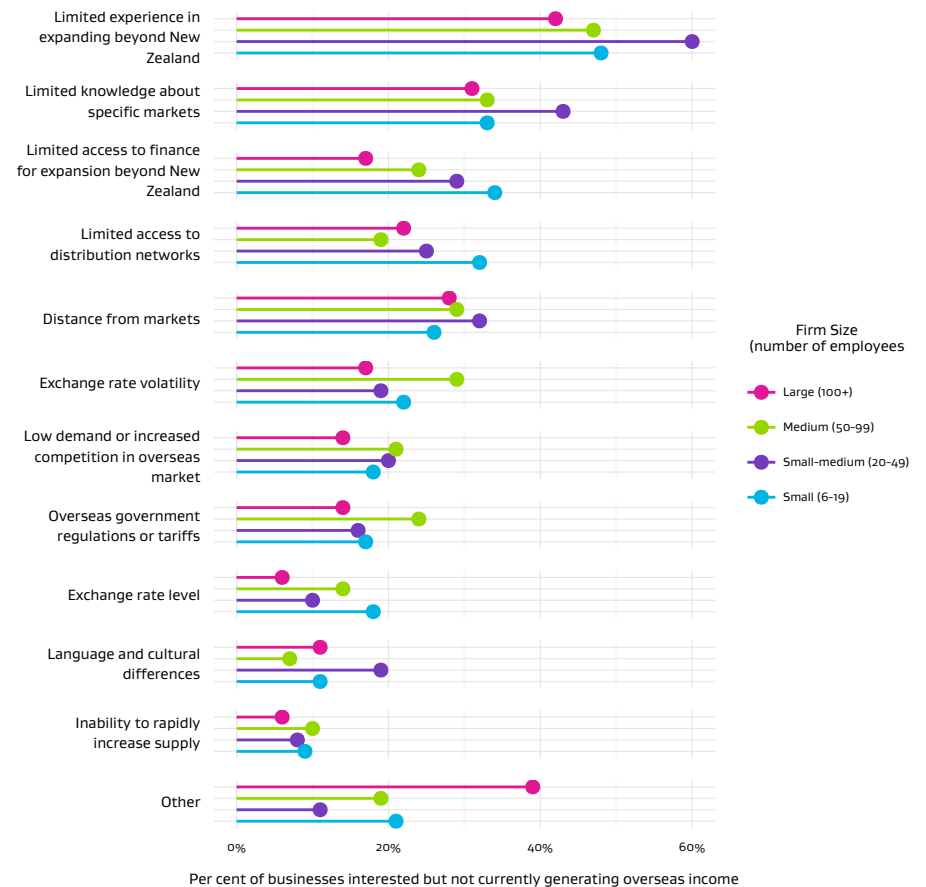
Interest in generating overseas income in the future by businesses not currently doing so, 2011



Source: Business Operations Survey, 2011. Access via Statistics NZ website

### Limited experience in expanding overseas is the most common barrier cited by small businesses wanting to export

Reported barriers for firms interested but not currently generating overseas income by barrier type and firm size, 2011



Source: Business Operations Survey, 2011. Access via Statistics NZ website

3  
 Going  
 for  
 Growth

## Denheath Desserts

### Overseas markets provide opportunities for small businesses to grow

Denheath Desserts has expanded its business by selling to overseas customers. The Timaru company had grown from a small family-owned café into a business supplying custard squares and desserts throughout New Zealand.

Denheath wanted to expand further by entering the Australian market. It wanted to replicate its New Zealand-based direct-to-consumer delivery model to cafés and retail outlets around Australia.

TAKE A BIG BITE OF  
*New Zealand*

**DENHEATH**  
*Famous Desserts*

CATILIN LOUISE PHOTOGRAPHY

New Zealand Trade and Enterprise (NZTE) helped Denheath explore opportunities overseas and identify potential partners.

Denheath joined an NZTE-run Costco Roadshow to Melbourne, Sydney and Canberra. It tested its product in the market and got valuable consumer feedback in some of Australia's largest markets.

The roadshow introduced Denheath to working with Costco globally. Costco Australia and Costco USA and Costco Korea have since placed large orders for Denheath product. Orders are also pending from Costco Japan.

Denheath Desserts has grown by finding new offshore markets with the help of NZTE.

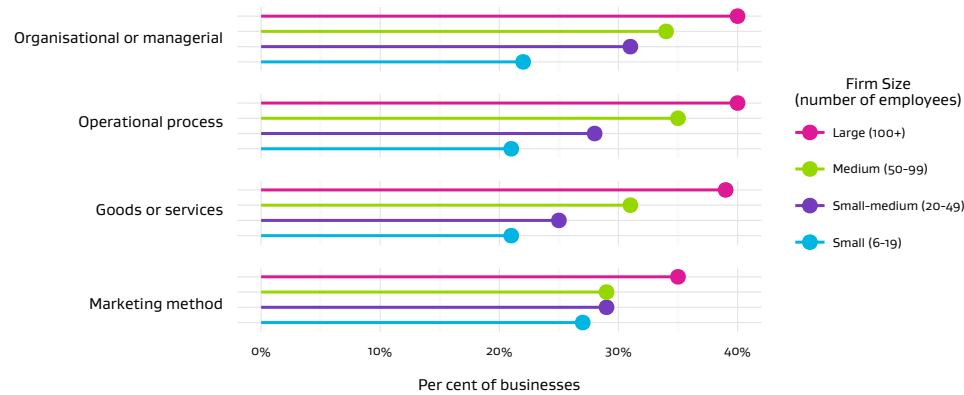
[www.denheath.co.nz](http://www.denheath.co.nz)



# Innovation

Small businesses prioritise marketing slightly ahead of other kinds of innovation

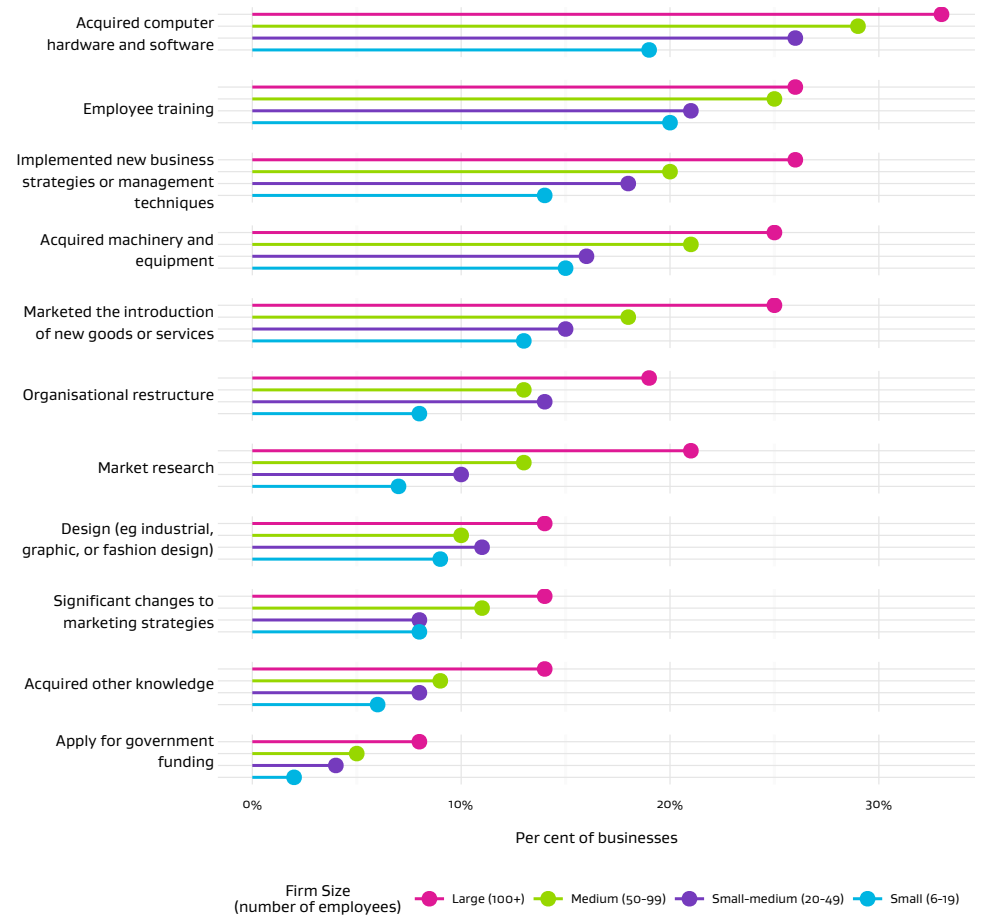
Per cent of businesses reporting innovation by innovation type and firm size, 2013



Source: Business Operations Survey, 2013. Access via Statistics NZ website

Upgrading computer systems and employee training are the most common specific activities small businesses engage in to support innovation

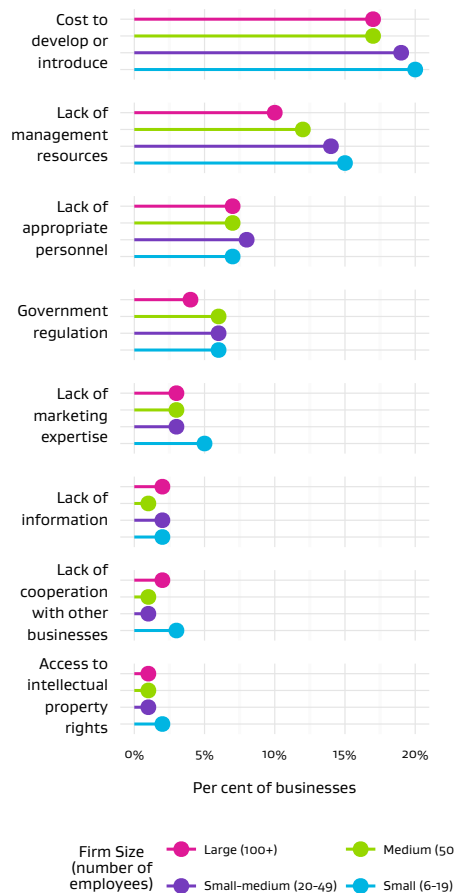
Per cent of businesses conducting activities that support innovation, by activity and firm size, 2013



Source: Business Operations Survey, 2013. Access via Statistics NZ website

## The cost of product development and market entry is the largest barrier to innovation

### Barriers to innovation, by barrier type and firm size, 2013



Source: Business Operations Survey, 2013. Access via Statistics NZ website



## Ashford Handicrafts

### Innovation drives growth and competitive advantage for SMEs

Eighty-year old company Ashford Handicrafts is focusing on innovation to maintain quality, customer loyalty and profitability.

The Ashburton company is a world-leading manufacturer of spinning wheels. It employs 30 long-serving staff and exports more than 90 per cent of its production.

Chief Executive Richard Ashford says his company has a strong emphasis on manufacturing innovation this year.

“We face significant disadvantages in freight and distribution costs compared to competitors in Europe, the US and UK,” says Richard. “And in the past few years, the currency has provided further challenges.”

Richard’s local Chamber of Commerce introduced him to Callaghan Innovation’s Better by Lean service (LEAN). The programme focuses on improving operational efficiency by, for example, minimising waste and inventory.

In many cases, businesses can obtain part-funding from Callaghan Innovation to undertake the programme.

Richard says his business is now making smaller runs with faster turnaround times.

“This will help us be more responsive to customer demand, which we struggle to keep up with, and carry less stock. All of this will help our costs, customer satisfaction and revenues.”



PHOTO CREDIT

Ashford Handicrafts’ packaging department has already saved over 25 per cent in costs. Richard is looking forward to further gains in other areas of manufacturing during the rest of 2014.

Richard says the LEAN programme is creating a virtuous circle of innovation for his business.

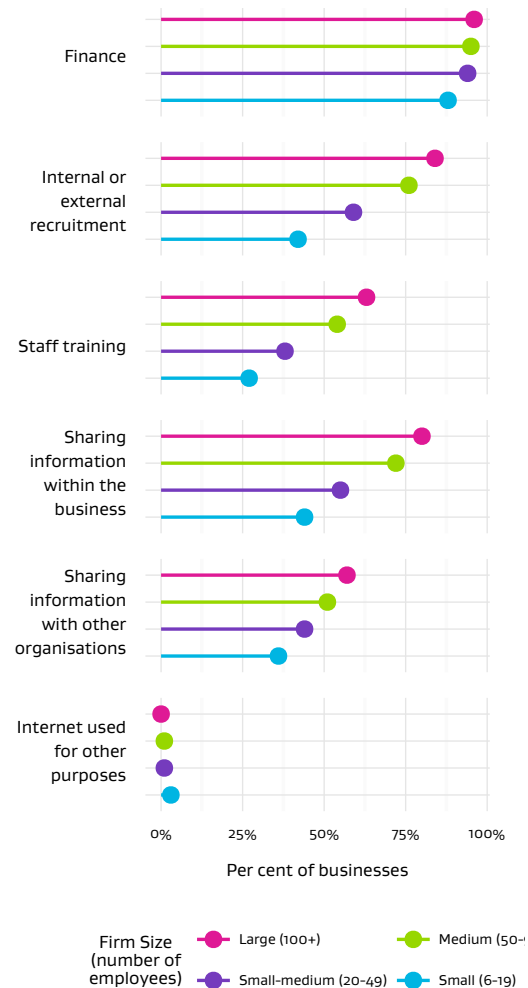
“What we achieve in manufacturing this year will free up time and resources to put into new product innovations next year.”

[www.ashford.co.nz](http://www.ashford.co.nz)

# Deriving value from the Internet

Small businesses use the internet in a relatively similar way to larger firms

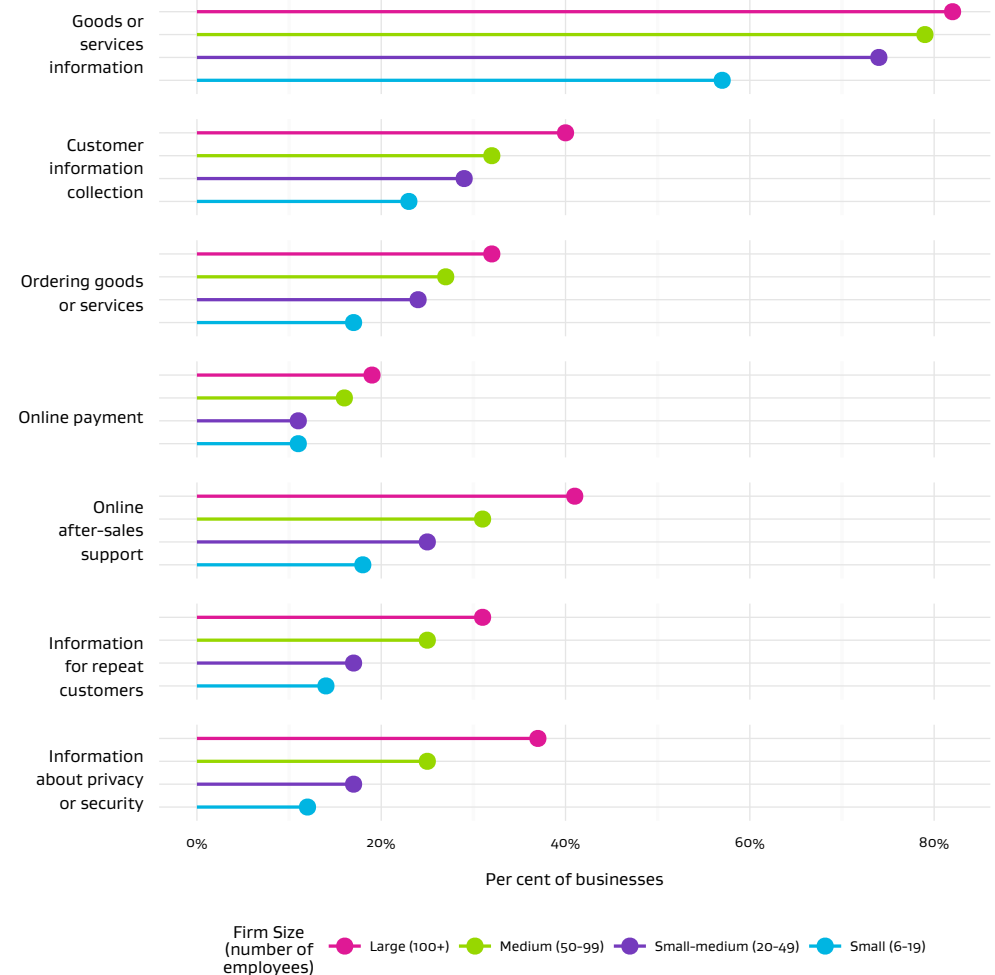
Business internet activities by firm size, 2012



Source: Business Operations Survey, 2012. Access via Statistics NZ website

Small businesses focus their websites more on providing information than conducting business processes

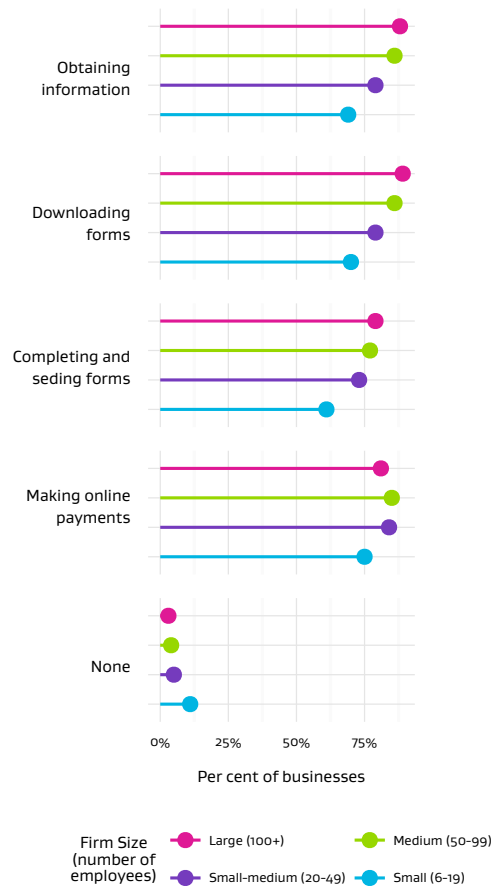
Business website features by firm size, 2012



Source: Business Operations Survey, 2012. Access via Statistics NZ website

## Small businesses make extensive use of internet channels to interact with government

### Interaction with government via internet by interaction type and firm size, 2012



Source: Business Operations Survey, 2012. Access via Statistics NZ website

*Going  
for  
Growth*

## Augen Software Group

### The Internet empowers small businesses to create new business models

Augen Software Group has helped some of its SME clients use the internet to transform themselves. The businesses are scaling up, creating new services and reaching more clients.

Director Mitchell Pham says Augen helped one firm use mobile devices to improve how it manages building construction projects for the Christchurch rebuild.

“Insurance companies are funding an unprecedented amount of work across hundreds of sites simultaneously,” says Mitchell. “So there was high value in a product that could let them see what was going on in real-time. Project



PHOTO CREDIT

managers throughout Canterbury can now report progress and problems as they find them.”

Augen also created a net-based employee survey system for an HR advisory services company. The system has transformed the business from a domestic consultancy to a product company with international clients.

For another client, Augen harnessed social networking concepts to create a product that helps patients recover or manage their conditions. Patients use the product to enhance the support levels they can receive from trusted friends, family and health professionals they nominate in real time, anywhere.

Mitchell says the internet allowed his own business to open an office in Vietnam. Augen can now work in ways that would have been impossible with phone calls and flights alone.

“The internet provides unprecedented reach for small businesses that cannot afford to have people and sites all over the country or the world,” says Mitchell. “It’s also a cost-effective way to scale up using new business models.”

[www.augensoftwaregroup.com](http://www.augensoftwaregroup.com)



4

# Industry Profiles

# 4 Industry overview

## Small businesses play a significant role in nearly all of New Zealand's industries

The proportion of small business in industry sectors broadly correlates to New Zealand's highest value sectors.

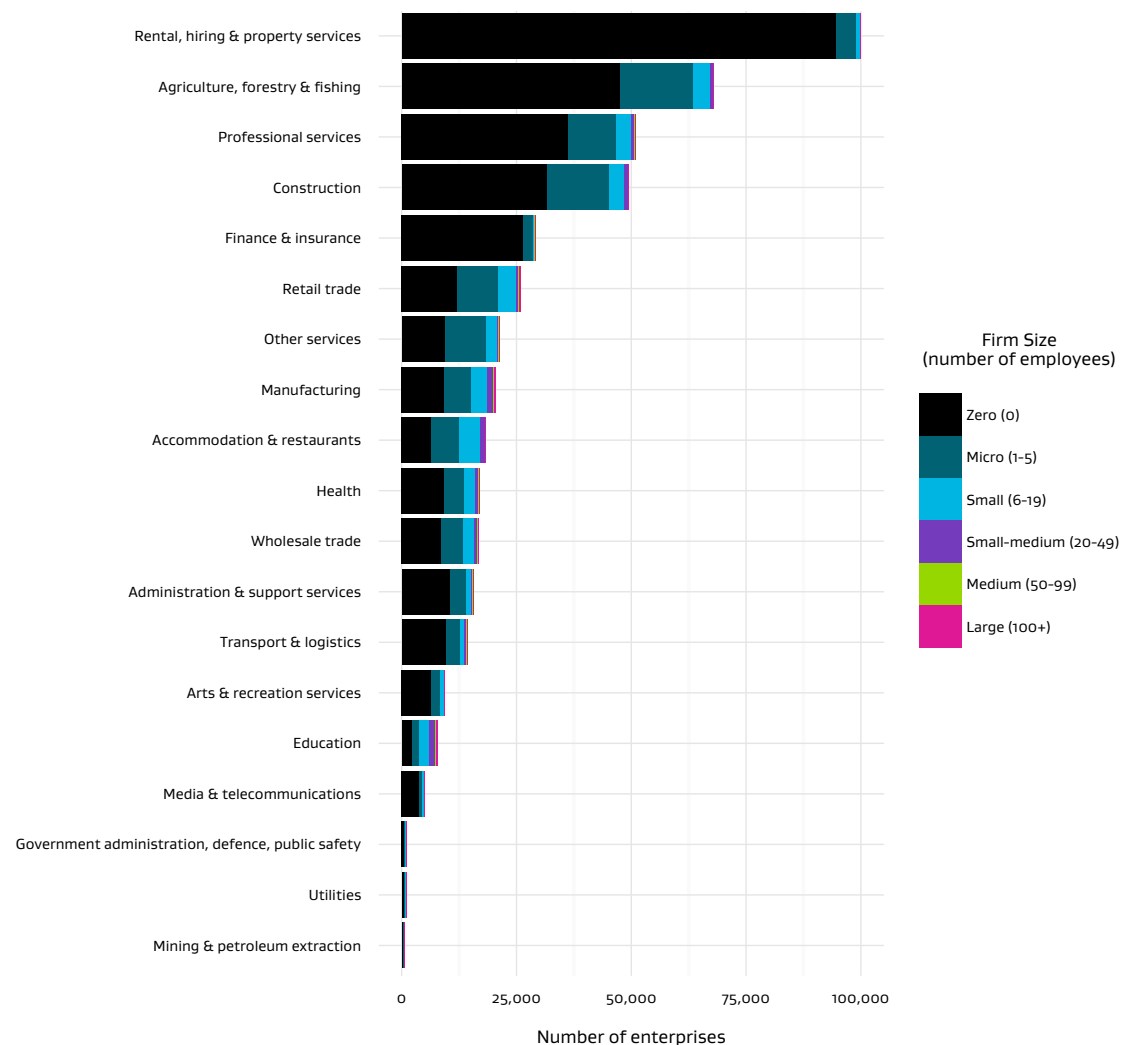
Small businesses are found across the economy, although they tend to have a higher representation in some industries. If zero-employee businesses are excluded, the proportion of small businesses in industries mostly correlates to the country's highest value sectors in real terms. For example, the highest proportion of small businesses is found in high-value industries such as professional services, retail trade, construction and agriculture, forestry and fishing. Manufacturing and rental, hiring and property services (the two highest value industries in real terms) are exceptions.

Other than education and training, where small businesses (6-19 employees) are the most common size, the firm size pattern is similar for most industries, with them mostly being comprised of zero employees, followed by micro businesses, small businesses, small-medium businesses and then a comparatively small number of medium and large businesses.

Infrastructure-intensive industries tend to have a lower number of businesses of all sizes due to the high barriers to entry and exit that they entail. The mining and petroleum, and utilities industry are both characteristic of this structure. The nature and scale of government services means there is also a low number of small businesses in the government administration, defence and public safety industry classification.

The key variables in calculating 'value add' are: sales for determining gross output; and purchases for determining intermediate consumption. Value added being calculated as gross output minus intermediate consumption.

Count of Enterprises by Industry and Firm Size as at 2013



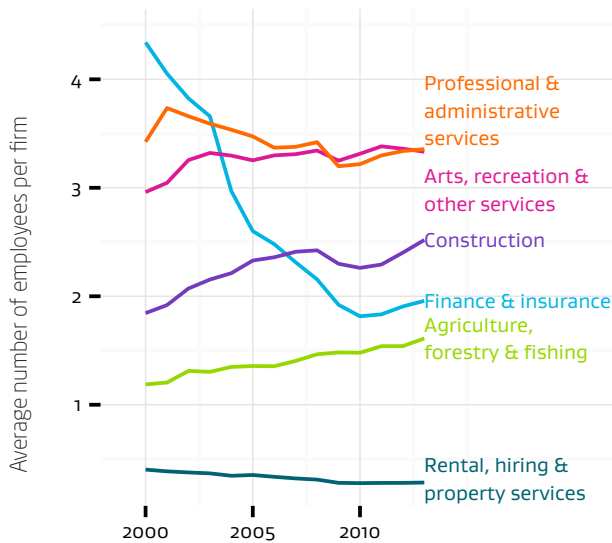
Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

\*The Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 is used to compile and analyse industry statistics in New Zealand. Within ANZSIC there are 19 core industries in which industry can be reported on at its highest level.

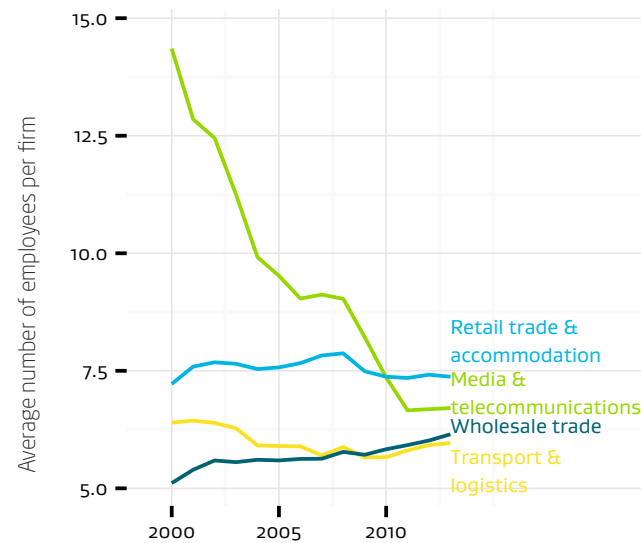


## Changes in average number of employees per firm over time

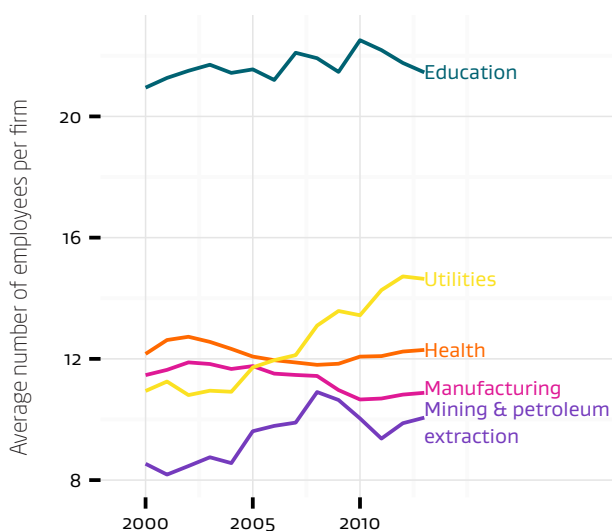
### Average number of employees 0 - 5 in 2013



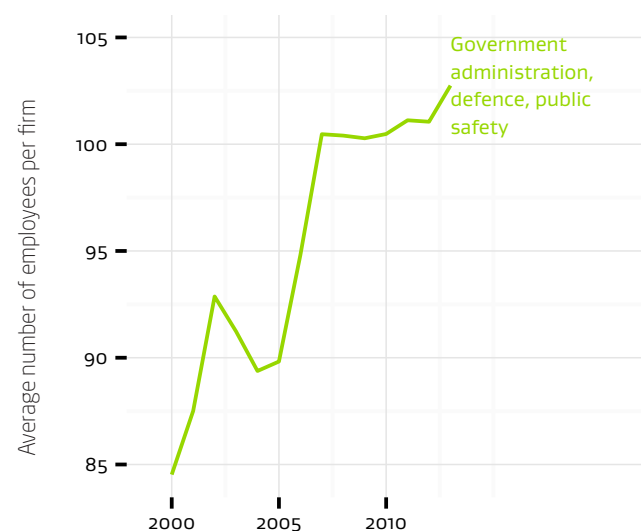
### Average number of employees 5 - 10 in 2013



### Average number of employees 10 - 50 in 2013



### Average number of employees 50+ in 2013



Average represents total number of employees divided by total number of firms for each industry.  
**Source:** Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
**Notes:** All numbers are provisional. For full notes, consult Statistics New Zealand.

# 4 Accommodation and restaurants

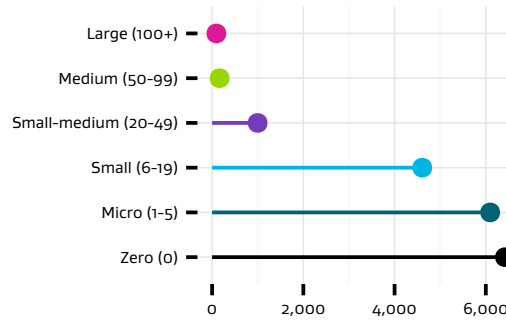
The industry has a relatively homogenous composition, comprising of food and beverage providers like cafés, restaurants, takeaways, bars and accommodation providers such as hotels, motels and backpackers.

The composition of the industry is dominated by small businesses, with small and small-medium businesses being the largest employers.

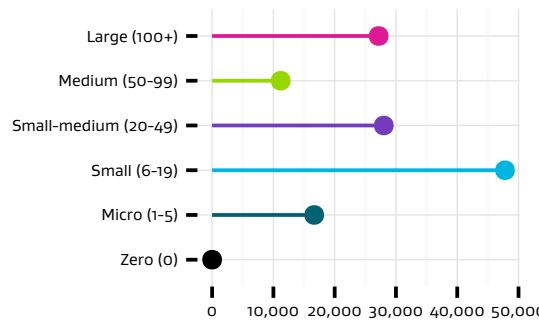
Accommodation and food is one of the highest labour intensive industries and has suffered from low productivity growth. Overall, it is the least productive industry in the New Zealand economy.

There is a high degree of seasonality in labour workforce flow with higher demand for workers in summer and less in winter. As a result, the industry has one of the highest worker turnover rates. The overall trend is the smaller the business, the higher the turnover rate. This high rate acts as a disincentive to investment in staff training and impacts the ability of businesses to attract and retain skilled staff.

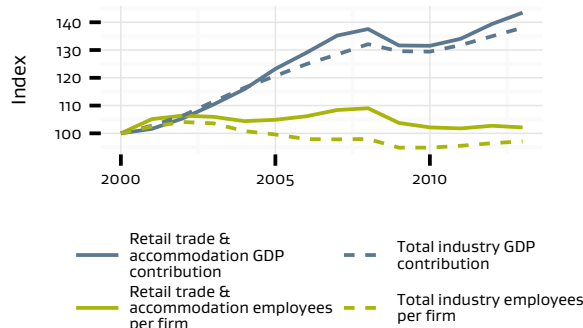
## Number of firms



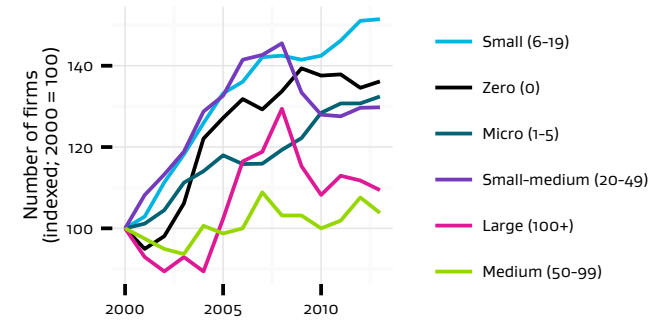
## Number of employees



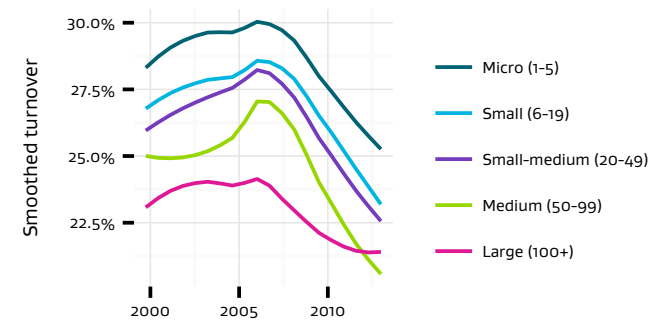
## Trends in contribution to GDP and firm size



## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
 Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat

Notes: These GDP data include retail trade as well as accommodation and restaurants, as more detailed data were unavailable. Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
 Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.

## Case Study

# Wildfoods Festival

## Festival benefits small business and regional economy

Local festivals help small food and accommodation businesses showcase their products to a wider audience. The annual Wildfoods Festival on the South Island's west coast presents wild food to a diverse audience. The festival has grown steadily since 1,800 people attended the first one in Hokitika in 1990.

Westland District Council has run the festival since 1993. Attendance peaked at 22,500 in 2003, and the festival is



*Crowds gather at the 2012 Wildfoods Festival*

now so popular that visitor numbers are capped at 15,000 and stalls at 50.

Deep Creek Deli, Aoraki Cheese, High Country Salmon and Cannon Hill Carnivores were among the 53 local and out-of-town stallholders at the 2012 festival.

That year the festival encouraged total expenditure in the Westland District of \$6.5 million and helped generate 54 full-time equivalent jobs.

The festival attracted 9,700 visitors to the district who stayed an average of 2.5 days. About 90 per cent of festival-goers came from outside the West Coast region.

The festival raises the profile of Hokitika and the Westland District, and provides an opportunity for small food and accommodation businesses to work together and bring wider benefit to their region.

[www.wildfoods.co.nz](http://www.wildfoods.co.nz)

PHOTO CREDIT: WESTLAND DISTRICT COUNCIL

# 4 Administration services

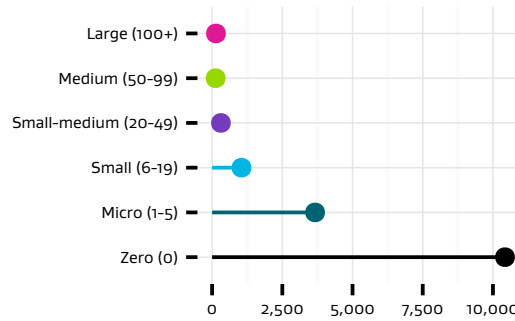
This industry classification includes a wide variety of firms with little in common other than they are service businesses. The industry includes office administration services, travel agents, recruitment firms, temporary recruitment agencies, building cleaning services, pest control, call centre operations, and packaging and labelling services.

Within the administrative services classification, the highest number of small businesses is in the field of building cleaning, pest control and gardening services. Packaging and labelling services have the lowest number of small firms, with the industry having a high proportion of medium and large businesses.

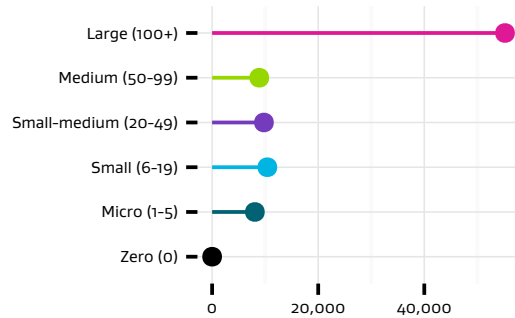
This industry has one of the highest worker turnover rates although smaller firms experience lower turnover than larger firms. This may be due to the temporary or part-time nature of the work involved.

The rise of online booking and information available on the internet has challenged the business models of some of the small businesses essentially operating as information intermediaries. These include travel agents, ticketing service providers and recruitment firms.

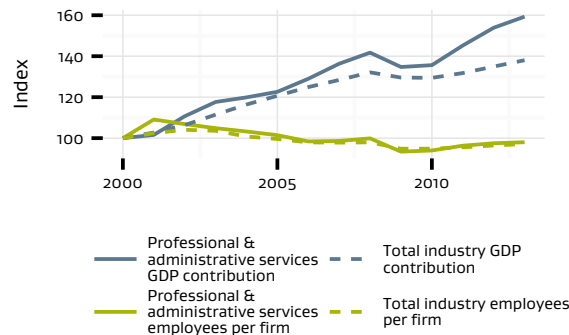
## Number of firms



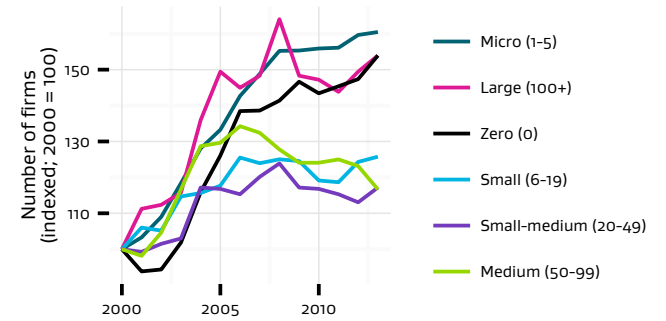
## Number of employees



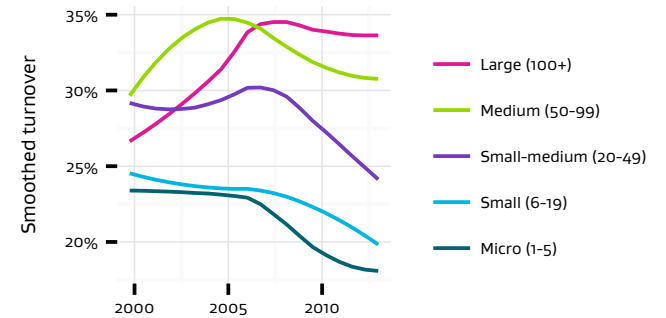
## Trends in contribution to GDP and firm size



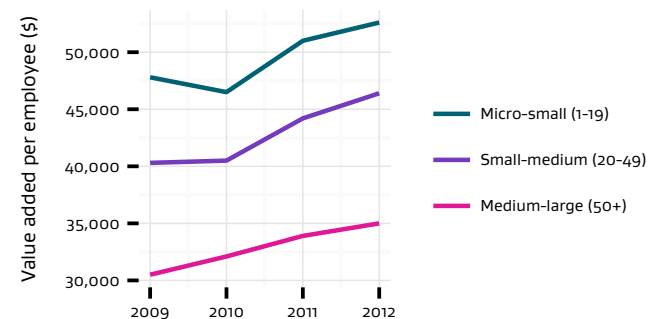
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
 Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat

Notes: These GDP data include professional services as well as administrative services, as more detailed data were unavailable. Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
 Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.

**Case Study**

## Shine People Consulting

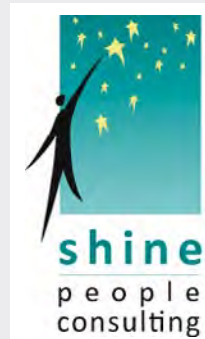
### Small businesses owners can outsource key roles

Small businesses can help other businesses by providing specific skills they may lack. Denise Hartley-Wilkins set up Nelson-based Shine People Consulting in 2008 to help other companies with their human resources, management consulting and organisational development.

Her company provides practical solutions for small business owners' everyday problems and long-term challenges. Shine's services include recruitment and selection support; workplace bullying and harassment support; employee engagement and performance management; strategic and operational planning; and project management.

Shine works with small businesses from manufacturing, engineering, retail, professional services and trade. It helps other small business owners grow by providing pragmatic solutions that add value to their businesses.

[www.shinepeople.co.nz](http://www.shinepeople.co.nz)



Denise Hartley-Wilkins

# 4 Agriculture, Forestry & Fishing

The industry's main activities include growing crops, raising animals, growing and harvesting timber, and harvesting fish and other animals from farms or their natural habitats. Included are horticulture, livestock production and aquaculture, forestry and logging, and fishing, hunting and trapping. Many of the outputs from this sector are inputs to the food and beverage, and wood and paper sectors, which are important export commodities in New Zealand's economy.

As with all industries, there is a high proportion of small firms. However, employment in this sector is also concentrated in small businesses. Worker turnover is the highest of any industry classification, reflecting the seasonal nature of much of the industry.

Agriculture, forestry and fishing is one of the few industries which has seen a decrease in the number of zero-employee and micro-sized firms. The sheep and beef cattle farming sub-sector is the main contributor to this decline.

There has also been a general reduction in the number of zero-employee and micro-sized dairy cattle farms and an increase in small (6-19) enterprises.

This may reflect prevailing industry dynamics as farms are consolidated and ownership models change.

**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

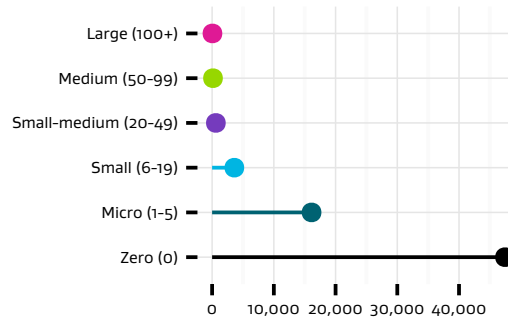
**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

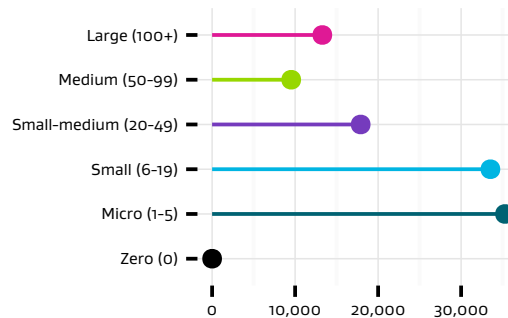
**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.

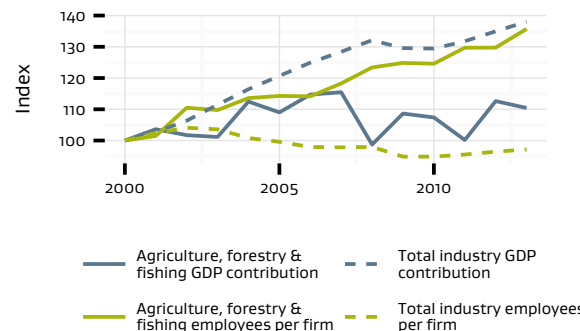
## Number of firms



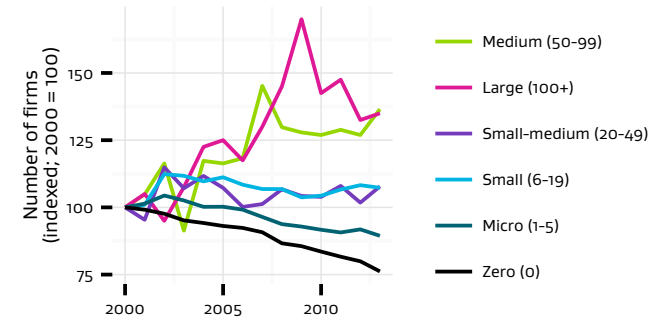
## Number of employees



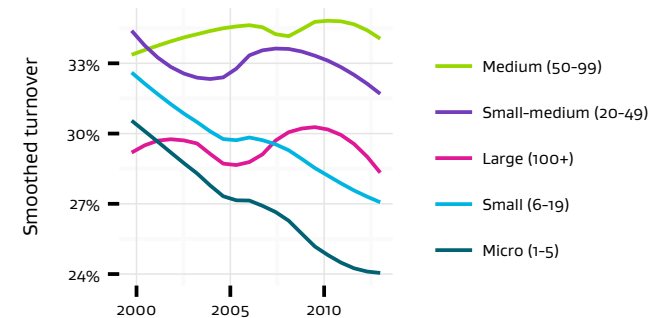
## Trends in contribution to GDP and firm size



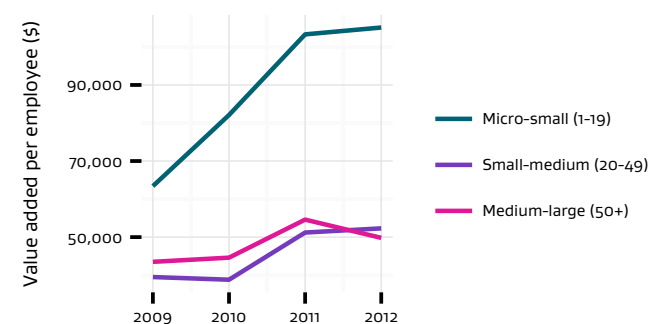
## Growth trends for different size firms



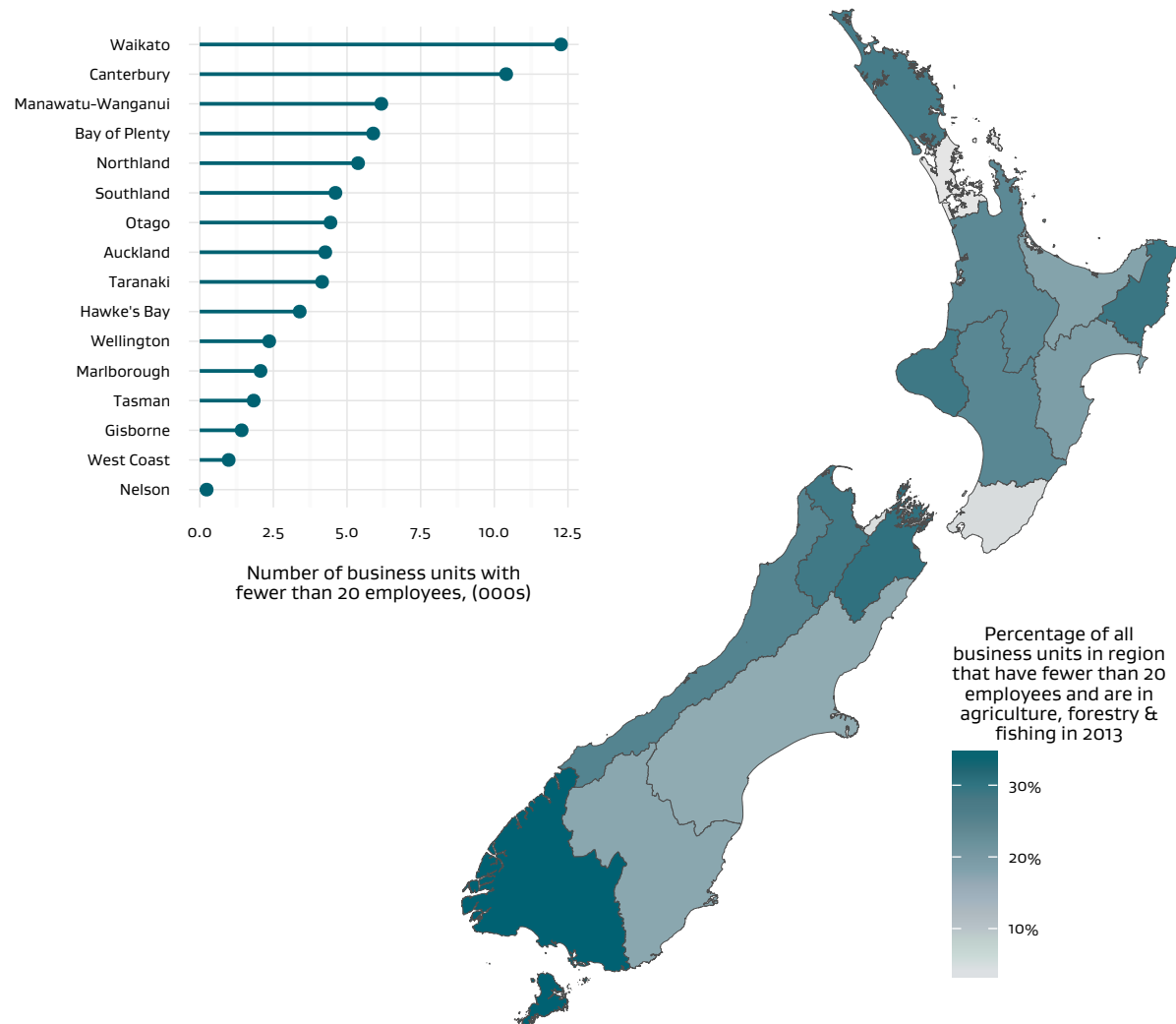
## Worker turnover rate



## Trends in value add per employee



## Regional concentration of business units in agriculture, forestry and fishing



Agriculture, forestry and fishing is one of two industries (the other is mining and petroleum) whose highest absolute number of small businesses are outside Auckland. Unsurprisingly, more rural provincial areas such as Southland and Gisborne have the highest proportion of small firms operating in these primary industries.

Going  
for  
Growth

## Southern Clams

### Small businesses can drive environmental sustainability

Southern Clams Limited is pioneering environmental responsibility in the international clam fishery industry. Its harvesting practices preserve resources for the future.

Roger Belton set up the Otago business in the 1980s. It now supplies customers throughout New Zealand, exports 80 per cent of its products to niche markets in Europe, North America and Asia, and continues to grow. The business started with a single employee and now has 30.



PHOTO CREDIT: SOUTHERN CLAMS LTD.

*Getting clams ready for export*

Since 1982, Southern Clams has researched the impact of its harvesting on habitats. It continues to refine its operations and sustains for future generations the environment for its wild-stock littleneck clams.

Its wild-stock rotational harvesting system uses a hand-held GPS system to map and manage each shellfish harvest.

Southern Clams has collected over a decade of data to develop this system. Numerous independent researchers have surveyed

the bio-mass in Blueskin Bay since 1984 with the latest report showing a slight increase in total bio-mass.

Southern Clams is committed to carbon neutrality and has invested in its own forestry venture. In 2011 its production footprint became carbon neutral. The business planted 83 hectares of bio-diverse forestry in the Otago region and plans to have planted a total of 300 hectares by 2018.

[www.nzclams.com](http://www.nzclams.com)



# Art & recreation

This industry classification comprises heritage and recreation activities such as museums, creative and performing arts, sports and recreation, horse racing and gambling activities.

Sport New Zealand, formerly known as SPARC, administers the majority of sports and recreation funding (excluding private entities such as gyms and fitness centres). Sport NZ mainly funds national sport organisations. Funding flows down into smaller organisations such as local sports clubs.

Creative New Zealand, the national arts development agency, provides more direct funding for some small businesses with grants available for individual artists and small groups. Creative and performing art activities (musicians, dancers, comedians, writers) contribute a significant number of zero-employee firms.

On the whole, sports and physical recreation activities dominate both growth and the absolute number of businesses in this industry across all firm sizes including small businesses. Although not formally counted, this sub-sector receives important contributions from a large number of volunteers at the local sports and recreation club level.

**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat

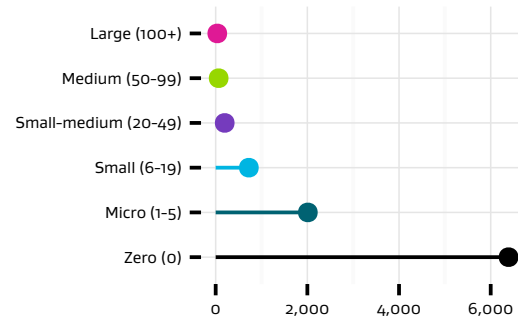
Notes: These GDP data include other services as well as art and recreational services, as more detailed data were unavailable. Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

**Trends in value add per employee**

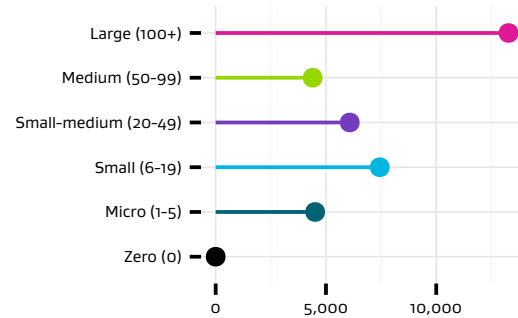
Source: Annual Enterprise Survey, custom data supplied by Statistics NZ

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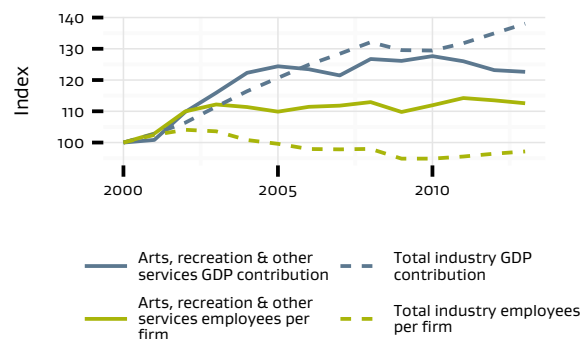
## Number of firms



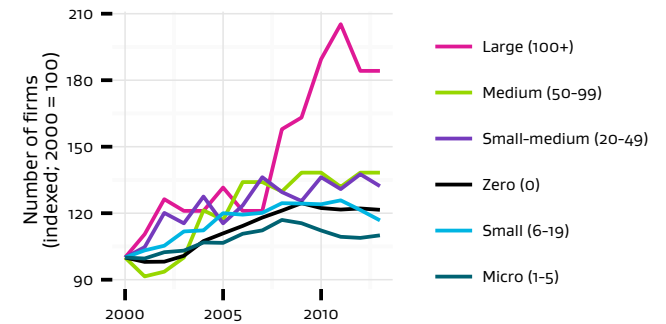
## Number of employees



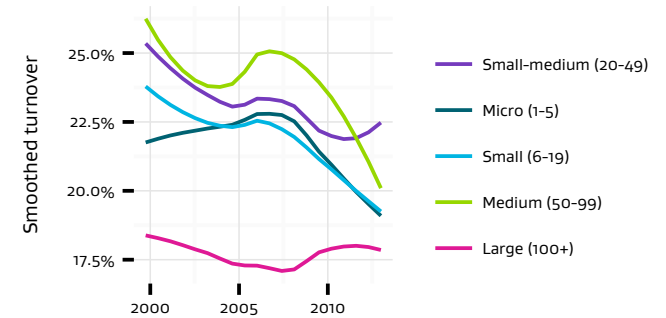
## Trends in contribution to GDP and firm size



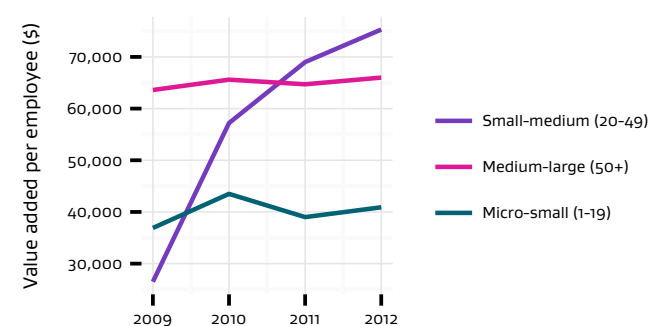
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



## Case Study

# Otago Central Rail Trail

## Small businesses help build local economies

The Otago Central Rail Trail has created business opportunities in small remote regions and improved the economies of depressed rural Otago towns.

The trail follows an old Central Otago branch railway line for 150km from Clyde to Dunedin.

It opened in 2000 as a basic track with minimal support services. More than 180 small businesses now benefit from the trail. They provide a range of services including bike hire, luggage and shuttle transfers, guided tours, curling,



PHOTOS: OTAGO CENTRAL RAIL TRAIL TRUST

*On the Otago Central Rail Trail*

horse riding and high country tours. Others provide farm stays, farm visits, cafes and accommodation.

The trail is a significant tourism attraction in central Otago and contributes an estimated \$12 million revenue to the local economy. It has attracted up to 1,000 full-time, part-time and seasonal jobs into the region, according to a 2008 economic impact study.

The average rail trailer spends about \$472 during their three-night stay in the area.

An estimated 14,000 people from round the world completed the trail in 2012. Business owners continue to invest as visitor numbers increase.

[www.otagocentralrailtrail.co.nz](http://www.otagocentralrailtrail.co.nz)

# Construction

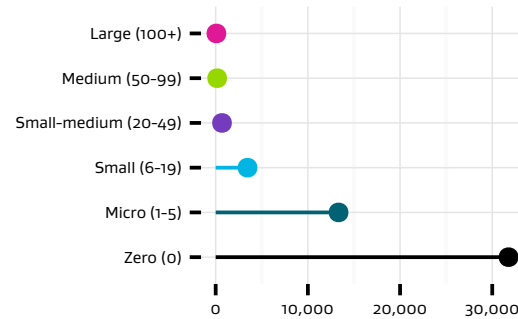
Compared to other sectors, construction is a relatively homogenous sector. The main sub-sectors cover residential and non-residential building construction, heavy and civil engineering, building installation and building completion services.

On average, firm size mirrors building size. Residential building is mainly made-up of self-employed builders or small building firms, and those who do a range of alteration and repair work. Non-residential building and engineering projects are predominantly undertaken by larger firms.

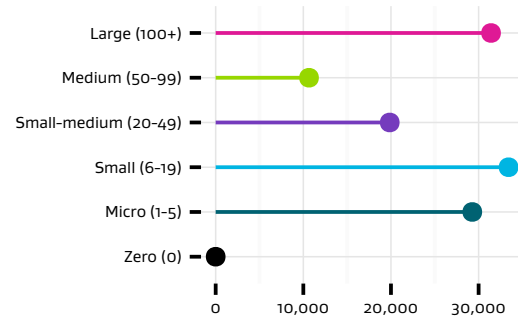
The construction sector is one of the few that shows increasing turnover rates and small firms having the highest rates. This reflects higher labour mobility as there is high demand for construction workers, particularly in Auckland and Christchurch.

For small businesses, the greatest challenge in the near future is the unprecedented workload that will be placed on the construction industry. This is being driven by the Canterbury rebuild, the demand in Auckland for housing and infrastructure, earthquake-strengthening work and the weather-tightness remedial work.

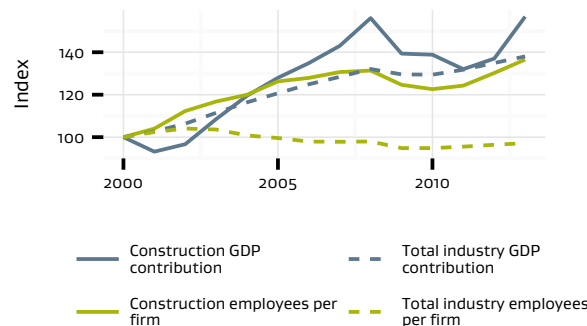
## Number of firms



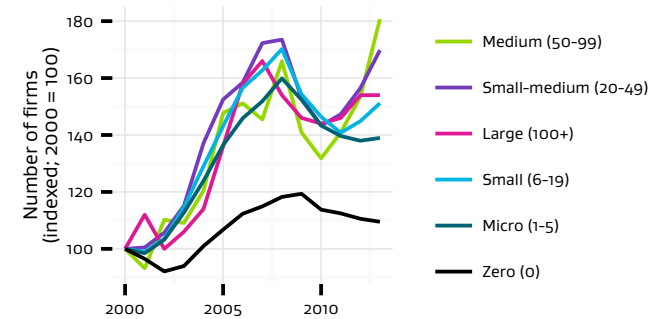
## Number of employees



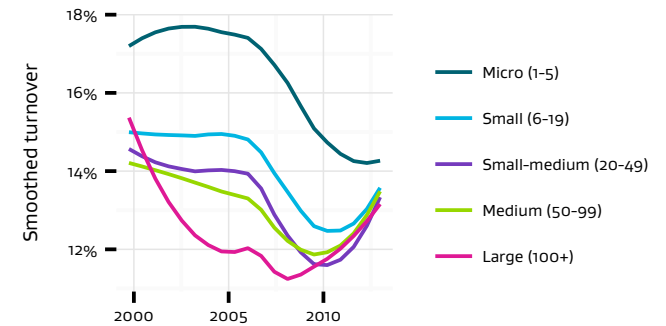
## Trends in contribution to GDP and firm size



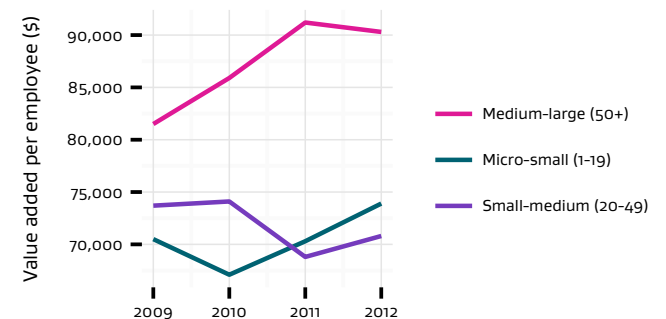
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

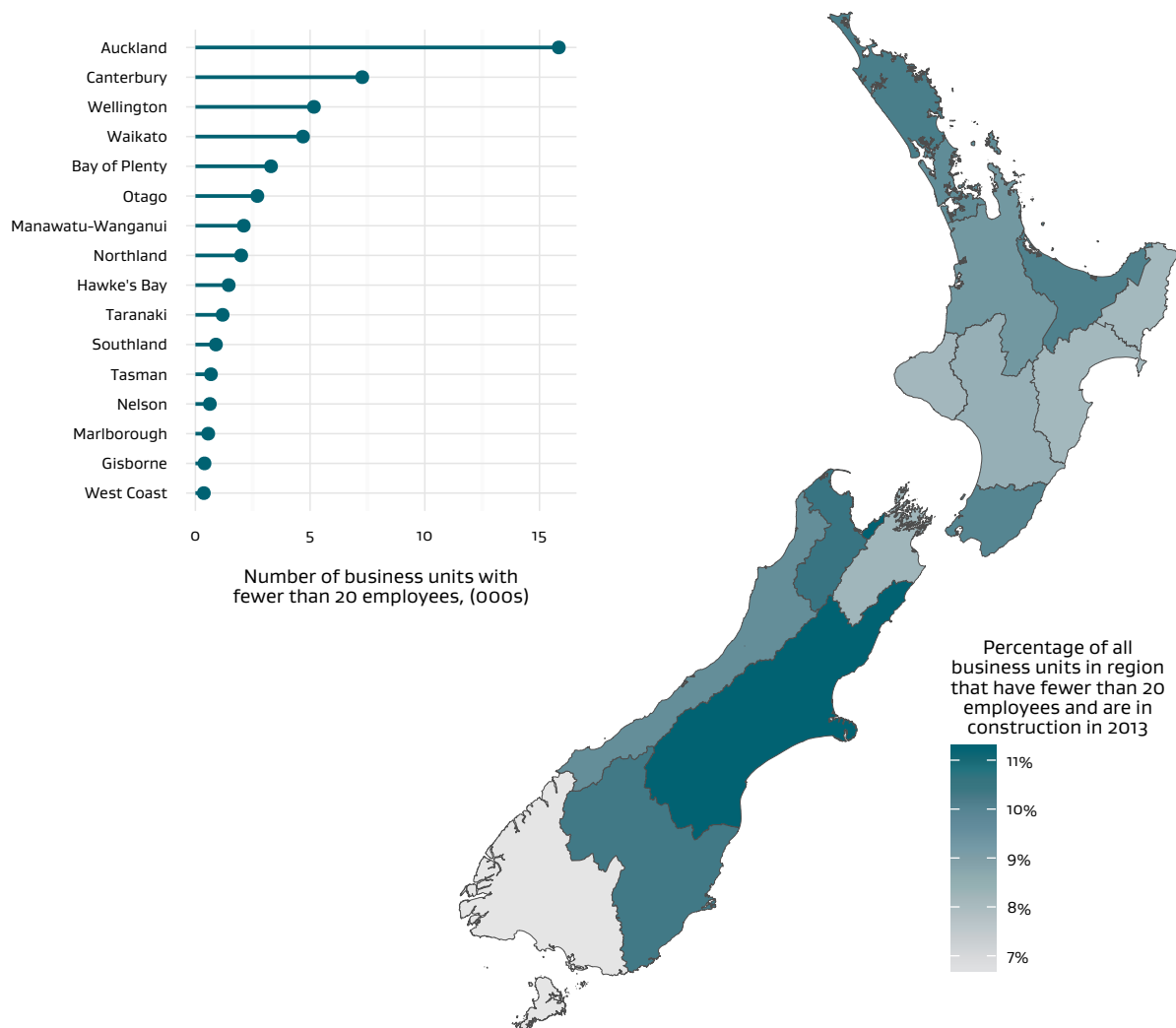
Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat

Notes: Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.

## Regional concentration of business units in construction



Due to the ongoing Canterbury rebuild, construction activity is very high. Over one in nine businesses in Canterbury are small businesses operating in the construction industry. Residential construction activity is predicted to be at the highest levels ever in Christchurch, with self-employed and small construction firms set to tackle the challenge.

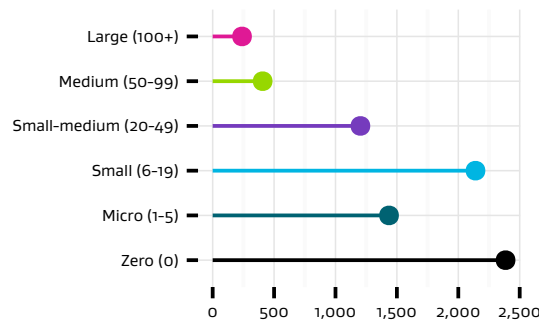
# Education and training

This industry covers providers and support services related to education and training. It includes preschools, schools, universities, technical colleges, training centres, art schools, tutors and driving schools.

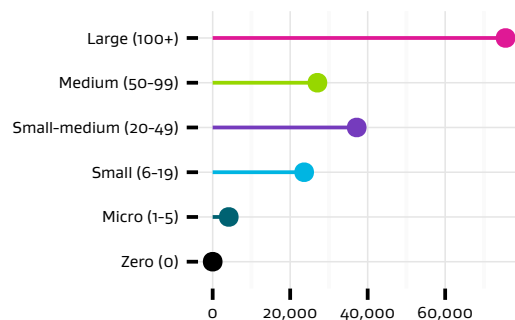
This industry has one of the lowest numbers of small firms. The majority of enterprises such as schools and universities are publicly owned.

The majority of firms in the adult and community education sub-sector are small. They provide a wide variety of services ranging from tutoring, to sports and recreation coaching, and artistic instruction.

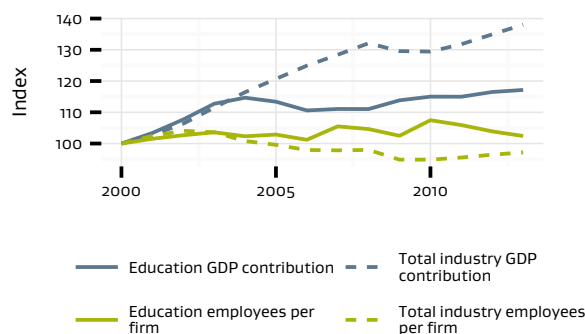
## Number of firms



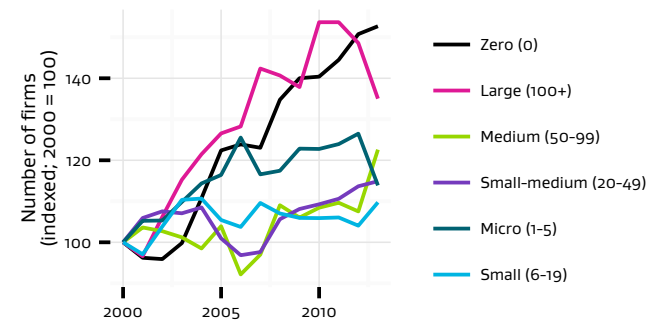
## Number of employees



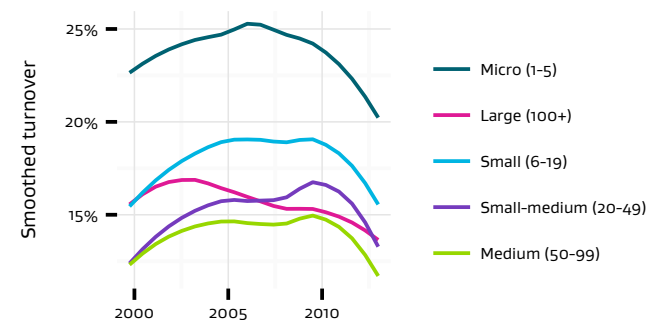
## Trends in contribution to GDP and firm size



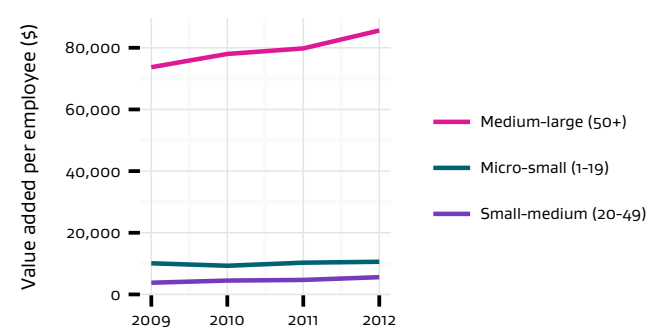
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

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*Going  
for  
Growth*

## Ngati Porou Seafoods Group & BDO HR & Training Services

### SMEs can grow by acquiring multiple skills in a number of areas

Training and developing key staff can bring significant benefits to SMEs.

Ngati Porou Seafoods Group harvests, processes and distributes seafood to key export, national wholesale and local retail market channels from its Gisborne headquarters.

Part of Te Runanganui o Ngati Porou, and operating since 2005, it employs 30 processing, retail sales and support staff. Ninety five per cent of staff are Māori or Pacific Islanders.

General Manager Mark Ngata worked with the East Coast Regional Business Partner and BDO HR & Training Services to identify training requirements for senior management.

BDO Gisborne provided a series of eight leadership development workshops over eight months. Topics included: improving workplace communication; financial skills; planning, prioritising & goal setting; managing and motivating individuals and teams; managing conflict; and delivering effective performance reviews.

Mark says the business has benefited significantly. "People are more motivated and productive. They have more knowledge about how to improve their own performance, and the business is in a much better position to meet ongoing challenges and performance targets."

[www.npsl.co.nz](http://www.npsl.co.nz)



*The team at BDO Gisborne*

PHOTO CREDIT

# Financial and insurance services

Finance and insurance services activities include raising funds via deposits or issuing securities, investing funds, and providing or underwriting insurance.

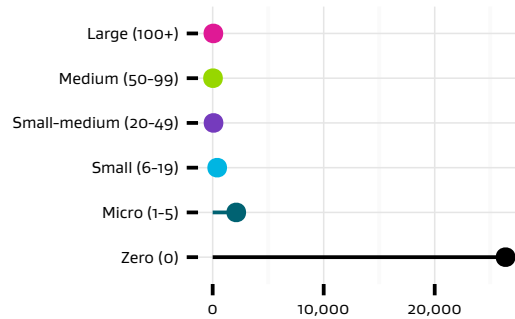
The number and growth of zero-employee firms in this industry is largely concentrated in financial asset investing. However, these figures may be misleading as unit trust and holding company operations are included within this subdivision.

The financial markets have undergone much regulatory reform in recent years. Reform includes the establishment of the Financial Markets Authority in 2011.

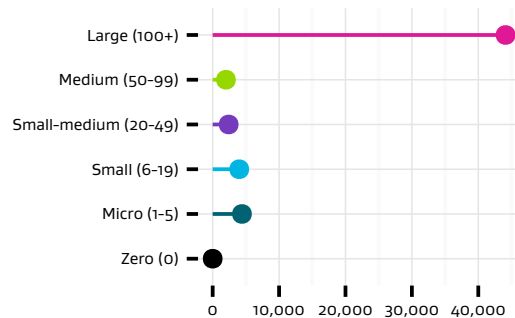
Both small and large firms are also affected by the Financial Markets Conduct Act 2013 which introduced new governance and accountability frameworks, and disclosure requirements relating to financial product offerings.

The Act has also introduced new financing mechanisms for small businesses looking to raise funds. These include peer-to-peer lending and equity crowd-funding.

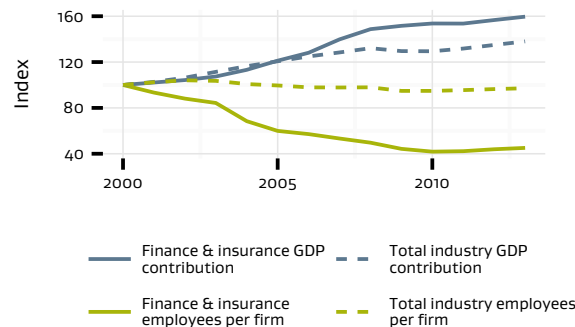
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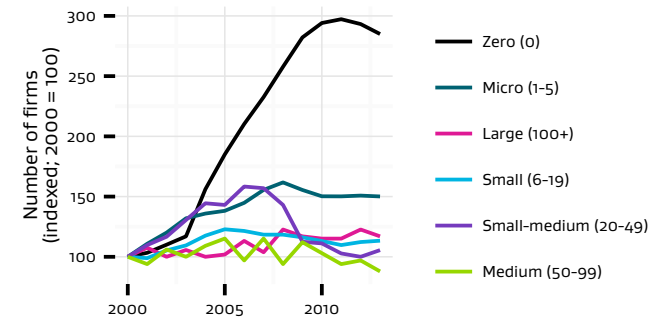
## Number of employees



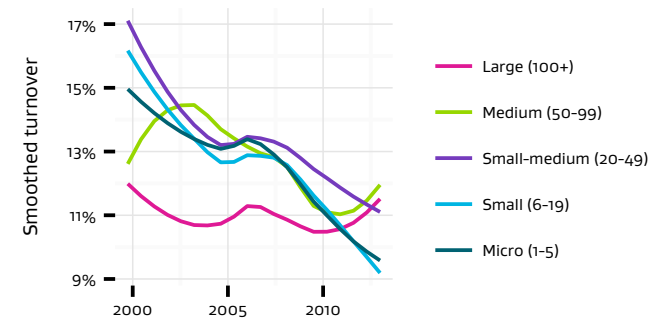
## Trends in contribution to GDP and firm size



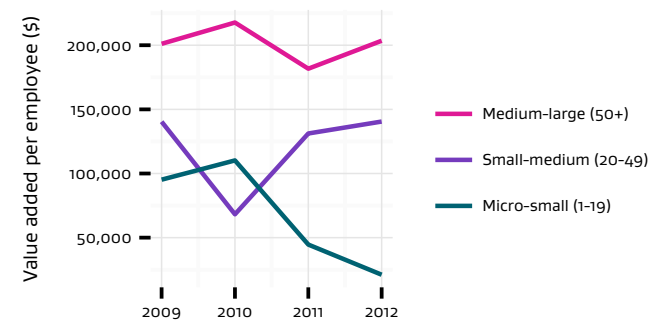
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



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**Trends in value add per employee**

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Going  
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Growth

## Fisher Funds

### Some SMEs grow rapidly into larger businesses

Carmel and Hugh Fisher have built a \$6 billion fund management business by focusing on doing a few things well.

“We felt that if we could employ talented investment professionals, achieve competitive returns, engage with our clients and explain how we invested their money, we would be successful,” says Carmel.

The couple founded Fisher Funds as a classic kitchen table business in their Devonport, Auckland, home in 1998 following the birth of their first child.

Carmel had 14 years’ experience managing investment portfolios for large insurance companies. She saw an opportunity to set up a fund management firm that was different to the “typically large, faceless organisations” of the time.

Carmel’s previous employer invested \$17 million and the Fisher Funds NZ Growth Fund was launched in August 1998.

After five years, Fisher Funds was managing \$500 million on behalf of 9,000 clients.

Its strong investment performance drove growth, won the company awards and made it stand apart from competing fund managers.

Today Fisher Funds employs 50 professionals, managing over \$6 billion on behalf of 250,000 clients.

It is a significant fund manager and KiwiSaver provider, known for its candid investor communications.

The company now manages funds across the asset spectrum for clients from around New Zealand.

[www.fisherfunds.co.nz](http://www.fisherfunds.co.nz)

fisher funds 



Carmel Fisher

PHOTO CREDIT: FISHER FUNDS



# Health care and social assistance

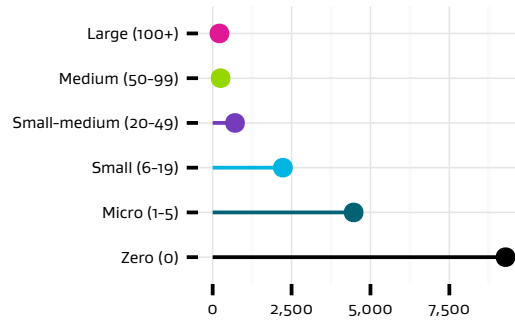
The health industry includes hospitals, medical services, allied health services, residential care, childcare and counselling services. They may be owned and operated either privately or publicly. They include for-profit or not-for-profit operations.

The majority of zero-employee and micro-sized firms are medical services (general practitioners, specialists etc) and allied health services (dentists, physiotherapists, optometrists etc).

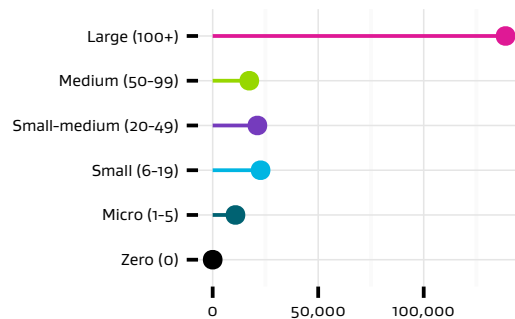
A move to scale in residential care services (i.e. rest homes) has seen a fairly significant decline in the number of small and small-medium businesses and an increase in medium and large firms.

The number of childcare services in the small and small-medium range has increased significantly.

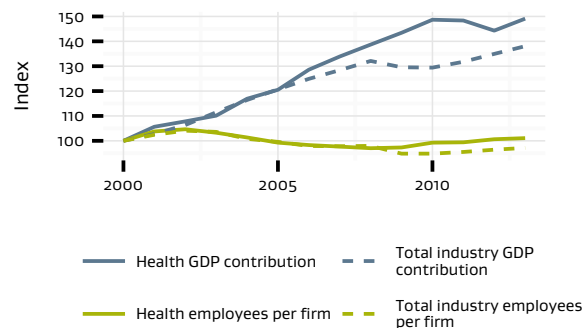
## Number of firms



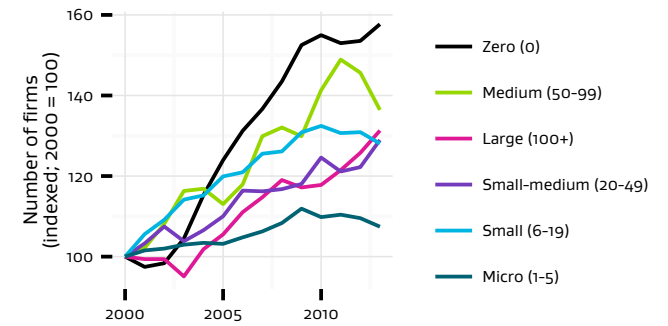
## Number of employees



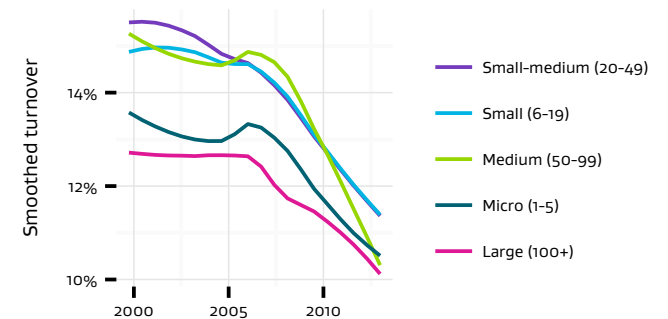
## Trends in contribution to GDP and firm size



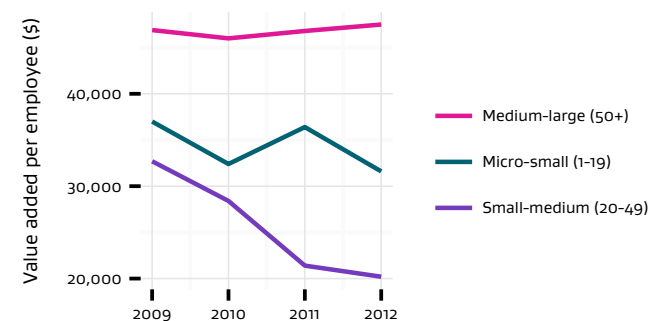
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



**Number of firms**

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## Case Study

# Driving Miss Daisy BOP

### Small businesses can deliver a more personal and tailored service than corporates

Driving Miss Daisy helps elderly and disabled people keep their independence. The business provides personal and tailored support to people who live alone or who are no longer confident driving around town.

Jackie Clark set up her personal driver business in 2007 after helping her own mother attend hospital appointments, go shopping and visit friends. Her mother had lost the confidence to drive longer distances and felt anxious when trying to find car parks.



PHOTO CREDIT: JACKIE CLARK

*Jackie Clark and Driving Miss Daisy BOP*

Jackie's business is not profit driven but focuses on helping elderly and disabled people stay in their own homes.

The business operates throughout the Bay of Plenty region. Jackie was the only driver when she started the business in 2007. Today she has six drivers.

Jackie says small businesses are well placed to provide personal care and services for New Zealand's growing elderly population.

She believes there is a need for a community service to support and take an interest in elderly people trying to cope with everyday activities that able-bodied younger people take for granted.

[www.driving-missdaisy.co.nz](http://www.driving-missdaisy.co.nz)

# Manufacturing

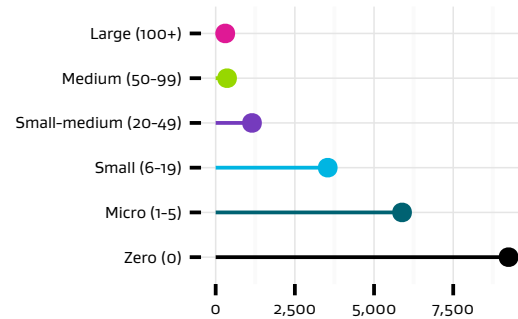
Manufacturing is a large and diverse industry. It ranges from wood and paper, food and beverage, machinery and equipment, to chemicals and plastics, metals and metal products, and textile manufacturing.

As in other advanced economies, the New Zealand industry is focusing increasingly on high-tech manufacturing as low-tech operations move to cheaper labour countries. This shift makes it hard for small New Zealand manufacturers to compete with cheaper foreign products.

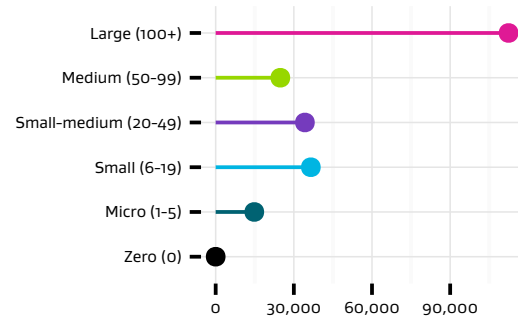
There has been a sizeable increase in the number of small businesses producing food commodities such as general food, dairy and bakery products.

Manufacturing small businesses face a number of issues. These include how to attract high-quality staff, provide good management and governance, and access capital. Exporters have had to contend with a persistent higher New Zealand dollar in recent years.

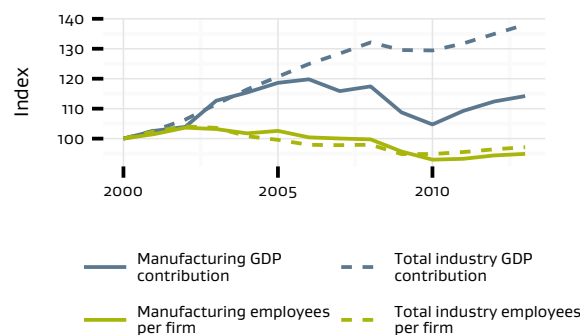
## Number of firms



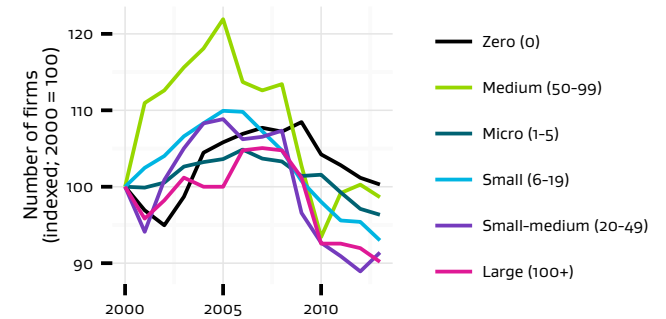
## Number of employees



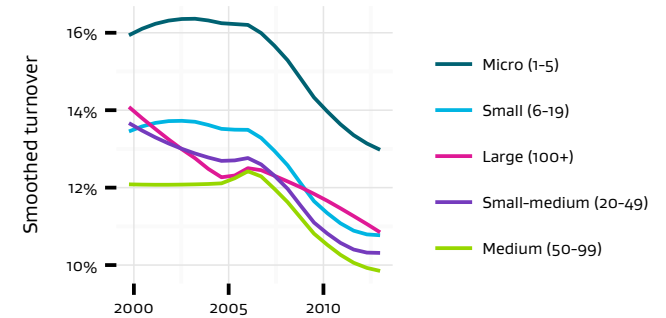
## Trends in contribution to GDP and firm size



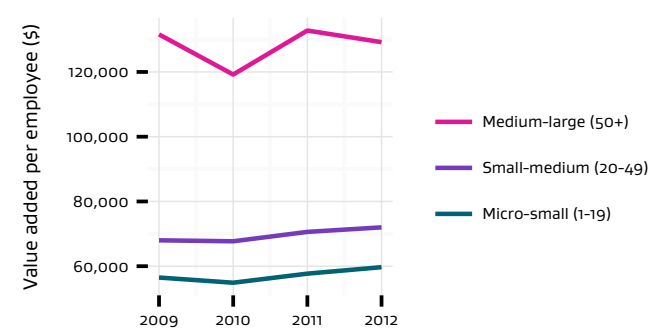
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



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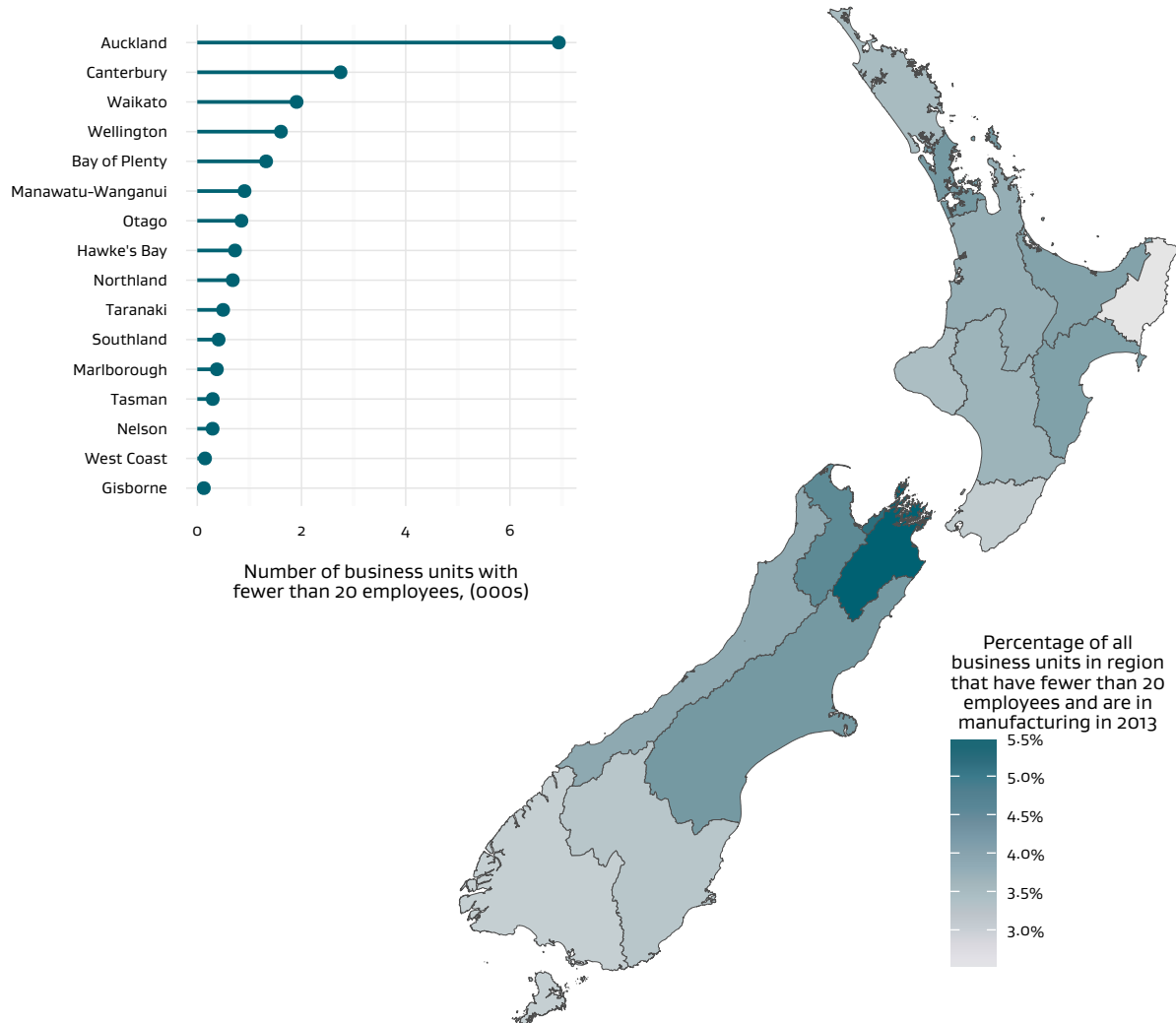
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Regional concentration of business units in manufacturing



Waikato has a relatively large number of small businesses in manufacturing.

A strong dairy industry has provided a firm base for the Waikato region's manufacturing industry. The region is also home to niche manufacturing industries in aviation, plastics, electronics and automation.

Marlborough is New Zealand's largest wine-producing region with over 75 per cent of New Zealand's total wine production.

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Growth

## Pakworld

### SMEs can create niche manufacturing products for larger firms

Pakworld has developed its own niche supplying larger local and international firms by tailoring its environmentally-friendly packaging service to the needs of each client.

The Port Hills, Christchurch, company has been manufacturing high-quality packaging for the past 30 years. The family-owned business employs 21 staff.

It supplies packaging for firms such as Burger Fuel, Kathmandu, Patience & Nicholson, and Prolife Foods. Its customers include some of New Zealand's most recognised brands and Pakworld's export client list includes companies in Australia, the Middle East and China.

Pakworld values its relationships with customers and has built a reputation for fast, efficient and environmentally-friendly service. It won work in competition with a Chinese company by offering a more customised solution for clients.

Pakworld distinguishes itself from competitors by focusing on environmental sustainability and innovation. It has achieved Forest Stewardship Council certification and has developed some of its packaging products using recycled products to meet environment and food standards.

Pakworld has won 15 gold medals during the past decade at New Zealand's annual Pride in Print awards.

[www.pakworld.co.nz](http://www.pakworld.co.nz)



BJBall logistics  
60443  
2:PAKWORLD

Pakworld Products

PHOTO CREDIT: JONATHAN FLETT

# 4 Mining & petroleum

This industry covers the exploration and mining of coal, metals, oil and gas. Mining and petroleum has the lowest total number of firms. This is due to the capital intensive nature of the industry and hence its high barriers to entry.

However, there is a role for small businesses that have integrated themselves into supply chains and support the industry through services such as engineering and surveying.

The over 100 per cent increase in zero-employee firms is mainly in mining support services. These include well casting, direction drilling and re-drilling services, and mine draining and pumping services.

The number of micro firms involved in mining support services has also grown.

There has also been an increase in micro-sized exploration firms which predominantly seek to exploit smaller finds, usually onshore.

The Crown Minerals Amendment Act 2013 encourages investment in petroleum and minerals exploration and development. As industry activity increases, small businesses will have more opportunities to either conduct mining and exploration activities themselves or to provide the types of support services that are typically contracted out to small firms.

**Number of firms**

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**Growth trends for different size firms**

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**Trends in contribution to GDP and firm size**

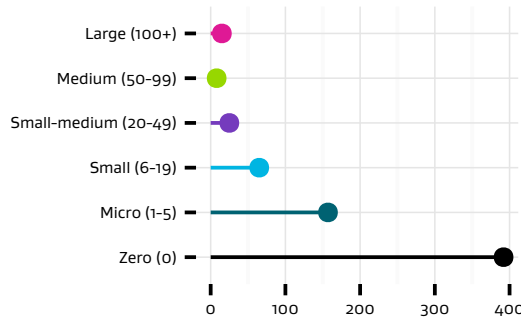
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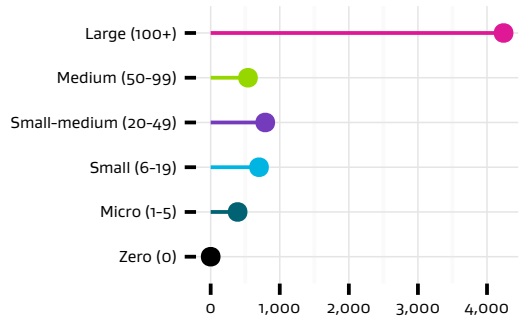
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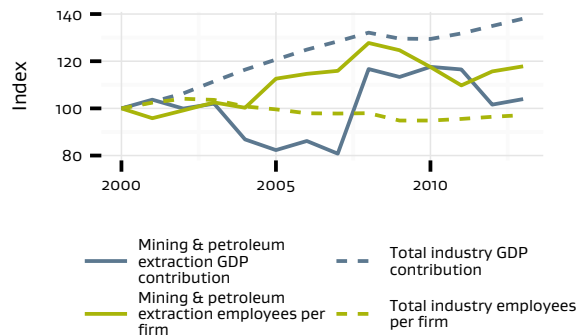
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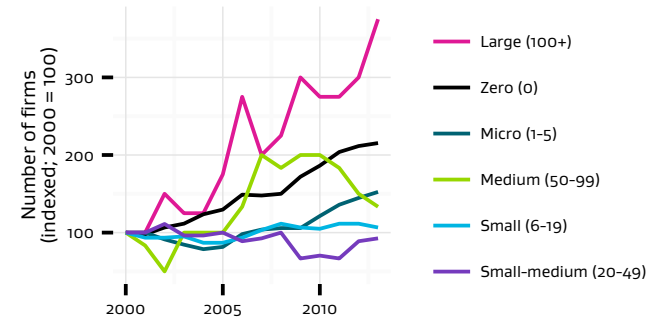
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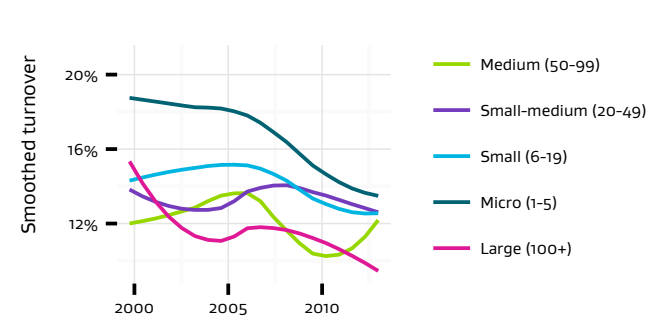
## Trends in contribution to GDP and firm size



## Growth trends for different size firms



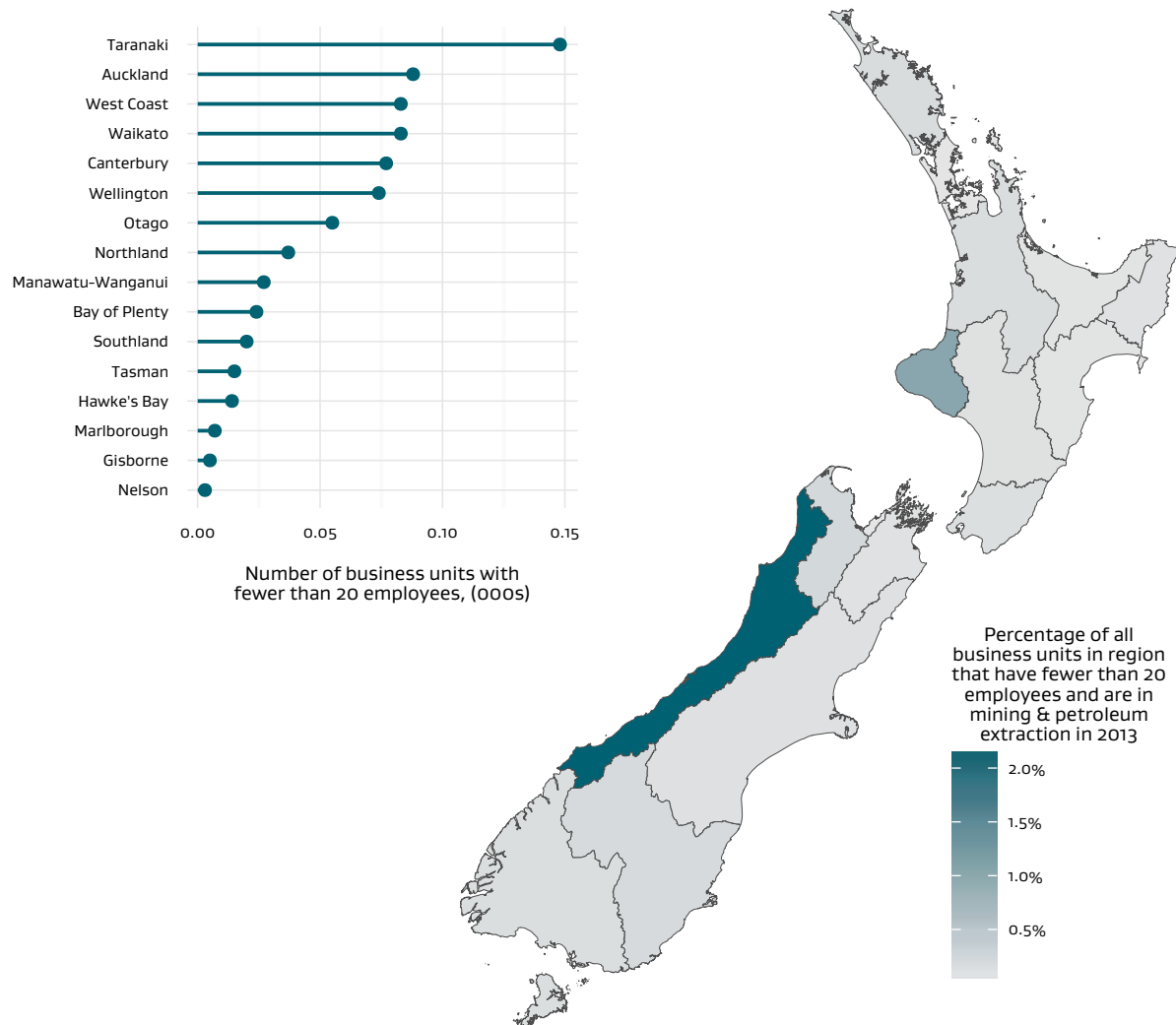
## Worker turnover rate



## Trends in value add per employee



## Regional concentration of business units in mining and petroleum extraction



The mining and petroleum industry is one of just two industries for which Auckland does not provide the highest number of SMEs. The Taranaki region is the centre of New Zealand's petroleum and gas activity, while the West Coast focuses on mining, particularly coal.

Going  
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Growth

ECL

### SMEs can help regions capture and retain multinational investment

Innovative SMEs in Taranaki's oil and gas supply chain are contributing to a global industry.

Many people believe the region's growth depends on a handful of major international players making large-scale finds. Behind the headlines, many small, agile and innovative local firms have been set up to support the global oil and gas industry. They provide local solutions that can be applied to a global market.



Taranaki – a powerhouse in the oil and gas industry

PHOTO COURTESY OF ROBTUCKER

Oil and gas contributes more than \$2 billion a year to the Taranaki region's GDP. The sector employs more than 5,000 full-time equivalent employees. Around 70 per cent of development contracts are awarded to domestic companies and a high proportion of these are small or medium sized businesses.

Local small business ECL was first set up in a New Plymouth garage to provide Y2K compliance services. It is now one of New Zealand's leading process control and automation specialists for the oil and gas industry. It recently created

the operating system for the remotely-operated Pohukura Production Station.

Demand is growing for SMEs' local knowledge, agility and specialist expertise. Increased global contract opportunities, heightened health, safety and environmental considerations, and extension of the sector beyond the region, look set to lift demand further.

[www.ecl.co.nz](http://www.ecl.co.nz)



# Media & telecommunications

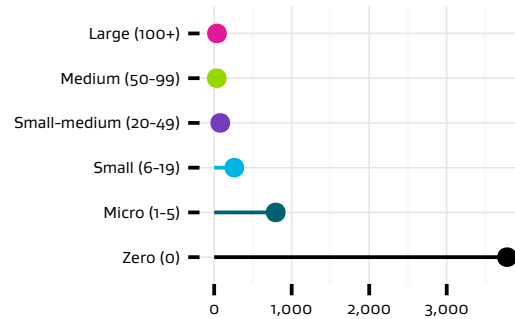
The media and telecommunications industry covers many sub-industries including motion picture and video activities (also known as the screen industry), publishing, television and radio broadcasting, and internet services.

The industry has a low number of small businesses and employees compared to other industries. But it has one of the fastest growing zero-employee segments industry-wide. This is a result of an increase in independent contractors in the screen industry over the past 10 years which may relate to changes in employment law in this sector.

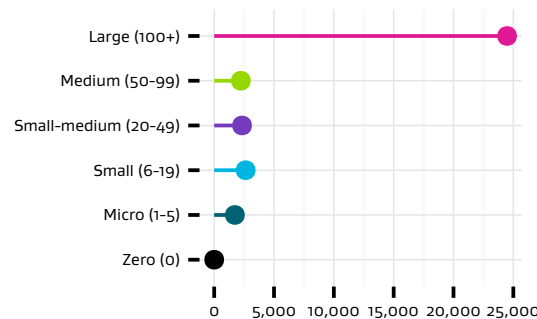
New applications will provide businesses with increased scope to change the way they manage their businesses and interact with customers. The roll out of ultra-fast broadband services and rural initiatives will make this more efficient. It will also increase opportunities for businesses in rural areas that are willing to adapt to expand their customer base.

A decrease in traditional publishing services (newspapers, magazines and books sales) has coincided with a decline in the size of small businesses in the publishing sub-industry. An increase in electronic information and WiFi/smartphone devices may counter this to a certain extent.

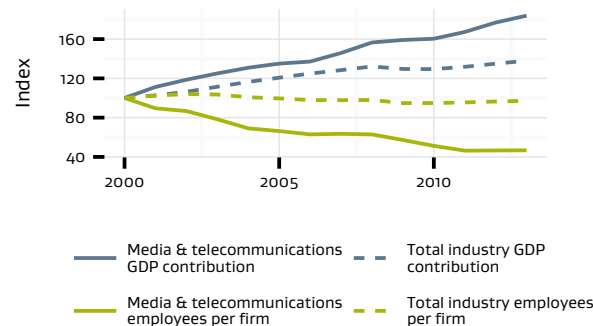
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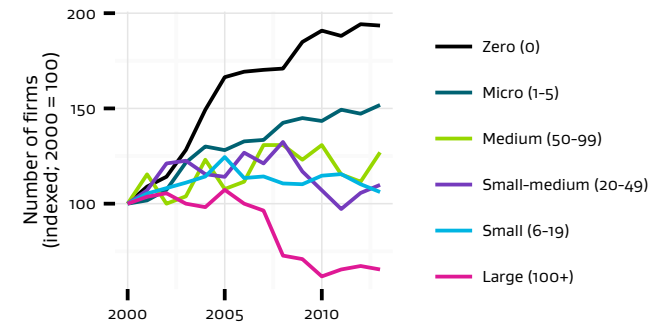
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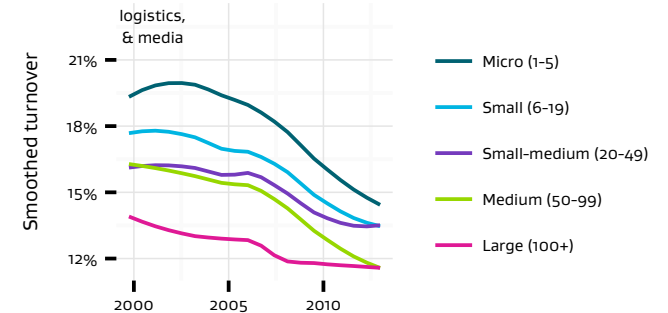
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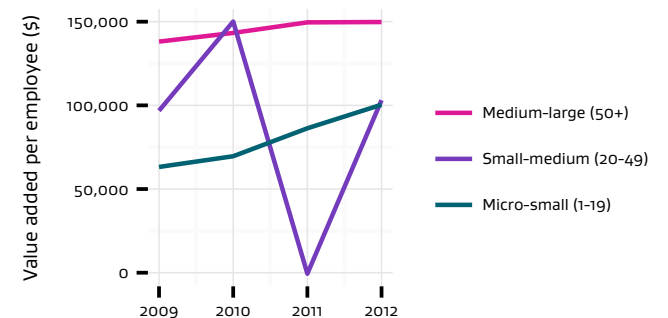
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



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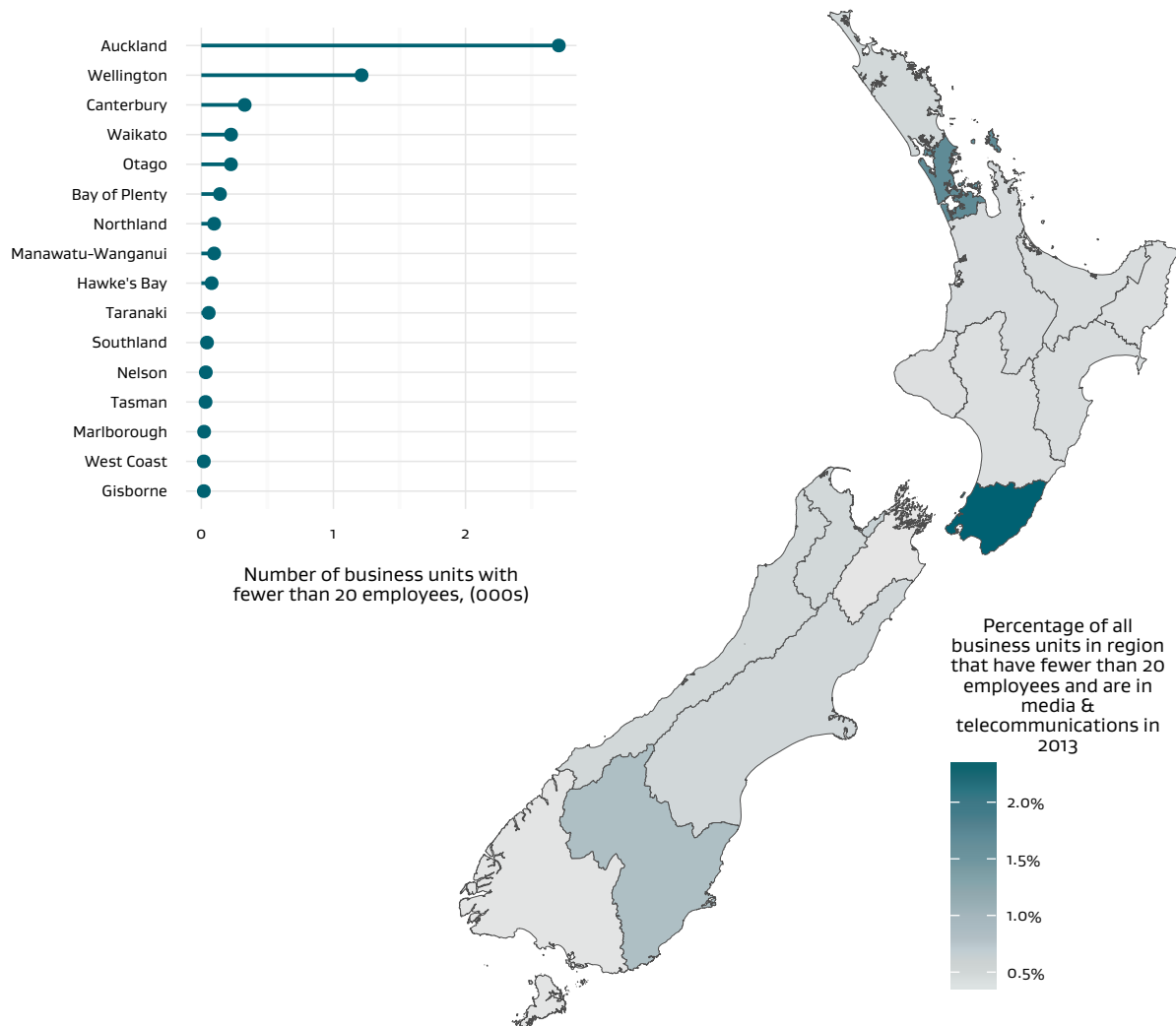
**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand.

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results. Flow of sales and purchases in the media and telecommunication industry fluctuates from year to year and may on occasion lead to negative value add figures, as seen in 2011 for small-medium business in this industry group.

## Regional concentration of business units in media and telecommunications



Although there are a higher number of business units in Auckland, there is a higher concentration of media and telecommunications small businesses in Wellington. Very few small businesses in this industry operate from other parts of the country.



## The New Zealand Film Commission's Business Development Scheme & Libertine Pictures

**High-tech small businesses can collaborate to build larger businesses and stimulate industry growth**

The New Zealand Film Commission's Business Development Scheme encourages small high-tech firm to collaborate and help the film industry grow.

The scheme supports the screen sector to make sure local stories continue to be told. It also helps develop businesses with the high-quality skills to make this happen. Small businesses are a big part of this plan.

There are more than 1000 post-production businesses in Wellington alone. Most are sole-operator technical specialists who work as independent contractors. Many others are specialist micro and small businesses.

# LIBERTINE PICTURES



*Richard Fletcher*

The Business Development Scheme encourages them to **collaborate to grow**. It also promotes the development of internationally-competitive projects.

Libertine Pictures is the scheme's first funding recipient. It takes a collaborative approach, linking up specialists and supporting them with the business expertise and infrastructure they need.

"Small business and collaboration with SMEs is key to our plan and strategy", says Joint Managing Director Richard Fletcher.

Libertine has offices in Wellington and Auckland, and operates across film and television. It develops New Zealand projects, and helps to produce and service productions from overseas.



*Paul Davis*

It will use the funds to run a combination of jointly-owned collaborative projects, while also pursuing its own wholly-owned projects. It understands its partners will also be **forging collaborations with other screen businesses**.

Richard says this will stimulate wider growth and activity in the industry. "And this ultimately benefits everyone."

[www.nzfilm.co.nz/funding/business-development/business-development-scheme](http://www.nzfilm.co.nz/funding/business-development/business-development-scheme)

[www.libertinepictures.com](http://www.libertinepictures.com)

PHOTO CREDIT

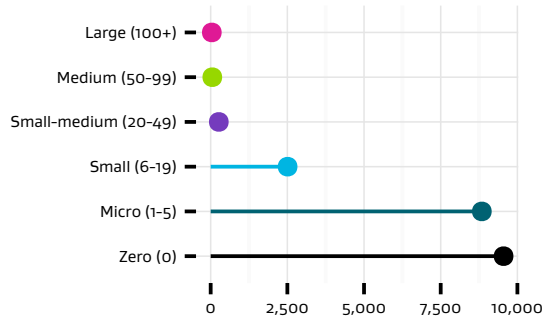
# 4 Other services

This industry classification is very broad. It includes services that are not elsewhere classified. The majority of businesses are small and this is one of the few industries where large firms are not the biggest employers.

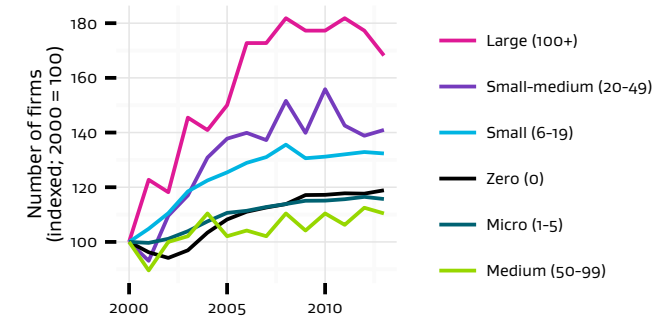
'Other services' includes personal care services, such as health and beauty, organisations which promote and defend the interests of their members, private household staff, and automotive repair and maintenance services.

Motor vehicle repair services (local garage/mechanic) and personal care services (hairdressers) are contributing to the increase in the number of zero to small-sized businesses in this category.

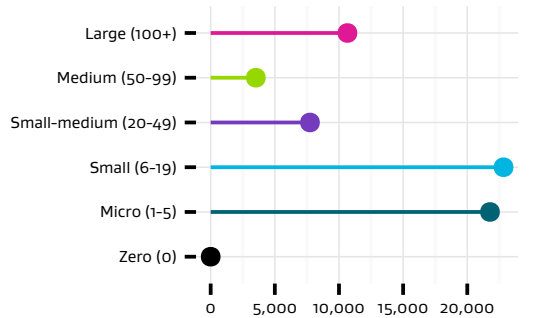
## Number of firms



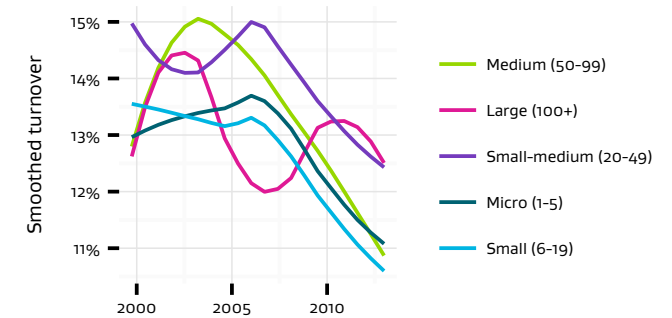
## Growth trends for different size firms



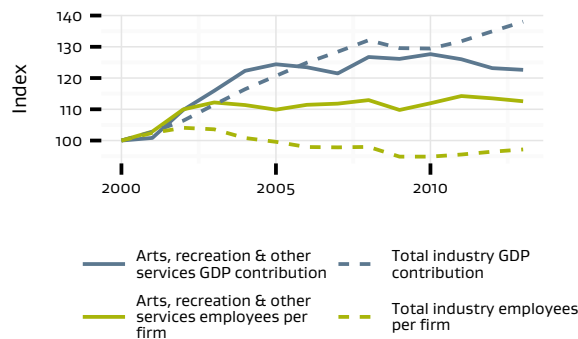
## Number of employees



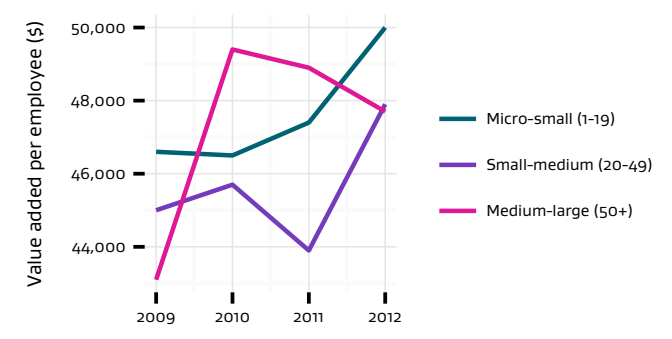
## Worker turnover rate



## Trends in contribution to GDP and firm size



## Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
 Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat

Notes: These GDP data include art and recreational services as well as other services, as more detailed data were unavailable. Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
 Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.



## Bizbuzz

### Industry and professional associations connect small business owners and reduce their isolation

Heather Douglas set up Bizbuzz to reduce the professional and social isolation that comes from being a small business owner working from home.

Bizbuzz is an online community of over 37,000 registered members. It provides free access to online tools via the Bizbuzz website and allows members to improve their home-based businesses and connect to other like-minded professionals.

“A very large proportion of businesses have their roots in a home business or very small start-up,” says Heather. “It is



PHOTO CREDIT

Heather Douglas, Bizbuzz

important to nurture this sector to help those businesses grow and survive the initial phase.”

She says Pumpkin Patch, Trade Me, Resene and Orcon all started from home offices.

Heather says the advent of new technologies and social media has helped remove the stigma attached to home businesses.

“Home business owners are now less isolated and this is only going to get better. When you are on your own it’s hard to benchmark and get feedback.”

Bizbuzz members are mostly one- or two-person micro-businesses. Many outsource management functions like finance and technology to other small businesses. This helps other small businesses grow.

Bizbuzz is one of many industry and professional associations helping small businesses grow by providing networking opportunities, professional development and advocacy support.

[www.bizbuzz.co.nz](http://www.bizbuzz.co.nz).

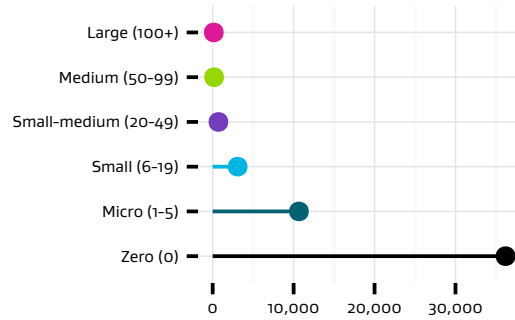
# 4 Professional services

The professional services industry covers a broad range of professions. It includes engineering, law, advertising, architecture, accounting, veterinary, consulting and computer system design.

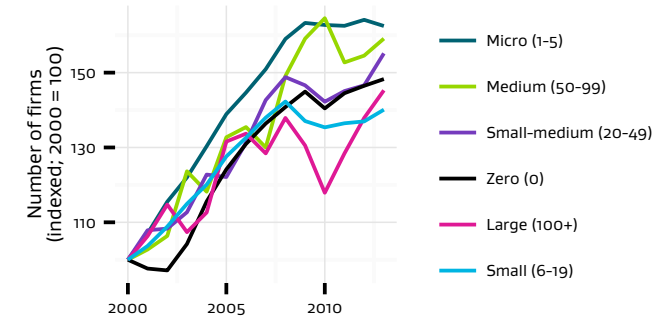
All professional service subsectors have experienced an increase in the number of small businesses. The largest contributors to the growth of small business are from architectural and engineering, legal and accounting, management and consulting and computer system design services.

Management and consulting services has seen the biggest growth of all professions. They have the highest number of zero-employee and micro-firms in the industry.

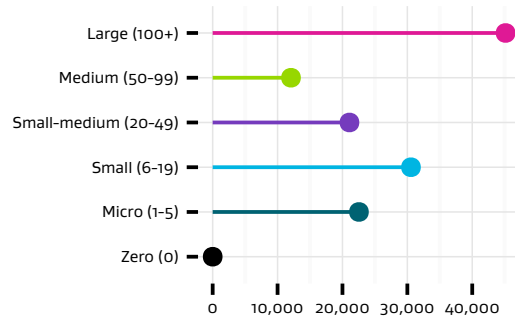
## Number of firms



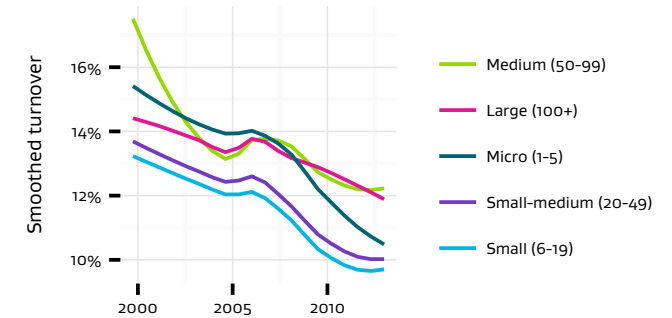
## Growth trends for different size firms



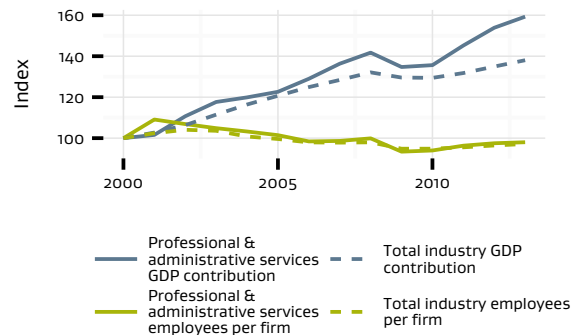
## Number of employees



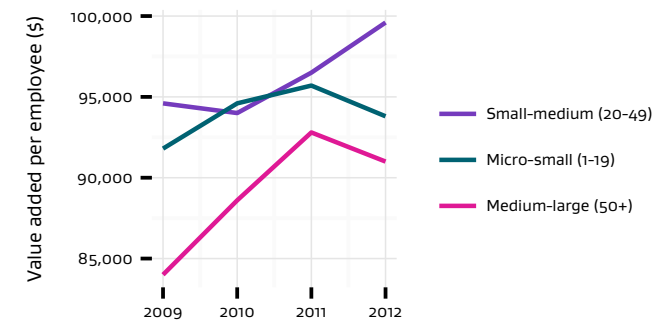
## Worker turnover rate



## Trends in contribution to GDP and firm size



## Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
 Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat

Notes: These GDP data include administrative services as well as professional services, as more detailed data were unavailable. Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
 Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.

## Case Study

# Westpac Business and Community Hub



*Westpac Business and Community Hub*

Many businesses were unable to use their usual premises after the February 2011 Canterbury earthquake devastated the Christchurch central business district.

Within 48 hours of the earthquake, Westpac had contacted every business customer to find out what immediate help they needed. Within a week it made a relief package available, including low-interest overdrafts with no application fees, and access to a special \$1 billion loan pool.

Within 60 days it had built a 2,600m<sup>2</sup> temporary structure for displaced businesses and community groups to use. The Westpac Business and Community Hub (the Hub) helped business and community organisations continue operating, with free office space, phone and broadband, meeting and video conferencing facilities, and a space to host events.

By the end of 2013, several thousand people from business, government and not-for-profit groups had used the Hub for 152,000 hours of meetings.

Three years on, the need for the Hub has diminished, but Westpac continues to offer a wide range of banking services for small business as the rebuild gathers pace.

[www.westpacbusinesshub.co.nz](http://www.westpacbusinesshub.co.nz)

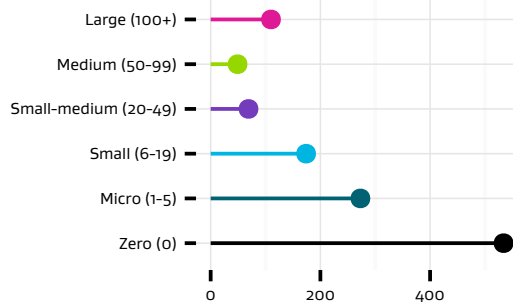
# Public administration, defence and public safety

This includes local and central government administration, judicial authorities, defence, public order and safety, and regulatory bodies.

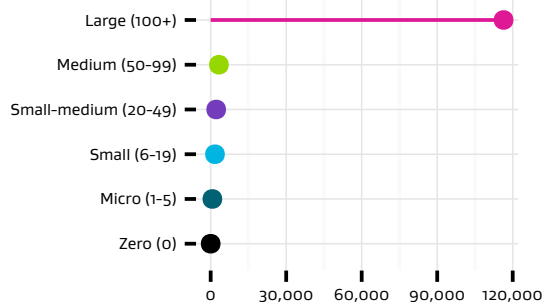
There are few firms, and very few small private businesses, in this sector. The public administration, defence and public safety sector has the most accentuated concentration of employment in large firms of all New Zealand's industries.

The majority of small businesses in the sector provide public order and safety services. This sub-industry includes body guard, detective agency, locksmith, night watchman police and security guard services. These occupations represent almost all the zero-employee firms and most of the other small firms in this category.

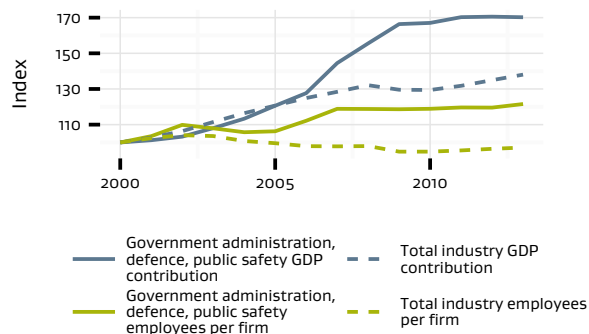
Number of firms



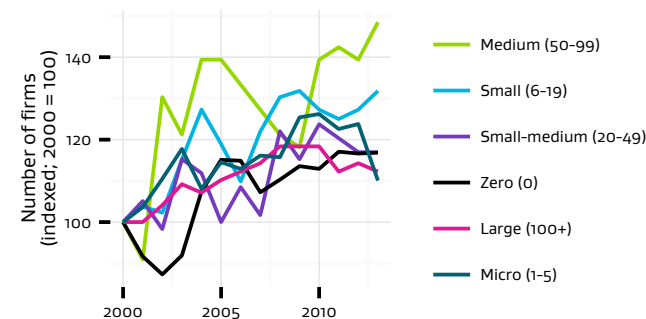
Number of employees



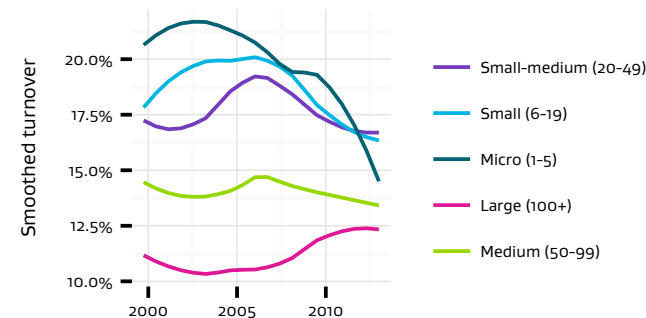
Trends in contribution to GDP and firm size



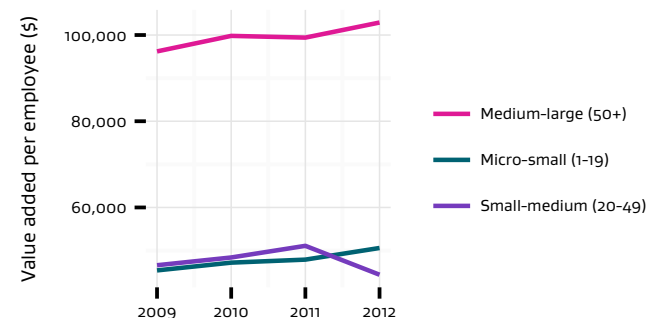
Growth trends for different size firms



Worker turnover rate



Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand.

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.



# Rental, hiring & property

The rental, hiring and property services industry is dominated by zero-employee firms. The number of zero-employee firms has grown 80 per cent since 2000.

Most firms are in the property operators and real estate services sub-sectors. However, the industry also includes motor vehicle, heavy machinery equipment hiring, video stores and scaffolding businesses.

Property operators comprise firms whose core business involves renting or leasing properties.

A large increase in the number of property owners has driven an upsurge in the number of zero-employee firms. Many of these property owners are likely to be 'mum and dad' investors due to the passive nature of investment.

As a result, this industry has the lowest average number of employees per firm.

The regulatory reforms from the Real Estate Agents Act 2008 have affected the real estate services sub-sector. The changes included the introduction of annual operational levies, which led to a decrease in the number of registered agents as many were inactive. Furthermore, in response to the regulatory reforms some smaller firms have consolidated their businesses into large operations.

**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

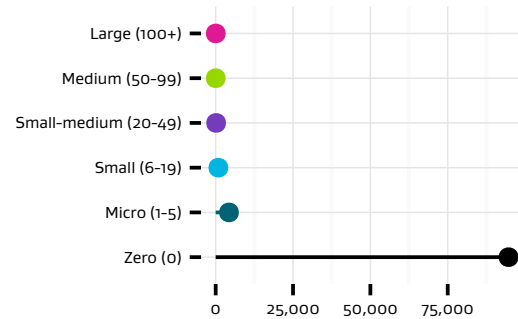
**Trends in contribution to GDP and firm size**

Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand.

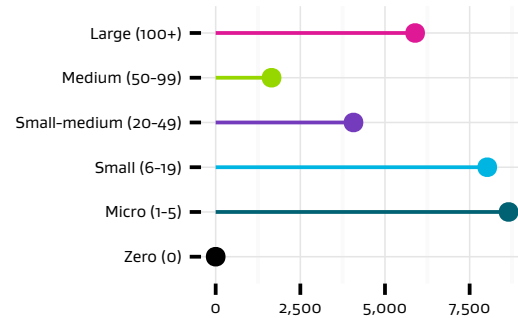
**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.

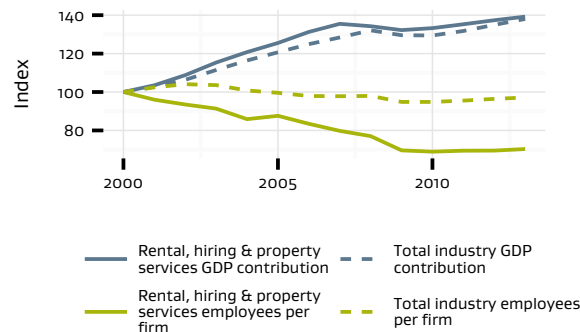
## Number of firms



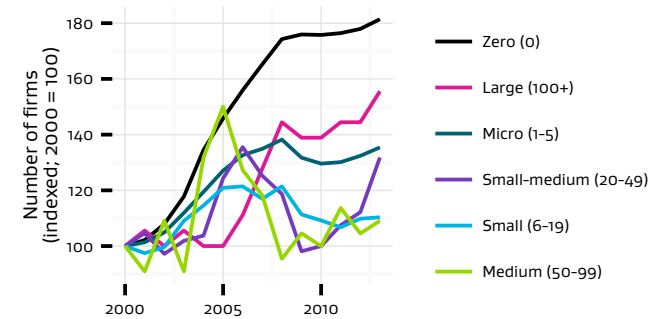
## Number of employees



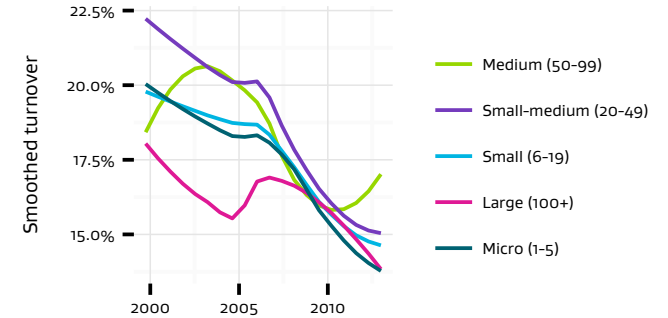
## Trends in contribution to GDP and firm size



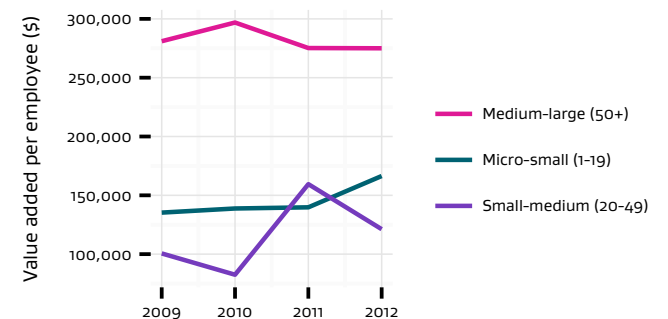
## Growth trends for different size firms



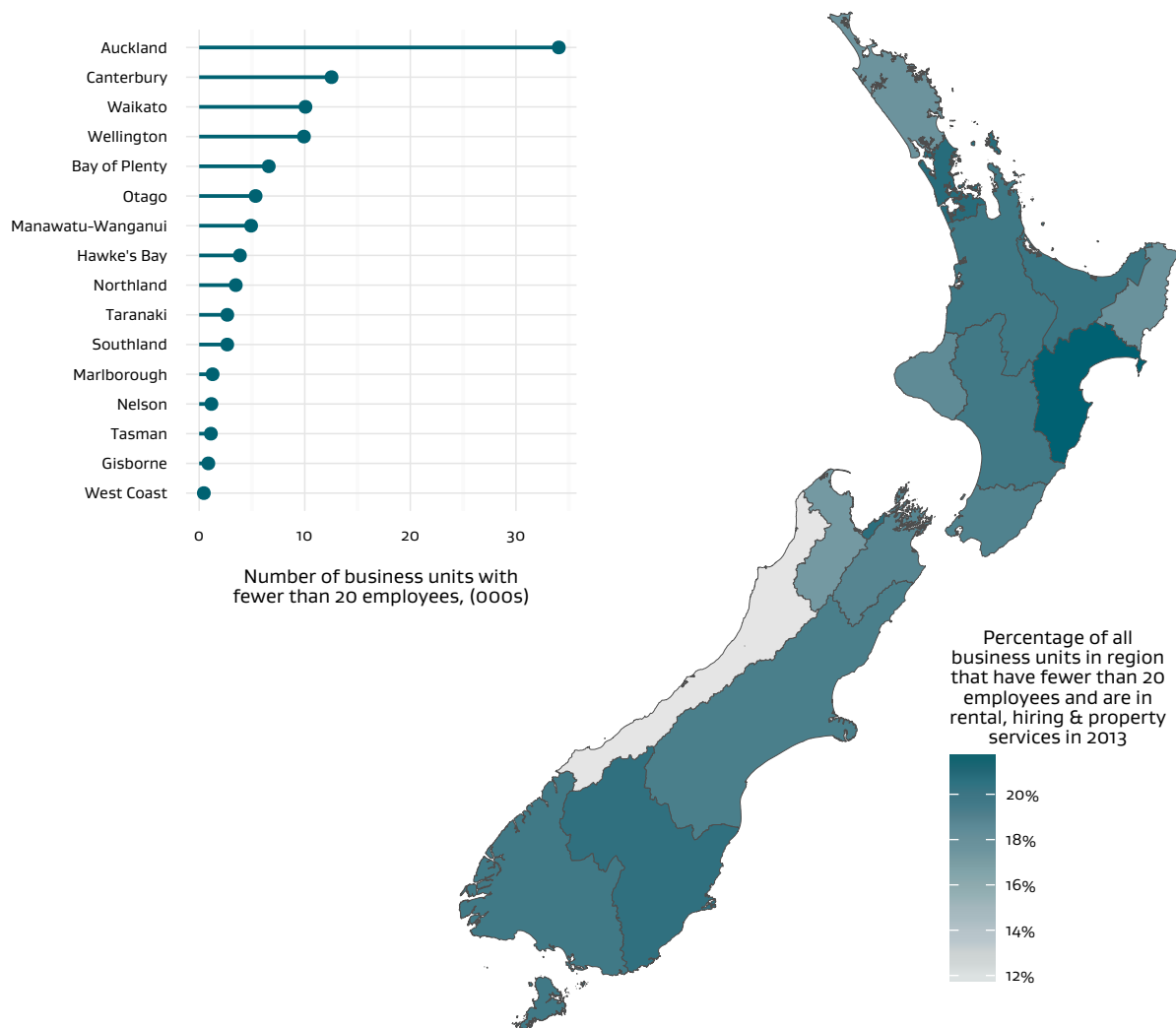
## Worker turnover rate



## Trends in value add per employee



Regional concentration of business units in rental, hiring and property services



## Case Study

# Tora Coastal Walks

## Small business builds community cooperation and enhances family cohesion

Tora Coastal Walk provides three-day fully-catered walks over private land in the southern Wairarapa.

The business provides a focal point for the small rural community and benefits many local people. Surrounding farms have opened up their gardens for viewing along the walk. Tora employs cleaners to service the accommodation and has hired the local postal worker to transport walkers' luggage.

Kiri Elworthy, her family and a group of local farming families set up the business in 1995. From October to the end of April each year the business now attracts around 1,500 visitors. Tora plans to increase this to 2,500 per year.

The business has grown from a part-time operation to an integral part of the founding families' livelihoods. It continues to grow. A lodge is being built and Tora now sells a range of products including a cookbook.

Tora was the first private walk to be set up in the North Island. Since then many other private walking companies have been established. Tora plans to increase its marketing to stay ahead of competitors.

[www.toracoastalwalk.co.nz](http://www.toracoastalwalk.co.nz)



*Tora Coastal Walks*

PHOTO CREDIT

# 4 Retail

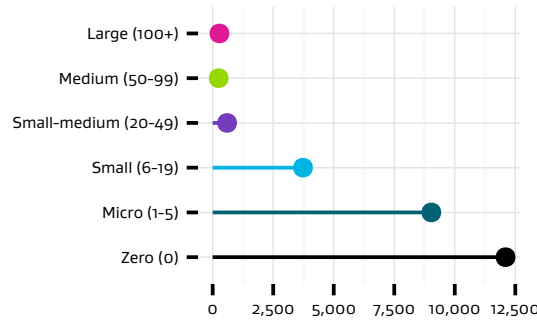
Retail trade is the largest employer of all the industries. This large, diverse industry ranges from pharmacies, electronic goods, furniture, clothing and car sales businesses to supermarket grocery and hardware stores.

The number of small and small-medium-sized firms in the industry has fallen. The decrease has been especially notable in the fuel retailing; and to a lesser extent hardware and building supplies, and recreational goods retailing sub-sectors.

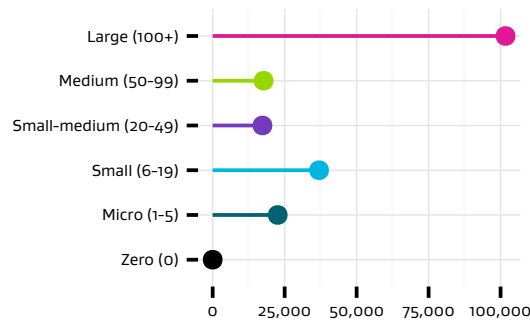
The increase of online retailing has affected traditional small and large retail stores. The growth of online retailing continues to outpace that of physical retail stores. Consumers are increasingly trying products in-store and asking staff for advice, before going online to search for a better price.

Retailers must also contend with large shopping malls and rising rental rates in central urban areas.

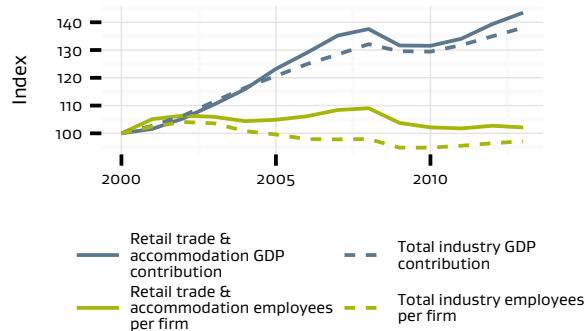
## Number of firms



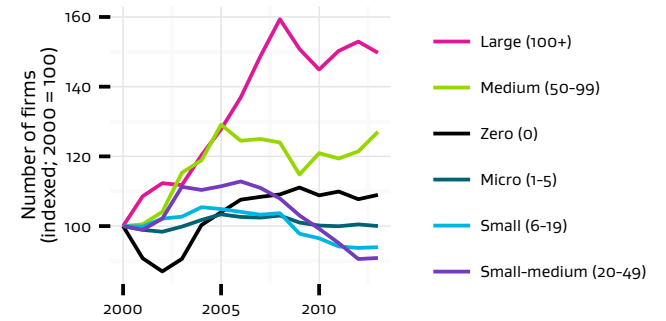
## Number of employees



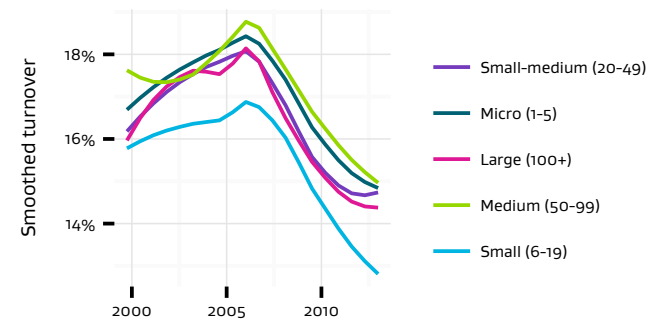
## Trends in contribution to GDP and firm size



## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



**Number of firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Growth trends for different size firms**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Number of employees**

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

**Worker turnover rate**

Source: Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.Stat  
Notes: Data for quarters 3 and 4 of 2012 are provisional. These data exclude self-employed people.

**Trends in contribution to GDP and firm size**

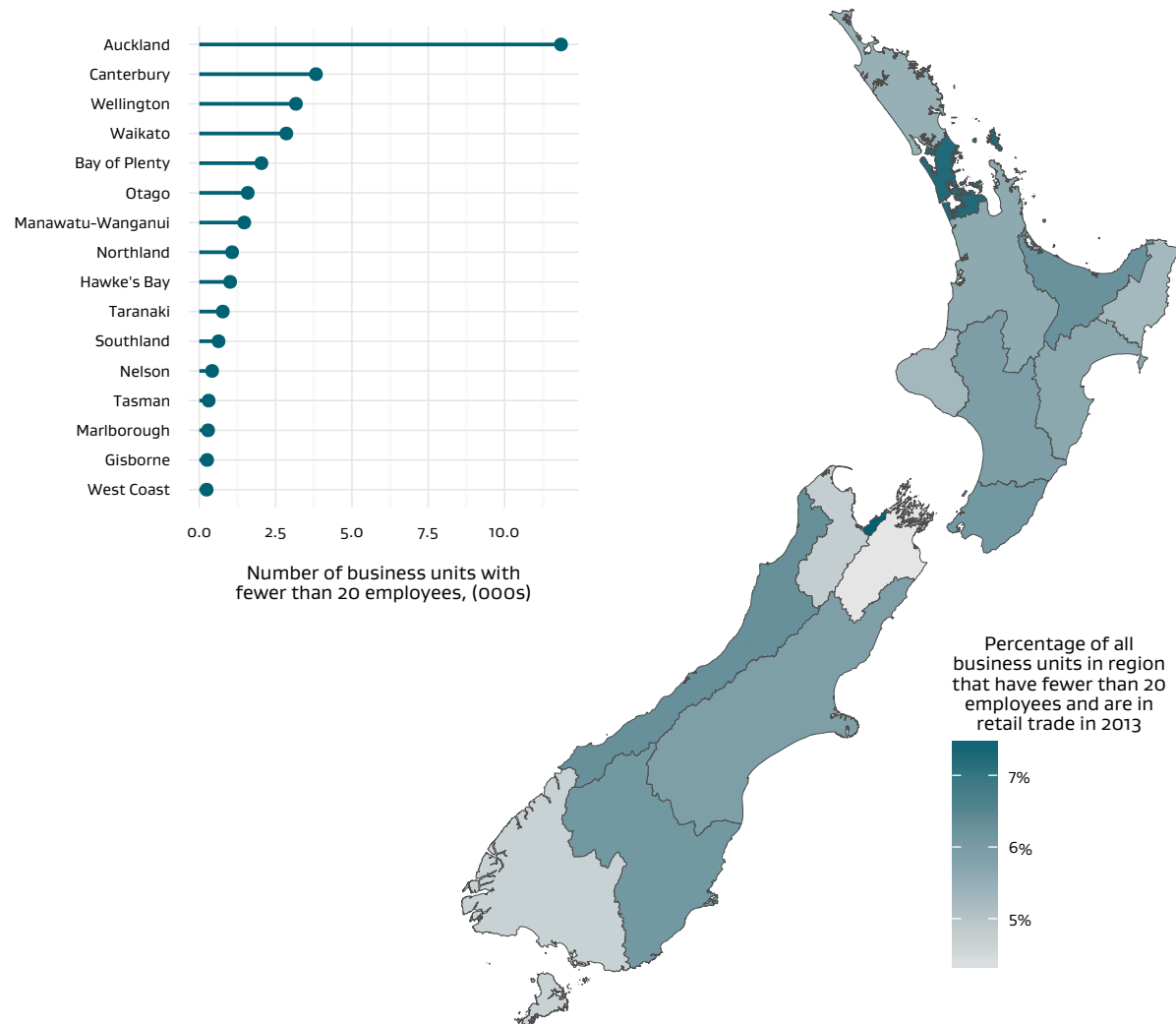
Source: System of National Accounts, GDP(P), Chain volume, Actual, ANZSIC06 high-level industry groups (Annual-Mar), Statistics New Zealand. Access via Infoshare. Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat

Notes: These GDP data include accommodation and restaurants as well as retail trade, as more detailed data were unavailable. Chain-volume series expressed in 1995/96 prices. All numbers from business demography statistics are provisional. For full notes, consult Statistics New Zealand

**Trends in value add per employee**

Source: Annual Enterprise Survey, custom data supplied by Statistics NZ  
Notes: Data for 2011 and 2012 are provisional. All figures exclude GST. Data exclude residential property operators, religious services, private households employing staff, and superannuation funds. This is an estimate of value added determined by Annual Enterprise survey results.

## Regional concentration of business units in retail trade



## Case Study

# Chilanga Banda

### Immigrants provide more consumer choice and promote cultural diversity

Trained chef Luis Rangel brings Mexican street food to Auckland with his Chilanga Banda Mexican Food Truck business. Chilanga Banda, 'the crew from Mexico City', is an authentic Mexican food truck painted in traditional local colours.

Luis started the business in mid-2013 and has been growing it steadily ever since.



*Chilanga Banda*

The Chilanga Banda truck operates at concerts, festivals and weekend markets in the Auckland region. As a mobile business it can operate throughout Auckland. This provides a point of difference to other Mexican restaurants.

The company imports ingredients from North America and makes its own tortillas from scratch using traditional Mexican methods.

Luis plans to have multiple food trucks in Auckland and expand the business to other parts of New Zealand. He wants to spread Mexican culture around the world.

Luis has a passion for food and his Chilanga Banda business is giving New Zealanders a genuine Mexican experience.

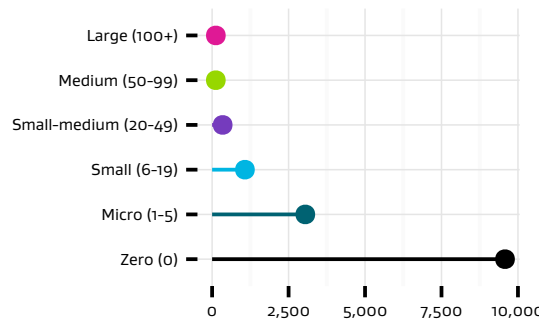
# Transport

The transport and logistics industry includes the delivery of road, rail, water and air transport. Transport is an important linkage industry and displays strong interdependence with other industries such as petroleum and mining, manufacturing and wholesale.

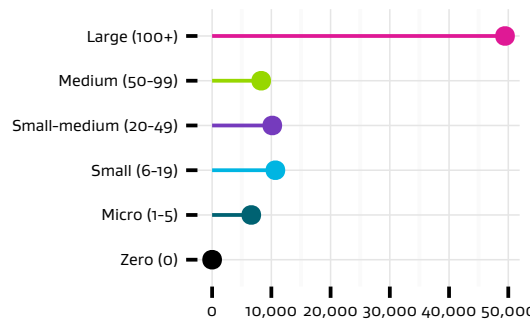
Small businesses are concentrated in road freight (truck driver), road passenger (taxi driver) and postal and courier delivery services. The main players in rail, air and water freight services are large state-owned or private businesses with high barriers to entry due to large capital requirements.

The number of zero-employee and micro-sized road freight firms has decreased since the mid-2000s.

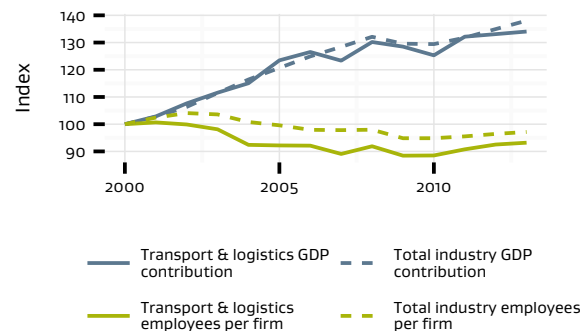
## Number of firms



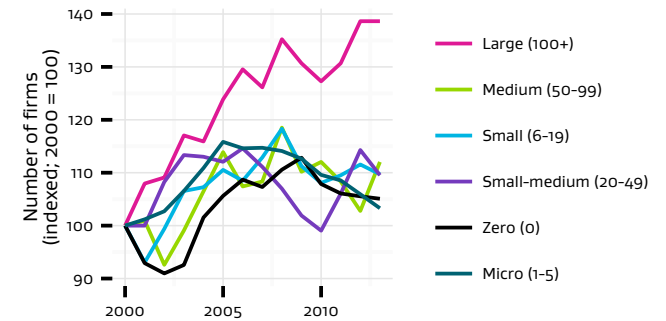
## Number of employees



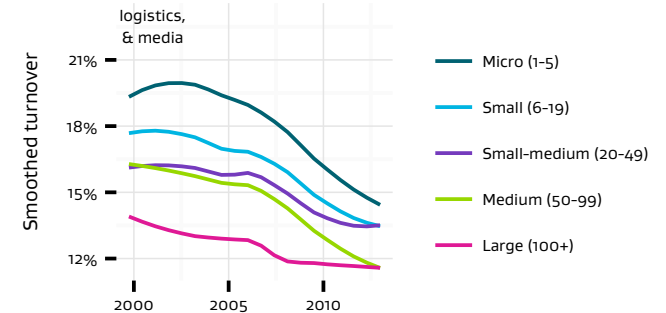
## Trends in contribution to GDP and firm size



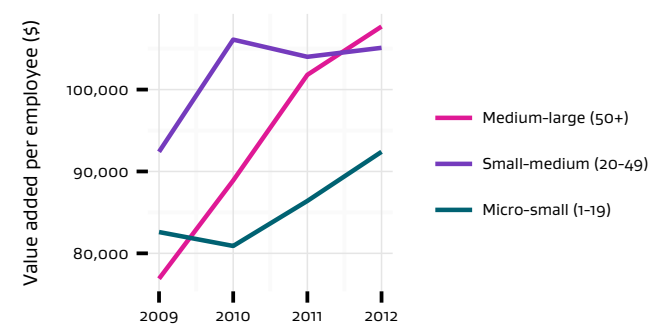
## Growth trends for different size firms



## Worker turnover rate



## Trends in value add per employee



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Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

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## Case Study

# Findatruckload

### Small businesses can exploit niches overlooked by large businesses

Andrew Bishop and Walter Ormsby created a new venture after they saw a gap in the market while working for Mainfreight.

The former employees of the large global supply chain company set up Findatruckload in 2009. Their company uses the internet to match businesses with product to move, with carriers who can take on the freight at short notice.



PHOTO CREDIT

Findatruckload now employs six full-time staff and has sales revenue of \$3 million. It connects over 200 freight trades a month.

“There were trucks making empty runs, but we were working for a large company and weren’t allowed to use them if they weren’t Mainfreight’s,” said Andrew. “Freight companies were

losing revenue and it didn’t make sense. Now businesses can ride the spot market, utilising extra capacity at a discounted rate. It’s much more efficient.”

[www.findatruckload.co.nz](http://www.findatruckload.co.nz)



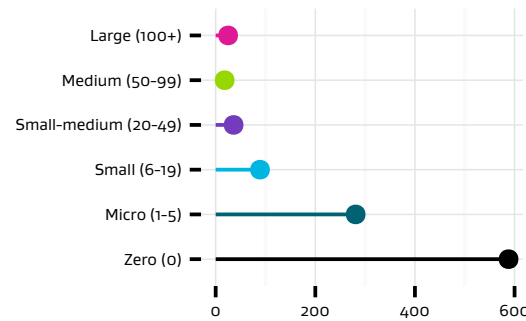
# Utilities

The utilities industry is comprised of the electricity market, waste management, gas and water supply services.

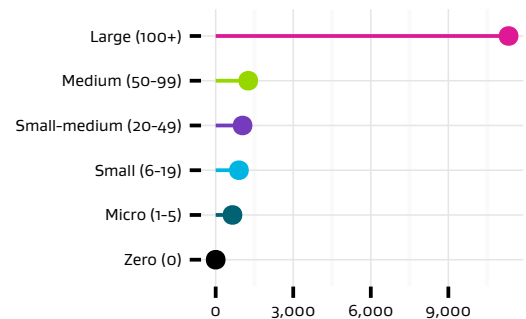
The electricity markets have very few small businesses as the barriers to entry are high due to the capital intensive nature of the industry. Large firms dominate the industry, reflected by the high percentage of employment in large businesses.

The growth in number of firms in this industry is largely localised to increases in the waste management industry.

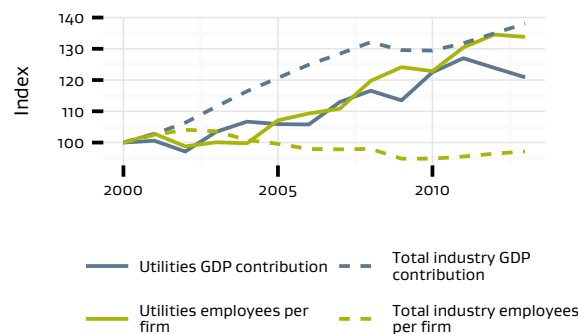
## Number of firms



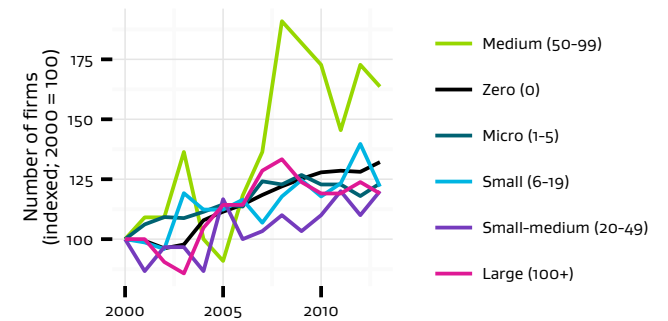
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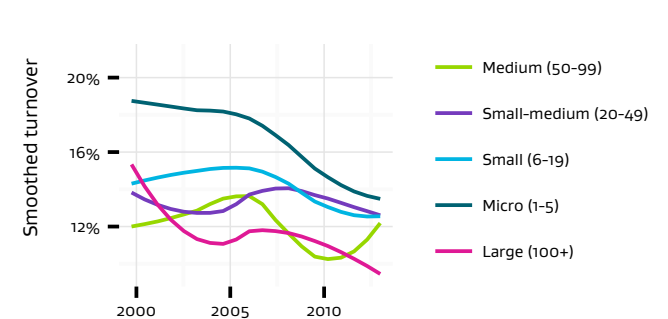
## Trends in contribution to GDP and firm size



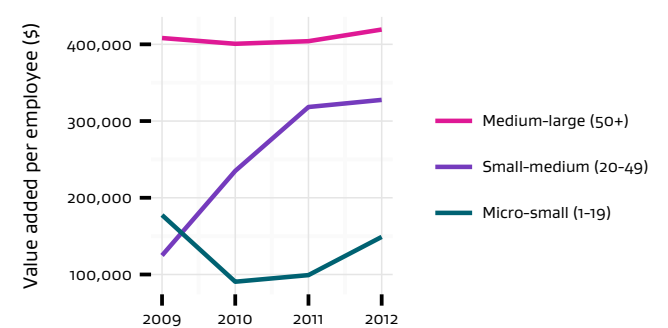
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## Case Study

# Outpost Central

## Small businesses in global markets

Outpost Central is an innovative small business with big plans. Entrepreneurs James Riddell and Jedd Forbes set up the business in 2002.

Outpost Central's smart water meters can help water utilities, mining and farming organisations save around 20 per cent of their water use within the first year. The meters collect data at five minute intervals and send it for analysis. The system alerts customers of any irregularities and helps them understand how they are using the water.



PHOTO CREDIT

Outpost Central's ambitious goal is for every household in the world to have one of its smart meters. Although there is still a long way to go, the business already has customers in New Zealand, Australia, Africa and Europe and has expanded its team from two employees to fifteen.

Outpost Central won \$100,000 prize money for GE's first ecomagination challenge in Australia and New Zealand. The win recognises breakthrough commercial ideas for reducing carbon footprints.

The business has also won the Environment and Agriculture category at the 2012 New Zealand Innovators Awards and was a finalist in the 2012 New Zealand Hi-Tech awards.

It has been recognised as one of the fastest-growing tech companies in Asia Pacific in the Deloitte Fast 500, was named one of the fastest growing businesses in New Zealand in the Deloitte Fast 50 and was one of three prize winners in the Entrepreneurs' Challenge.

[www.outpostcentral.com](http://www.outpostcentral.com)

# Wholesale trade

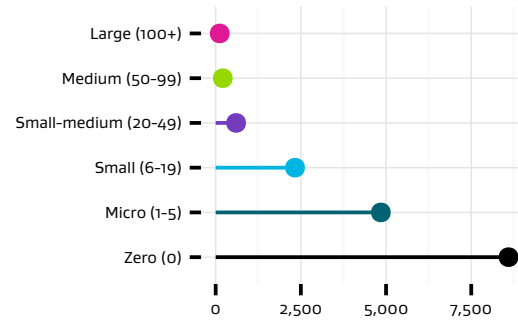
This industry contains many sub-sectors and encompasses almost every type of good: agricultural products, minerals, timber, machinery, textiles, furniture and groceries.

Wholesaling activities can be divided into distribution and marketing. Distribution is the physical sorting, storage and movement of goods. Marketing determines where the goods go, in what quantities, and what they cost.

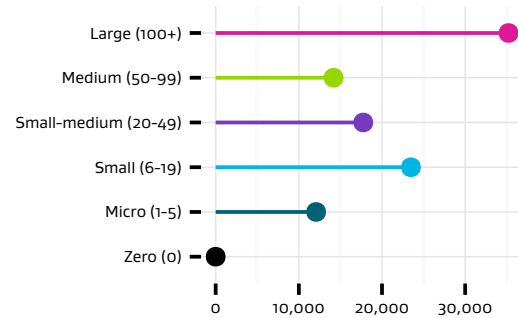
Small-medium sized firms have experienced a significant increase in productivity, while other firms have shown lesser increases.

While there are numerous small wholesalers across the entire spectrum of goods, furniture and floor covering wholesaling has the highest number of small businesses and over twice as many zero-employee firms.

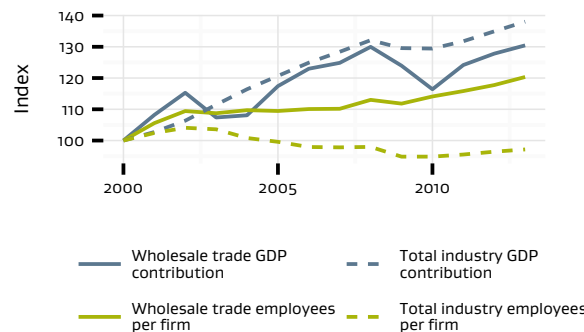
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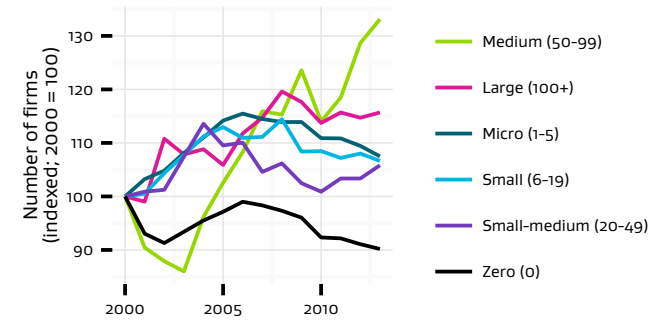
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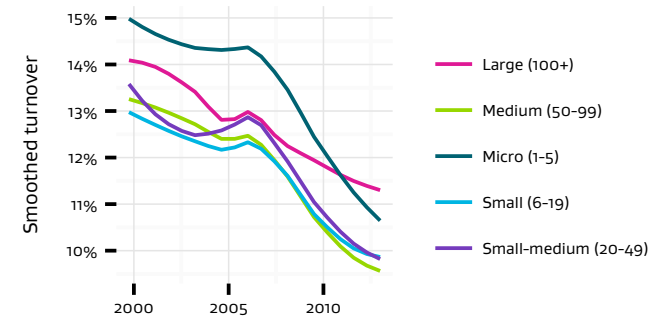
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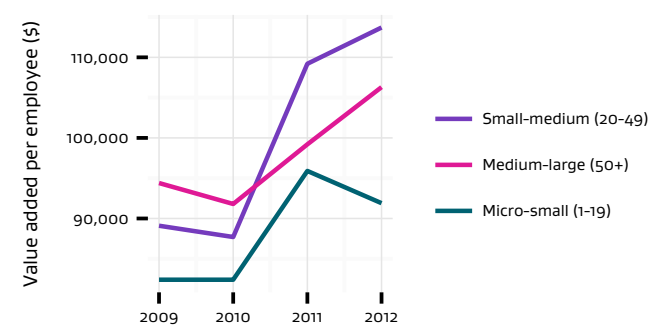
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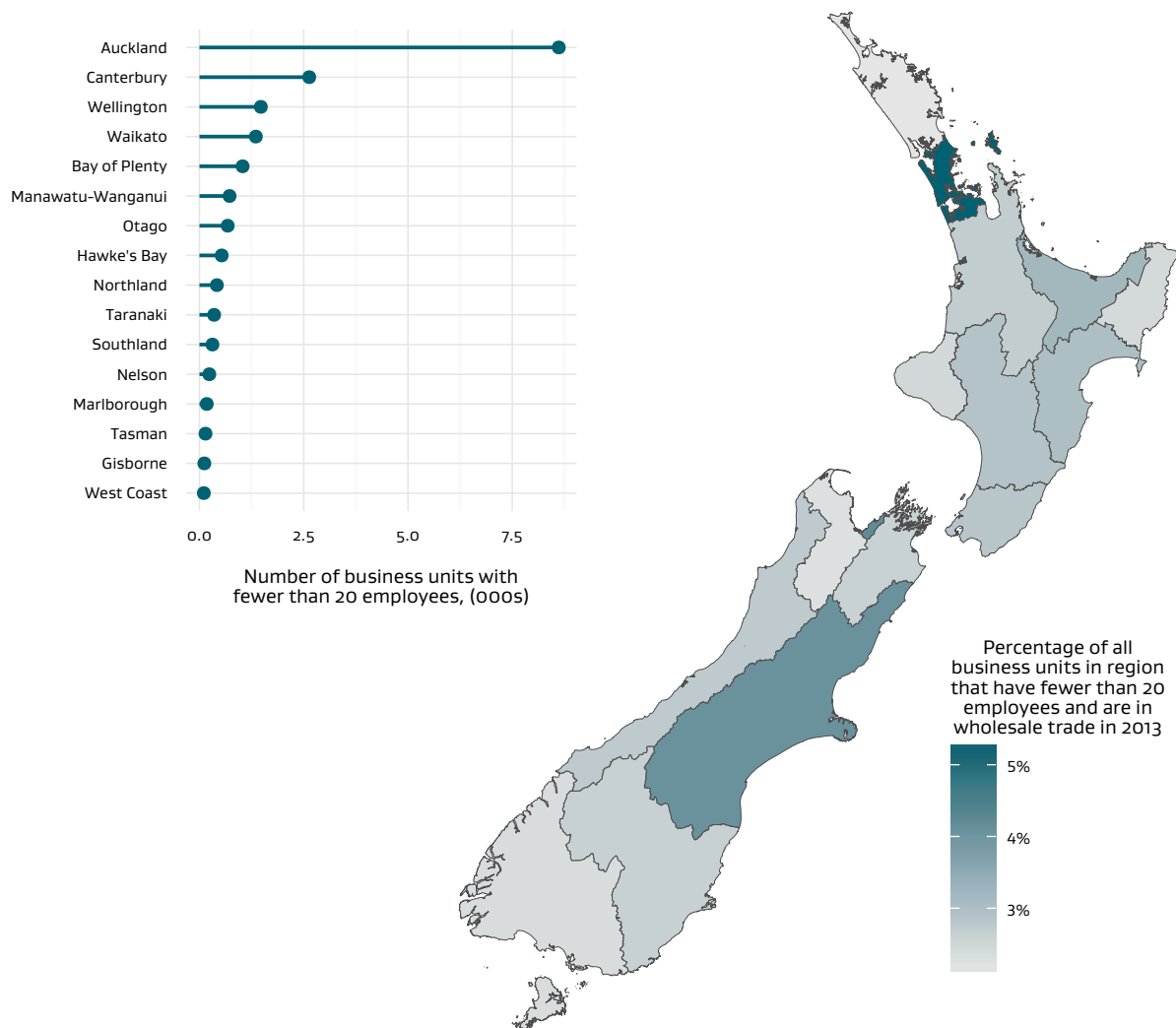
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## Regional concentration of business units in wholesale trade



The New Zealand distribution sector is firmly based in South Auckland. The concentration of major distribution centres in South Auckland is a national resource. The majority of the imported goods sold in New Zealand will pass through a South Auckland facility before reaching the end user because 61 per cent of imports to New Zealand by value are imported through Ports of Auckland or Auckland airport.

Source: Business demography statistics, Statistics New Zealand, 2013. Access via NZ.Stat  
 Notes: All numbers are provisional. For full notes, consult Statistics New Zealand.

## Case Study

# Central Flower Wholesalers

## Small businesses can provide strong customer service through wholesaling

A strong focus on a few wholesale customers is helping Central Flower Wholesalers to grow.

Wellington-based husband and wife Dave and Cushla Cannings knew little about wholesaling or working together when they entered the flower distribution business 18 years ago. Cushla had experience as a manager and florist, and Dave knew about business and sales through his seven years as a car salesperson. They learnt by trial and error, asking questions of people in the industry.

They liked the wholesale model of bulk-selling to a small group of customers.

“We have a very strong loyal client base and we make sure we look after them exceptionally well,” says Dave.

“We keep things simple. The industry is quite antiquated as far as the internet goes. Most of our customers don’t use the net to talk to us. Our customers at the supermarkets, for example, don’t have access to the internet and they don’t need to,” he says.

Dave says establishing a professional structure between himself and Cushla was the key to a good working partnership.

“We sat down many years ago and discussed the business. We both have different roles with not a lot of cross-over but we work as a good team,” he says. “It’s satisfying and personal. You retain the profits in life but you need to have a good marriage to make it work.”

[www.centralflowers.co.nz](http://www.centralflowers.co.nz)



PHOTO CREDIT

Flower wholesaler



5

# Description of Data Sources and Data References

## 5 DESCRIPTION OF DATA SOURCES AND DATA REFERENCES

### ANNUAL ENTERPRISE SURVEY

The Annual Enterprise Survey (AES) is New Zealand's most comprehensive source of financial statistics. Survey data from around 16,000 businesses is combined with data from Inland Revenue, Treasury, the New Zealand Companies Office, the Charities Commission and Statistics New Zealand to produce annual information on financial performance and financial position for industry and sector groups operating within New Zealand.

The Annual Enterprise Survey excludes residential property operators, foreign government representation, religious services, and private households employing staff. Superannuation funds are excluded from the tables released by Statistics New Zealand, including those used in this report.

Annual Enterprise Survey, custom data supplied by Statistics NZ

### BUSINESS DEMOGRAPHY STATISTICS

The Business Demography Statistics are an annual snapshot (as at February) of the structure and characteristics of New Zealand businesses. The series covers economically significant enterprises that are engaged in the production of goods and services in New Zealand and is based on the Longitudinal Business Frame. Non-trading or dormant enterprises are excluded from Business Demography Statistics.

Business demography statistics, Statistics New Zealand, 2013. Access via NZ.stat (<http://nzdotstat.stats.govt.nz/wbos/index.aspx>)

### BUSINESS OPERATIONS SURVEY

The Business Operations Survey collects information on the operations of New Zealand businesses. This information is used to quantify business behaviour, capacity, and performance. The survey gives insights into business activities, barriers, and motivations, and effects behind New Zealand business operations.

The survey is run annually. Information is collected from approximately 6,000 private enterprises operating in New Zealand with six or more employees. A full description of the scope of the Business Operations Survey can be found on Statistics New Zealand's website (<http://www.stats.govt.nz/>).

Business Operations Survey, 2010. Access via Statistics New Zealand website ([http://stats.govt.nz/browse\\_for\\_stats/businesses/business\\_growth\\_and\\_innovation/business-operations-survey-info-releases.aspx](http://stats.govt.nz/browse_for_stats/businesses/business_growth_and_innovation/business-operations-survey-info-releases.aspx))

Business Operations Survey, 2011. Access via Statistics NZ website ([http://stats.govt.nz/browse\\_for\\_stats/businesses/business\\_growth\\_and\\_innovation/business-operations-survey-info-releases.aspx](http://stats.govt.nz/browse_for_stats/businesses/business_growth_and_innovation/business-operations-survey-info-releases.aspx))

Business Operations Survey, 2012. Access via Statistics NZ website ([http://stats.govt.nz/browse\\_for\\_stats/businesses/business\\_growth\\_and\\_innovation/business-operations-survey-info-releases.aspx](http://stats.govt.nz/browse_for_stats/businesses/business_growth_and_innovation/business-operations-survey-info-releases.aspx))

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### LINKED EMPLOYER-EMPLOYEE DATA

The Linked Employer-Employee Data (LEED) provides information on New Zealanders' interaction with the labour market and their sources of income. The longitudinal nature of the data allows analysis of income transitions, job tenure, multiple job holding, and self-employment. LEED uses existing administrative data drawn from the taxation system, together with business data from Statistics NZ's Business Frame.

The LEED annual statistics cover all individuals who either receive income from which tax is deducted at source, or from self-employment. By contrast, the LEED quarterly statistics do not include self-employed people. A full description of the scope of the Annual and Quarterly LEED statistics can be found on Statistics New Zealand's website (<http://www.stats.govt.nz/>).

Quarterly Linked Employer-Employee Data (LEED), Statistics New Zealand, 2014. Access via NZ.stat (<http://nzdotstat.stats.govt.nz/wbos/index.aspx>)

Annual Linked Employer-Employee Data (LEED), custom data supplied by Statistics New Zealand.

### MYOB BUSINESS MONITOR

The MYOB Business Monitor is a national survey of approximately 1,000 New Zealand small and medium business owners and managers, representing the major industry sectors. The Monitor researches business performance and attitudes in areas such as profitability, cash flow, pipeline, technology usage and the government. The MYOB Business Monitor is commissioned by Mind Your Own Business (MYOB), surveying both MYOB clients and non-clients. More information and releases from the MYOB Business monitor can be found on MYOB's website ([www.myob.co.nz](http://www.myob.co.nz)).

NZ Business Monitor wave 2, 2013. Mind Your Own Business (MYOB).

### QUARTERLY EMPLOYMENT SURVEY

The Quarterly Employment Survey (QES) estimates the demand for labour by New Zealand businesses. It estimates the levels and changes in employment, total weekly gross earnings, total weekly paid hours, average hourly and average weekly earnings, and average weekly paid hours in the industries surveyed. The QES estimates the number of jobs filled, not the number of people employed. This means a person with multiple jobs during the reference week could be counted multiple times.

The QES surveys approximately 18,000 business units from economically significant enterprises per quarter. The QES does not include the earnings of those working in agriculture, fisheries, several smaller industries or earnings from self-employment. A full description of the scope of the QES can be found on Statistics New Zealand's website.

Quarterly Employment Survey, custom data supplied by Statistics New Zealand, 2013.



## FURTHER READING: INFORMATION ON THE NEW ZEALAND ECONOMY

### PUBLICATION

### AVAILABLE FROM

#### THE REGIONAL ECONOMIC ACTIVITY REPORT 2013

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The Regional Economic Activity Report presents available official economic data on New Zealand's 16 regions. The report, which will be annual, provides regional economic information sourced from a number of government agencies.

#### REGIONAL GOVERNMENT EXPENDITURE REPORT

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The Regional Government Expenditure Report provides the first ever snapshot and analysis of estimated central government spending for each region in New Zealand.

#### SITUATION AND OUTLOOK FOR PRIMARY INDUSTRIES (SOPI) 2013

[www.mpi.govt.nz](http://www.mpi.govt.nz)

Published annually, this report provides up-to-date information about the performance of New Zealand's primary sectors – dairy, meat and wool, forestry, horticulture, arable and, for the first time, seafood – and gives independent forecasts of future prospects.

#### THE FOOD AND BEVERAGE INFORMATION PROJECT REPORTS

[www.foodandbeverage.govt.nz](http://www.foodandbeverage.govt.nz)

The project pulls together all the available information on the food and beverage industry into one place, in a form which is familiar and useful to business. Over 20 reports are available on every aspect of New Zealand's food industry, including information on export market and investment opportunities. New and updated reports are released annually.

### PUBLICATION

### AVAILABLE FROM

#### TOURISM SATELLITE ACCOUNT (2013).

[www.stats.govt.nz](http://www.stats.govt.nz)

Published annually, the Tourism Satellite Account provides a picture of the role tourism plays in New Zealand, including the changing levels and impact of tourism activity, and the industry's contribution to the economy.

#### THE SECTORS SERIES

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The Sectors Series are reports on selected sectors in the New Zealand economy.

Seven reports have been released to date:

- Information and Communication Technology
- High Technology Manufacturing
- Petroleum and Minerals
- Construction
- Tourism
- Knowledge Intensive Services
- The Sectors Report 2014

## 5 FURTHER READING: THE GOVERNMENT'S BUSINESS GROWTH AGENDA REPORTS

### PUBLICATION

### AVAILABLE FROM

#### BUILDING INNOVATION

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The building innovation work stream of the Business Growth Agenda aims to grow New Zealand's economy by encouraging and enabling investment in research and development, and lifting the value of public investments in science and research.

#### EXPORT MARKETS

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The export markets work stream of the Business Growth Agenda aims to increase exports by New Zealand businesses, which is necessary to lift New Zealand's economic growth and living standards.

#### BUILDING INFRASTRUCTURE

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The building infrastructure work stream of the Business Growth Agenda aims to provide the physical platform that will support sustained economic growth.

#### NATURAL RESOURCES

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The building natural resources work stream of the Business Growth Agenda aims to make better use of New Zealand's abundant natural resources, so we can continue to grow our economy and look after our environment.

#### SKILLED AND SAFE WORKPLACES

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The skilled and safe workplaces work stream of the Business Growth Agenda aims to improve the safety of the workforce and build sustained economic growth through a skilled and responsive labour market.

#### BUILDING CAPITAL MARKETS

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The building capital markets work stream of the Business Growth Agenda aims to ensure New Zealand has high performing capital markets that support investment, growth and jobs.

#### BUSINESS GROWTH AGENDA PROGRESS REPORT 2013

[www.mbie.govt.nz](http://www.mbie.govt.nz)

The Business Growth Agenda Progress Report 2013 shows the significant progress the Government has made across each of the six areas that are critical to business success and growth: Export Markets, Capital Markets, Innovation, Skilled and Safe Workplaces, Natural Resources and Infrastructure.

### FEEDBACK AND COMMENTS

The Ministry of Business, Innovation and Employment welcomes feedback on this report, including any feedback relating to measures the Government is taking to facilitate the development of a competitive and successful small business sector.

### ACKNOWLEDGEMENTS

The Ministry of Business, Innovation and Employment would like to acknowledge the contributions of the following to this report:

The Small Business Development Group

MYOB

XERO

Steve Summers - BusinessNZ

Dr Martina Battisti - Massey University

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Samantha Seath - EDANZ

Statistics New Zealand

Case study subjects



