

11 April 2014

NZBN programme
Ministry of Business, Innovation and Employment
PO Box 10729
Wellington 6143

Email to: nzbn@mbie.govt.nz

Dear Sir/Madam

Re: New Zealand Business Number Discussion Document

1. Background & General Comments

I am writing to you regarding the Government's Discussion Document entitled *Less Admin, More Business – New Zealand Business Number Discussion Document* (referred to as 'the Document').

Overall, BusinessNZ supports the Government's policy to cut the cost to businesses of interacting with government by 25% by 2017 and we see the introduction of an NZBN as one of the ways in which this can be achieved.

BusinessNZ broadly agrees with preliminary feedback received on an NZBN, especially about having an NZBN that is easy to acquire and work with. We would also add that the design and functionality of the number chosen needs to be forward looking, and have relevance to day-to-day business interactions. A number that connects with the workings of the private sector, as well in an international setting, is important if the process is to succeed.

Before we outline our views on the questions asked in the Document, there are some general comments we would like to make.

Business partners

Advances in technology mean the touch points between the private and public sectors have increased dramatically and will most likely continue to do so in the foreseeable future. However, the ability of an NZBN to assist in enhancing productivity and growth comes not only from what the number can be used for between a business and government, but also in regard to business-to-business transactions. For instance, the ability of software developers to use the NZBN to build new products to assist businesses, especially around the reducing the risk of transactions with new customers and suppliers, is an exciting possibility.

Therefore, while the picture on page 14 of the Document outlines the broad future of the NZBN by way of how it will connect with others, from our perspective the possibility of a link between the NZBN and business partners' is where significant future gains can be made.

The Document states that beyond the initial set of Government agencies with which businesses can use their NZBN, *"it's anticipated that more agencies will follow"*. If the roll out of the NZBN is beneficial for the business community, we would question why any remaining government agency would not commit to use the NZBN. In short, an individual government agency that did not want to sign on for use of the NZBN would have to meet a high threshold test to be excluded.

NZBN and global links

Page 15 states that *"the NZBN will be recognised by the Australian Business register"*. While we would agree that this is a vital step in ensuring the longer term viability of the NZBN, we are also conscious of the fact that international trade is not just with Australia. The changing face of who we trade with, most notably China, means that one of the short-medium term goals of the NZBN is that it must be recognised by a number of our major trading partners.

Smoothing the path towards an NZBN

To assist in the transition from the range of identifier numbers currently used by government agencies to one single number, it is essential that a smooth pathway is created. Business needs to understand that the NZBN is the long term single identifier, and government agencies should take various opportunities to use the NZBN. For example, in the near future we would expect both electronic and paper-based work from agencies signed up to provide the NZBN, such as an invoice from ACC, to show both a customer's ACC number, and below it that customer's NZBN number. That way, businesses will become used to recognising the number, which should help in the transition.

In addition, we would be concerned if after the NZBN was provided to various businesses, there was a significant time lag with the initial nine agencies already signed up to use it, as well as with other agencies still to come on board. It is important that agencies have in-house mechanisms to ensure there are no barriers for businesses providing their NZBN to start a conversation with a specific agency.

Future fees for an NZBN

As stated above, we believe there are private benefits to be had from introducing an NZBN by way of business-to-business interactions. However, at the same time there are most likely to be benefits to government in the medium to long-term by way of savings costs through having a single number able to smooth information transfers between agencies.

BusinessNZ is conscious of the fact that while there is no mention of fees to be placed on businesses in regard to an NZBN, a future administration could look to

introduce some form of establishment fee when businesses are given an NZBN, and/or some type of annual fee. Obviously, it is beyond the scope of this Document to ascertain what might or might not occur in the future regarding any type of cost recovery process. However, we believe it would be a perverse outcome wereby a policy introduced as part of a range of measures to help alleviate compliance costs for businesses ultimately to become a real cost for some or all businesses by way of an imposed fee.

Having said that, if what was sought by the private sector involved a customised request for data to be used for commercial purposes, we would be more open to the idea of some type of fee in that specific case. This could be similar to say StatisticsNZ providing the 'Hot Off the Press' summary document and data link free of charge but more customised information for specific purposes involving a cost. Obviously, we would want a typically high threshold for any structure set up around customised fee charges, so that most information is provided remains free of charge.

Taking these overall comments into account, the following outlines our views on the specific questions asked in the Document.

2. Who

Companies already have an NZBN. Who else should have one?

We agree that businesses that are not companies should be able to obtain an NZBN. The Document also asks whether the NZBN should apply as well to other groups such as friendly societies, credit unions, incorporated societies etc. On balance, we believe the use of the number needs to be broadly inclusive of other structures, and we believe it would be useful for government to take the approach that there would have to be strong justification for leaving an entity out, rather than including it.

Should anyone be exempt from having one?

Taking into account our points above, we believe that people, who are not in business or trading in the economy at all, namely consumers, should not be able to have an NZBN. The name itself indicates that the number is associated with some form of business entity. A number that any citizen can obtain for personal use means that an NZBN would be seen by many as a New Zealand Citizen Number, with potentially far reaching ramifications in terms of privacy issues etc.

3. What

What information should be kept centrally? Why?

One of the initial benefits of the NZBN will be the ability for businesses to go only to one place to update primary business data, given those agencies using the NZBN can draw on the data from the single source.

Therefore, we agree that it makes sense that information repeatedly used by different government agencies should be kept centrally. While we have no strict criteria as to

what information should or should not be included, simple details such as name, address, contact details and industry type are a solid place to start.

Also, we would expect proper filters to be used to ensure different entities are able to access only information they are legally entitled to see, together with any additional information a business has chosen to make public.

What access will government agencies have to your information?

At a broad level, BusinessNZ would be surprised if this enables any greater access to information by government agencies. We understand that the broad concept is to improve government access to information already made available for government's specific purposes.

What information should be public? Why?

Do you agree that businesses can choose to include more information with their NZBN public information?

We agree with the Document's statement that *'a careful balance needs to be struck here to meet these different perspectives.'*

In terms of what information businesses keep on the main website, flexibility certainly needs to be taken into consideration, so businesses have options as to what they want to show publicly. However, the dataset need not hold all information related to a business. Instead, it should be seen as an index tool.

What information should third parties, like banks, be given access to by you? Why?

BusinessNZ agrees that businesses should be able to make a separate decision about what information can be made available to third parties and what is available publicly. The operations around that should also be straightforward, to minimise any unintended public sharing of information.

4. How will it work

Do you want to be allocated your NZBN automatically, or do you want to apply for it?

We agree with the Document's statement that it should be as easy as possible for businesses to get their NZBNs and therefore support the approach already taken of allocating numbers to companies.

In principle, we support the possibility of automatically allocating NZBNs to non-company businesses but also agree that despite best efforts, the government will not be able provide NZBNs for all businesses, such as businesses in their first year of trading, where no contact has been made between the business and government. Therefore, an application process should also be provided.

Should the NZBN attach to a business, or the legal entity that carries on the business?

As stated above, flexibility is one aspect that needs to be considered to ensure the NZBN project is successful. However, flexibility also needs to be weighed up against complexity, as too many choices often lead to confusion and to wrong choices being made.

Taking the trade-off between flexibility and complexity into account, with respect to the question of whether the NZBN should attach itself to a business or to the legal entity that does business, we favour the option of each separate legal entity receiving its own NZBN. Also, we agree that with other business entities such as sole traders, partnerships and trusts, the NZBN should be allocated to, and reside with, the person, as opposed to the trading activity/activities carried out. On balance, we believe it is easier if one person only can be linked to one NZBN in their own right, otherwise multiple numbers for different individuals will inevitably complicate matters for a number of people and businesses.

Notwithstanding our main views above, we are also conscious of the fact that our preferred approach could mean the NZBN becomes a de facto identifier of individuals, rather than of trading activity. Therefore, we believe it would be advantageous for government departments to be more prescriptive about how they use the NZBN, so that the NZBN does not become in time a de facto consumer number. For some government agencies that primarily deals with business but have a minor consumer element as well, the temptation to ask consumers to obtain an NZBN for simplicity purposes could be significant. Some clearly defined rules would help prevent this from occurring.

What should happen to the NZBN if a business is sold?

BusinessNZ agrees that upon the sale of a business other than a company, the NZBN should not transfer along with the business.

Should NZBNs expire? Why/why not?

Overall, we agree with the approach outlined in the Document, as options such as sunset clauses or an NZBN cancelled at the discretion of an agency could have a number of unintended consequences, including an increase in compliance costs if entities have to ensure their new number applies to all their operations.

In terms of what cancellation or expiry means, we prefer the approach whereby businesses stay on the register but with their change of status noted and new caveats placed around information use. At a practical level, the only time really at which an NZBN allocated to a person truly expires is when the person in question dies.

Also, the changing face of employment means there is an increased likelihood of people moving in and out of the workforce in different formats. For instance, it is likely a greater number of people of retirement age will still run some form of small enterprise business, such as a consulting business on a smaller scale than typically

during much of their working life. In addition, people who have stepped out of the workforce for a period of time because of child rearing duties may return by starting their own business. Due to advances in technology, the increased prevalence of 'jobbies', combining a 'job' with a 'hobby', often run as sole traders, means there are more possibilities for people to try various businesses over time without significant establishment costs. Therefore, it would be difficult to ascertain when an NZBN should expire or be cancelled.

Do you agree that a person who is bankrupt should continue to have an NZBN? Why?

We agree that a person who is made bankrupt will still need to have an NZBN, given they will likely be required to interact with other businesses and with government.

While in principle we agree that some sort of link to the Insolvency Register setting out the details of the bankruptcy may be required, we believe extreme care needs to be taken. Government needs to be careful not to turn the NZBN site into one that leaves a digital footprint of bankruptcy from an earlier business venture. In other words, once a person has come out of bankruptcy, the link to the Insolvency Register should also automatically be withdrawn so that no historical stigma remains.

5. Privacy

Do you think NZBN legislation should permit the use of the NZBN across both the public and private sectors with appropriate protections for your personal information?

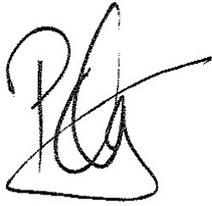
In principle, BusinessNZ believes legislation should permit the use of the NZBN across both the public and private sectors. However, as implied in the question above, appropriate protections will need to be included for personal information.

Are there reasons why NZBN information should not automatically be available to government agencies you deal with?

If the information required by a government agency through the NZBN is information that has previously need requested, then we generally see no problem in making this automatically available. However, as stated above, this should not mean that all government agencies have access to all information pertaining to an NZBN but rather information that has already been made available for government's specific purposes.

Thank you for the opportunity to comment, and we look forward to further developments.

Kind regards,

A handwritten signature in black ink, appearing to be 'PO'Reilly', with a long horizontal stroke extending to the right.

Phil O'Reilly
Chief Executive
BusinessNZ