Building a Productive Nation

PRESS RELEASE
30 May 2019

- **Bridging the venture capital gap with a $300 million fund**
- **$157 million into innovation and business**
- **Boost for Mana in Mahi with places for up to 2,000 young people**
- **Nearly $200 million for Vocational Training reforms**
- **Help to ready school leavers for the workplace**

The Coalition Government also wants to make sure all New Zealanders have the chance to share in the opportunities provided by the digital age by both increasing the availability of technology, and programmes for people to acquire the skills required to use it.

We also want to foster innovation and encourage smaller start-ups to expand, which will in turn help improve New Zealand's productivity, wages and drive export growth.

Filling the venture capital gap

There is evidence of a gap in domestic capital markets, which may be slowing the growth of New Zealand firms – this gap is not being filled by foreign venture capital. The Government has therefore asked the managers of one of New Zealand's sovereign wealth funds to support its goal to strengthen and deepen this market.

A new $300 million fund will be set up, to help fill this 'capital gap' for New Zealand firms that expand beyond the early start-up phase.

Economic Development Minister David Parker says the fund will help keep more start-ups in New Zealand for longer and support the proportion of New Zealand ownership.

"New start-ups are well served but mid-sized ones, between about $2 million and $15 million in size, are not well supported.

"The world is in the middle of a technological revolution and we need to chase down as many of these commercial opportunities as possible. We also want to increase the amount of technology that gets commercialised and to lift the level of innovation in New Zealand," David Parker says.

The $300 million fund will utilise a portion of contributions ($240 million) earmarked for the New Zealand Superannuation Fund between 2018 and 2022 and $60 million from the New Zealand Venture Investment Fund's (NZVIF) existing assets.

The new fund will be administered by the Guardians of the Superannuation Fund, and invested by NZVIF through-private sector fund managers.

Contributions to the Superfund will continue with an additional $9.6 billion forecast to be contributed over the next five years.

After 15 years all funds (including the principal and returns and the $60 million from the NZVIF) will be returned to the Crown to fund superannuation.

Innovation for the future

Transitioning to a high-productivity, low-emissions economy means a change in behaviour, and also an understanding about the sustainable use of resources and the promotion of investment and innovation.

Budget 2019 allocates $157 million over four years into innovation, with initiatives to support businesses to become more productive and develop high value low-emissions products.

This includes $26 million over four years to help support, incubate and grow start-ups.

The Research, Science and Innovation Minister Megan Woods says start-ups are the way New Zealand will continue to develop unique, world-first and ground-breaking ideas.

“Having sustained support will mean that innovators can more effectively commercialise science and research and turn ideas into products and services that can then be successfully brought to market.”

The School Leavers’ Toolkit

The Wellbeing Budget provides $3.5 million to better equip young people for life after school.

All secondary schools students will have access to programmes that will provide civics knowledge and skills, financial literacy, and key workplace competencies. These include key skills like how to enrol to vote, apply for a mortgage, save for a mortgage and write a CV.

Each school will have access to resources so they’re able to design their own School Leavers’ Toolkit that meets the context, culture and needs of its students and community.

Resources will be available in both English and Māori.

Mana in Mahi – Strength in Work

The Wellbeing Budget provides a $49.9 million boost for Mana in Mahi, extending the places available for participants from 150 up to 2,000, on the way to the goal of 4,000 places.

Employers receive a wage subsidy equivalent to the annual Jobseeker Support rate and support for work-readiness or pre-employment costs, if needed.

Participants receive in-work support and incentives to encourage them to stay in work and enter industry training.

The Employment Minister Willie Jackson says partnering with employers in key growth industries is part of building an economy that everyone can participate in.

“Mana in Mahi creates real opportunities for our young people who don’t have the recognised qualifications that lead to long-term dignified work.”

Reform of Vocational Education

The Government is committed to lifting the status, quality and access to vocational education and training.

Underspending on the Fees Free programme will go towards implementing the Reform of Vocational Education.

The Government initially budgeted for Fees Free at the upper end of potential demand and we are now in a position to re-allocate about $197 million of the funding to another part of tertiary education.

This critical reform is needed to increase the number of people in vocational training and the number of apprentices training on the job.

“There is a national shortage of skilled tradespeople across many industry sectors and our vocational education system is not keeping up,” Education Minister Chris Hipkins says.

“New Zealand needs a lot more people in vocational education, and for both on-the-job and off-the-job training to be higher quality, easier to navigate for learners and employers, more coordinated, and for employers to have more say in setting out the skills they need.

“For New Zealand to become a more productive country and for students to have more opportunities to get ahead, it is vital for us to get this right. That means working with iwi, regional leadership, industry groups and businesses to achieve the sustainable outcomes we are seeking,” Chris Hipkins says.

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