

Briefing for the incoming Minister for Trade and Investment

23 January 2025



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1. Welcome to the Investment portfolio

1. Congratulations on your appointment as the Minister for Investment.
2. The creation of the new Investment aspect alongside the existing Trade portfolio reflects the Government's acknowledgement of the importance of increasing and attracting foreign investment and the contribution this can make to economic growth.
3. We welcome the opportunity to discuss priorities with you, and your envisaged scope for this updated portfolio and its responsibilities.
4. An immediate focus for this portfolio will be increasing foreign direct investment into New Zealand and the establishment of Invest New Zealand, as announced today.
5. This briefing also references the responsibilities under the Economic Growth portfolio that you may wish to consider.
6. This briefing is a snapshot of:
 - Where foreign investment fits in the wider context of the Government's agenda for economic growth.
 - Your key responsibilities with regards to investment, and the strategic choices and opportunities you may have to increase foreign investment into New Zealand.
7. The key sections are:
 - Section 2: Portfolio context
 - Section 3: Portfolio responsibilities and strategic choices
 - Section 4: Appropriations - current

2. Portfolio context

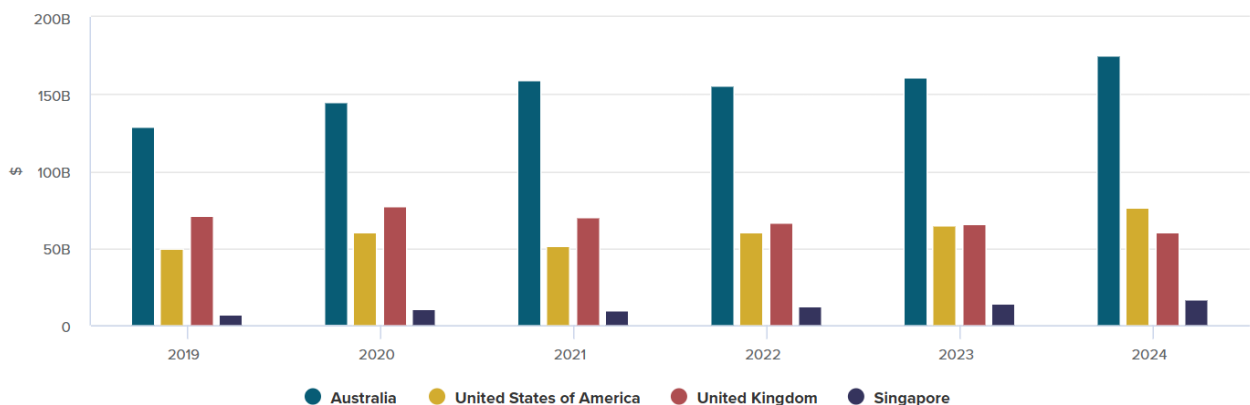
Portfolio context

8. New Zealand's productivity lags behind other developed economies. Some key drivers include:
- Geographic isolation and small size, that results in:
 - A lack of economies of scale
 - Poor connections to international markets
 - Weak domestic competition
 - Slow capital formation, challenges to access to capital, and low capital intensity
 - Slow adoption of new technology
9. Global capital inflows can make an important contribution towards financing domestic investment opportunities. Foreign capital can provide not only financing but can also lead to transfer of new or improved skills and technology, forge international connections and trade relationships, and strengthen people-to-people relationships.

State of foreign investment in New Zealand

10. \$572.3 billion is the total foreign investment stock in New Zealand, as at March 2024¹. Of this,
- 27.7% (\$158.5 billion) was direct investment², and 51.6% was portfolio investment
 - 57.5% was from Australia, the United States of America, the United Kingdom, and Singapore.

Graph 2: stock of total foreign investment in NZ, from top four source countries (StatsNZ)

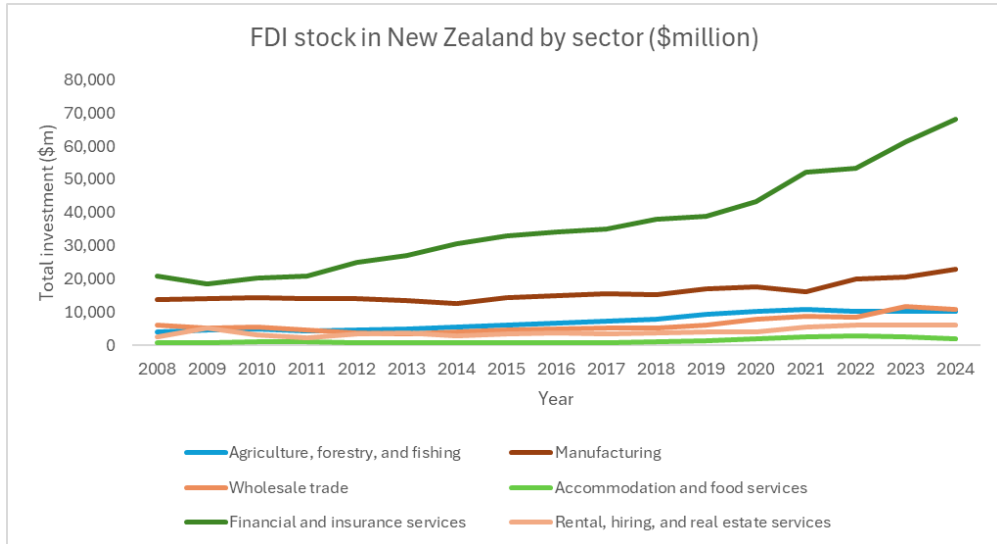


¹ [Balance of payments and international investment position: Year ended 31 March 2024](#), Statistics NZ

² Foreign investment is referred to as “direct” or “indirect”. Foreign direct investment (FDI) is when foreign businesses and individuals invest directly by establishing new operations (“greenfield”) or acquiring a stake in existing businesses (“brownfield”). Less than 10% ownership is indirect (“portfolio”) investments.

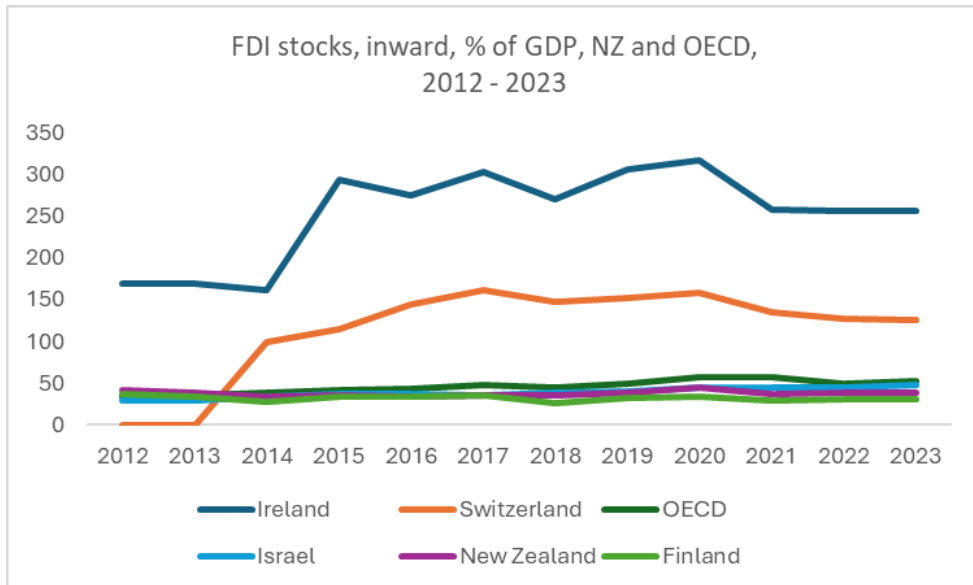
- 11. Historically, the finance and insurance sector receive the greatest share of FDI, and accounts for 39% of the total stock. This is due to the impact of the four large Australian-owned banks (responsible for 85% of bank lending³).
- 12. The performance of the top four sectors have been relatively consistent across time.

Graph 3: FDI stock by sector 2012 – 2024 (Stats NZ)



- 13. New Zealand’s FDI stock, however, remains below the Organisation for Economic Cooperation and Development (OECD) average and considerably below that versus other small, advanced economies such as Switzerland or Ireland.

Graph 4: NZ’s FDI inward stock as a % of GDP compared to other small, advanced economies



Source: OECD

- 14. While it is the role of the Minister for Economic Growth to co-ordinate and strengthen effort across levers to deliver stronger economic growth, there is an opportunity to use the Investment portfolio to support that effort.

³ Reserve Bank of New Zealand, [The Banking Sector](#)

BRIEFING FOR INCOMING MINISTER FOR TRADE AND INVESTMENT

15. Strong pro-business and pro-investment settings are a pre-requisite for both domestic and foreign investment into New Zealand. These are broad policies, in areas such as the ease of doing business, and various domestic policy settings such as tax, policy, and regulation. The Government is already undertaking actions to improve domestic settings.

For example:

Ministerial Portfolios	Areas
Associate Minister of Finance	Reform of the Overseas Investment Act
Minister of Commerce and Consumer Affairs	Reform specific aspects of capital markets
Minister of Regulation	Sector regulatory reviews
Minister of RMA Reform	Reform of the Resource Management Act

16. Other Ministerial portfolios and Crown agencies that are interested or currently engaged with foreign investors include:

Ministerial Portfolios / Crown entity	Areas
Immigration	Amendments to Active Investor Plus visa
Infrastructure	Public infrastructure
Kanoa	Regional Development
NZ Green Investment Finance	Climate change and decarbonisation goals
Resources	Minerals and resources
Science, Innovation and Technology; Space	Science and technology; space

17. Attracting FDI is complex and contested. There are different types of investors, with various investment objectives and preferences, that require different engagement from government.
18. High levels of foreign investment require a pipeline of investible opportunities. Government action can help to overcome asymmetries of information and investment biases that might otherwise limit foreign interest in New Zealand opportunities. A Government imprimatur is important to secure investment from investors in some countries.
19. For focus areas, the Government can actively match a deal between investors and opportunities. The selection of focus areas will not by itself lead to successful deals.
20. Therefore, greater cohesion and coordination, greater scale, and greater focus will be critical.

3. Portfolio responsibilities and strategic choices

21. We would welcome a discussion with you on priorities for the updated Trade and Investment portfolio.
22. In the meantime, we understand that the following priority and responsibility has been transferred to the Investment portfolio:
 - Attracting foreign investment including progressing the establishment of Invest New Zealand (from Science, Innovation and Technology)

Confidential advice to Government



Attracting foreign investment

Progressing the establishment of Invest New Zealand

24. In the context of the Government's decisions to drive economic growth through science, innovation and technology, the Government announced today its intention to establish a new investment attraction agency, Invest New Zealand. New Zealand Trade and Enterprise (NZTE)'s current investment attraction function will be transferred to Invest New Zealand, alongside with its associated funding.
25. Cabinet also agreed that Invest NZ will be the Government's one-stop-shop for foreign direct investment, excluding public infrastructure⁴. It will work with multi-national corporations and foreign investors to attract people, businesses and capital into New Zealand across industries and technologies, with a particular interest in investing in the science, innovation and technology that will drive our economy forward.

Immediate actions for you as Minister

Confidential advice to Government



27. You will soon receive further information about this workstream that requires your decisions, as well as a timeline of upcoming milestones.

⁴ The Infrastructure Investment Summit scheduled for March 2025 is being led by the Treasury. NZTE is supporting.

Attracting foreign investment

28. NZTE's investment team is currently the key delivery agency for undertaking the promotional activities of attracting foreign investment. The team focuses on delivering three FDI attraction activities:

- Prepare high-growth New Zealand companies for investment and connect them to domestic and international capital (both equity and debt). This activity is also strongly connected to NZTE's export functions given the critical importance of capital for businesses to grow internationally.
- Attract and support greenfield or brownfield scale up operations in New Zealand:
 - Support strategic multinationals establishing in New Zealand
 - Find opportunities to invest in New Zealand
 - Merger and acquisitions that add value for New Zealand
- Attract high net worth investors into the Active Investor Plus (AIP) visa and be the steward of determining the acceptable investments for the growth category.

29. A significant part of NZTE's work is the origination and preparation of a pipeline of investable opportunities. Appendix 1 provides a snapshot of NZTE Investment Team's performance.

Active Investor Plus (AIP) visa

30. The AIP visa is the government's flagship migration by investment programme. In late-2024 Cabinet agreed to changes to the immigration and investment settings of the visa to attract investment-ready migrants and facilitate increased foreign investment. You may be consulted by the Minister for Immigration.

31. In implementing the AIP visa:

- The Minister of Immigration is responsible for the whole visa, including issuing drafting instructions for how immigration officers assess visa applications (immigration settings).
- Joint ministers are authorised to make changes to what qualifies as an "acceptable investment" (investment settings). The joint ministers are currently:
 - Immigration
 - Economic Growth (equivalent to the now)
 - Science, Innovation and Technology
- NZTE Investment (Invest NZ, subsequently), as the delivery agency, is the steward of determining what is an acceptable investment for the growth category.

Confidential advice to Government

New Zealand Growth Capital Partners (NZGCP)

33. By attracting private capital from domestic and foreign investors, NZGCP seeks to address one aspect of the access to capital challenge and is complementary and supportive of providing greater access to capital for businesses.

Confidential advice to Government

36. NZGCP is a crown-owned entity that makes direct equity investments into early-stage technology startup companies. The Minister of Finance and Minister of Economic Growth are shareholding Ministers. NZGCP administers two funds to support the development of early-stage capital markets, on behalf of the Guardians of the New Zealand Superannuation:

- **Aspire** (fund size: \$160m): structured as an evergreen fund, it invests directly into tech start-ups at seed and angel investment stages alongside angel networks and other private investors.
- **Elevate** (fund size: NZ\$300m): fund-of-funds, which invests in domestic venture capital funds on behalf of the Guardians of New Zealand Superannuation. Its mandate is to close a funding gap in Series A and Series B rounds for local high-growth businesses.

Confidential advice to Government

4. Appropriations – current

Confidential advice to Government



5. Legislative responsibilities and Crown entities

41. The Investment portfolio currently does not have any responsibilities for the administration of legislation.
42. The Investment portfolio currently does not have any responsibilities for the administration of Crown entities.
43. However, once Invest NZ is established, you will be responsible for the relevant legislation and the Crown entity.



6. How MBIE assists you

44. MBIE supports you to fulfil your portfolio responsibilities. This includes providing you with policy advice, appointments to the Crown Entity boards, helping to set and clarify expectations and reviewing the performance of Crown entities.
45. Your main relationship with MBIE is conducted through the appropriate policy team. The current team is comprised of six policy FTEs: 2.5 FTE working on foreign investment and Invest NZ, and 3.5 FTE working on early-stage capital markets. The team coordinates foreign direct investment activities and works with other policy teams across the Government including the Treasury, Foreign Affairs and Trade, Department of the Prime Minister and Cabinet, NZTE, and the private sector.
46. A private secretary for the Investment portfolio will be recruited to be placed in your office.

Key MBIE officials

47. The key officials who will support your portfolio responsibilities include:

Senior Leadership Team

Contact	Secretary	Contact details
<p>Carolyn Tremain</p> <p>Secretary for Business, Innovation and Employment</p>		<p>Privacy of natural persons</p>
Group	Deputy Secretary	Function
<p>Nic Blakeley</p> <p>Deputy Secretary for Labour, Science and Enterprise (LSE)</p>		<p>LSE helps boost the New Zealand economy by developing New Zealand’s skills system, science and innovation systems and labour market policy. It does this through advising on labour market, immigration, industry, investment, science, tourism, health and safety at work, and accident compensation policy.</p> <p>LSE supports major events, leads the science and innovation system, and invests significant public funds. LSE works through international partnerships in its trade remedies, innovation, and space regulation functions.</p> <p>LSE also leads MBIE’s monitoring arrangements for its related Crown entities.</p>

General Managers

Topic	Contact	Role	Contact details
Foreign direct investment including Invest NZ, early-stage capital markets including NZGCP	Dean Ford	General Manager, Technology and Innovation Branch	Privacy of natural persons
Crown entity ownership interests and advisory board appointments	Michael Bird	General Manager, Entity Performance and Investment	Privacy of natural persons

BRIEFING FOR INCOMING MINISTER FOR TRADE AND INVESTMENT

Appendix 1: performance of NZTE Investment (Source: NZTE)

METRIC	FY20	FY21	FY22	FY23	FY24
COMPLETED INVESTMENT DEALS	94	73	106	83	81
pDEI (potential \$ return to economy from completed deals)	\$2.6bn	\$3.4bn	\$3.7bn	\$4.02bn	\$4.54bn
TOTAL AMOUNT INVESTED	\$772m	\$1.3bn	\$952m	\$1.5bn	\$1.5bn
pDEI RATIO (\$ returned to economy for every \$1 invested)	3.37	2.6	3.89	2.75	3.12

APPENDIX 2: SECTOR BREAKDOWN OF DEAL FLOW & LAST 50 TECH DEALS

