



MEDIA RELEASE

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Wide range of stakeholders to be consulted on new Venture Capital Fund

Investors in New Zealand's early stage capital markets are being invited to comment on policy settings for the new Venture Capital Fund.

Legislation to establish the new fund was introduced to Parliament last week. The Bill will be supported by a policy statement setting out the definitions and policies for the new fund, which will be managed by the New Zealand Venture Investment Fund (NZVIF).

A consultation document has today been released to early stage investment sector stakeholders to gather feedback on the policy statement.

Stakeholders include domestic and offshore venture capital (VC) investors, potential private sector investors in those funds, industry associations, industry service providers, incubators, accelerators, universities, government agencies, and the intended ultimate recipients of this capital, early stage high growth New Zealand companies.

In May the government announced the new Venture Capital Fund will receive up to \$300 million over five years. The aim is to attract private sector investors to the domestic venture capital market in order to help these early stage innovative New Zealand companies to grow.

Once the Bill is passed - which is expected to be later this year - the Guardians of New Zealand Superannuation (Guardians, the Crown entity that manages the \$42 billion NZ Super Fund) will appoint NZVIF to manage a fund-of-funds, with NZVIF in turn appointing a number of private sector VC fund managers over the following five years. It is anticipated initial capital commitments will commence early in 2020. These fund managers, which will include both domestic and international funds, will select the companies to invest in.

The Policy Statement sets out the high-level policy directions for the Venture Capital Fund and the proposed policy parameters, such as the requirement for prospective VC fund managers to raise at least matching private capital.

The consultation process, which will be managed by MBIE, will run from 28 August through to 20 September. There will be a range of ways for stakeholders to engage with the process, including attending workshops, written submissions and the opportunity to meet with officials directly to present their views on the Policy Statement.

NZVIF chief executive Richard Dellabarca said the objectives of the Venture Capital Fund are twofold – to increase the Series A/B capital available to early stage high growth New Zealand businesses; and to develop New Zealand's VC market to function more effectively, both so that more venture capital becomes available, and so that innovative businesses receiving capital become more likely to grow into successful and sustainable businesses.

“The consultation will help Ministers, officials and the Guardians shape the key definitions and policy directions which will be specified in the Policy Statement, and ensure they are clear, consistent, and able to achieve the objectives of the Venture Capital Fund which NZVIF will manage.”

“This consultation is specific to the Policy Statement, and is not intended to pre-empt or supersede the legislative process on the new Venture Capital Fund Bill. That Bill’s upcoming select committee process provides another opportunity, in addition to the consultation process, for interested stakeholders to provide input and direction.”

The Policy Statement and outline of the consultation process is available on request from vcf@mbie.govt.nz.

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