



## COVERSHEET

<b>Minister</b>	Hon Phil Twyford	<b>Portfolio</b>	Economic Development
<b>Title of Cabinet paper</b>	Update on the Venture Capital Fund's Progress and the Wider Capital Markets	<b>Date to be published</b>	17 August 2020

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
Considered by DEV on 1 July 2020	<i>Update on the Venture Capital Fund's Progress and the Wider Capital Markets</i>	Office of the Minister for Economic Development
3 July 2020	DEV-20-MIN-0119	Cabinet Office

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the following reasons:

- Commercial information
- Confidential advice to Government



# Cabinet Economic Development Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Update on the Venture Capital Fund's Progress and the Wider Capital Markets

**Portfolio**                      **Economic Development**

On 1 July 2020, the Cabinet Economic Development Committee (DEV):

- 1        **noted** that on 6 May 2020, DEV invited the Minister for Economic Development to provide an update as soon as practicable on the Venture Capital Fund and its operation [DEV-20-MIN-0066];
- 2        **noted** that:
  - 2.1      the Elevate NZ Venture Fund was launched in February 2020 and is progressing well;
  - 2.2      the Fund has established its Elevate Investment Committee, Commercial Information
- 3        **noted** that the Elevate NZ Venture Fund remains on track to make its first allocations to funds by early July 2020;
- 4        **noted** that venture capital serves a small and niche subset of the capital markets, for high growth and early stage firms;
- 5        **noted** that officials view that early stage capital markets will be well served by the Elevate NZ Venture Fund and other early stage funding and research and development initiatives;
- 6        **noted** that market turmoil has not yet been seen as a result of COVID-19 in the currency, bond and swap markets, but that forecasts by the OECD and others are for foreign direct investment to fall significantly;
- 7        **noted** that this has the potential to significantly affect access to capital for a broad range of companies over the coming months;
- 8        **noted** that officials are particularly concerned over two other capital gaps:
  - 8.1      smaller, non-venture capital firms in the \$3 million – 30 million revenue range that have historically struggled for access to capital;
  - 8.2      mid-tier and larger unlisted firms who might need to be recapitalised;

- 9 **noted** that many of these firms are important to regional growth and to future exports, and in growing sectors such as food and beverage and advanced manufacturing;
- 10 **noted** that foreign direct investment has historically been an important source of capital for these firms;
- 11 Confidential advice to Government
- 12 Confidential advice to Government
- 13 **noted** that the Minister for Economic Development will work on options to increase the attraction of high quality companies to New Zealand, to leverage off a possible 'comparative advantage' of having less COVID-19 imposed disease and business restrictions than other countries.

Janine Harvey  
Committee Secretary

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**Present:**

Hon Kelvin Davis  
Hon Grant Robertson (Chair)  
Hon Phil Twyford  
Hon Stuart Nash  
Hon Iain Lees-Galloway  
Hon Jenny Salesa  
Hon Damien O'Connor  
Hon Shane Jones  
Hon Kris Faafoi  
Hon Willie Jackson  
Hon James Shaw  
Hon Eugenie Sage

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV