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Joanne Hogan
NZBN Director
NZBN Primary Business Data Review
MBIE
PO Box 1473
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pbdreview@nzbn.govt.nz

Dear Joanne

NZBN Primary Business Data Change Proposals: Discussion Document

Background

I am writing to you in response to the New Zealand Business Number (NZBN) Primary Business Data (PBD) Change Proposals Discussion Document (referred to as 'the Discussion Document').

BusinessNZ has previously submitted on the New Zealand Business Number (NZBN) Discussion Document, Exposure Draft Bill and Bill, which we broadly supported given the overall compliance cost savings and transparency the NZBN will bring to businesses in the longer term.

We would also like to mention the excellent consultation process associated with the NZBN journey. We believe the process will result in legislation that meets the standard necessary to ensure the NZBN achieves its purpose.

Therefore, apart from the specific points we outline below, BusinessNZ supports the changes proposed in the Discussion Document.

Overall Recommendation: That apart from the changes outlined below, the proposed changes proceed.

Below, we provide specific comments on parts of the draft Bill.

Compulsory vs Voluntary PBD Items

While the NZBN is a useful addition to the business to government identification landscape, BusinessNZ is conscious that improvements could be made to enhance business-to-business transactions.

When examining the required PBD items on page 4 and the voluntary PBD items on page 5 of the Discussion Document, we believe MBIE has correctly allocated data items between the two. In particular, the list of voluntary PBD items will assist with business to business transactions if businesses choose to make the transactions public.

Additional Criteria

In developing the PBD change proposals, the Discussion Document, on page 14, outlines two additional criteria which we would like to discuss.

Alignment with the Australian Business Register Data Requirements

First, BusinessNZ is conscious of moves towards regulatory alignment with other countries where any steps taken should provide a clear net economic benefit for New Zealand. Regarding alignment with Australian business register data requirements, we agree mutual recognition of business identifiers on both sides of the Tasman should make it easier for New Zealand businesses to establish and operate in Australia, and vice versa. Therefore, we support this criterion.

Persistence

Second, when it comes to the criterion of *persistence*, BusinessNZ broadly agrees the NZBN should not become a repository for general business statistics more likely to be used for purposes beyond the scope of the NZBN Act. However, we also believe that in certain situations, a broader perspective is required. In particular, the Discussion Document points out that the application of a persistence criterion would exclude 'number of employees' data. This is an issue that BusinessNZ has raised previously and would like to raise again.

Number of Employees

As noted above, BusinessNZ agrees with the Discussion Document that *the NZBN Register is not intended to be repository of general business statistics that are more likely to be used for purposes beyond what is intended by the NZBN Act*. But while we consider the persistence criterion should generally stop the NZBN from becoming a catch-all for business data, there will undoubtedly be certain grey areas where other factors ought to be taken into account - particularly when there is the potential for a significant net benefit to the business community. Number of employees is one of these, with page 15 of the Discussion Document providing a useful outline as to why including number of employees can eventually assist with reducing StatisticsNZ compliance costs on businesses.

One could argue the savings in compliance costs is somewhat undone by the number of times a business may need to update the number of employees on the NZBN Register. Given an entity's employee numbers can change a number of times every year, to require ongoing updating could prove an imposition on the business community. But as we noted in 2014, to alleviate this concern one option could be to provide for specific categories, for example based on the Government's *Small Business Sector Report*:

- Zero (0)
- Micro (1-5)
- Small (6-19)
- Small-medium (20-49)
- Medium (50-99)
- Large (100+)

While there would be times during expansion or decline when a business might find itself in a different-sized category, the use of categories rather than specific numbers should greatly eliminate the need for constant updating.

In addition to the compliance cost savings aspect, the inclusion of the number of employees would provide an instant picture of a business's employee foothold in New Zealand. This in turn would assist with due diligence in business to business transactions.

For instance, while a business might have multiple websites, directors and email addresses, giving the impression of a large company presence in New Zealand, yet in reality, its size by number of employees could be at odds with the impression it is trying to portray both to customers and other businesses. While we understand that business status is not solely predicated on number of employees, in reality number of employees is something businesses frequently take into account when deciding whether or not to transact with another business.

Therefore, given the potential for compliance cost savings and greater transparency with due diligence for business to business transactions, BusinessNZ recommends including number of employees as PBD on the NZBN Register.

Recommendation: That number of employees is included as primary business data on the New Zealand Business Number Register.

Website

Although BusinessNZ supports a public website on the NZBN Register, we would like more guidance as to what this would include/exclude. We assume this business data item would be centred on a specific website address, but there are other online options available to businesses as part of their general marketing plan/footprint.

For instance, many businesses have a Facebook page, as well as a presence on websites such as Instagram, Trademe (via a store option), Amazon or Ebay. Also, would an independent contractor with an NZBN's LinkedIn page be classified as the contractor's proxy website?

BusinessNZ would like clarification as to the level a business needs to reach before it can list its website presence.

Recommendation: That MBIE provide greater clarification as to how in-depth businesses have to be to provide website addresses on the NZBN Register.

As well, BusinessNZ is unsure why it is necessary for businesses to outline the 'primary purpose' of each website address. While we can understand this requirement in relation to contact phone numbers, ultimately, the end purpose of any website or online presence is to increase sales.

Recommendation: That the purpose description for email is changed to: "To identify the email addresses for the NZBN entity".

I would be happy to meet with you to expand on any of the issues referred to in this letter should you so wish.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steve Summers', with a long horizontal flourish extending to the right.

Steve Summers
Economist
BusinessNZ