

Below is some combined feedback from Callaghan Innovation to help inform your workshop.

- **Intervention logic.** It would be useful to understand the intervention logic for how you have arrived at the proposed policy settings, so we can understand how these settings will deliver on the policy intent. Perhaps this is something you could cover in the workshop?
- **Economic benefits/success.** There's reference to creation of jobs, more exports, productivity gains, sustainability etc... What analysis / research has been done into defining target outcomes around this? Are there any expectations / targets with respect to outcomes around these wider economic benefits? Is it intended to try and measure the economic impact going forward? What are the expectations of ROI for the fund and what is the appetite for risk? Ultimately, what will success look like and how will it be measured?
- **Guardians/NZVIF mandates.** Can you provide more clarity of the respective principles, roles and responsibilities of the Guardian and NZVIF. What are the behaviours and outcomes VCF is looking to incentivise and where are the organisational boundaries with respect to achieving this? i.e. who's focused on what?
- **Past lessons.** What lessons have been learnt from previous venture capital policies and how have these been incorporated into this policy?
- **Overseas experience.** The paper references similar models operating in other countries, but there are no specifics as to where. Which countries are we basing our model on and what success and challenges have they experienced? Specifically, what work has been put into looking at how their upstream / incubation / seed investment environments have been configured to assist in this success / address the challenges?
- **Capability building.** The paper references the capabilities of the fund managers. Have these capabilities been defined? If not yet, it is assumed they will be defined at some stage as they should be part of the assessment criteria when selecting the fund managers the VCF will work with. It is also assumed that if the VC market in NZ is short from a \$'s perspective, it is also going to be short on people with these capabilities. Whose role is it going to be to develop and build up these capabilities.
- **Best Practice.** The document says NZVIF will "facilitate best practice" – what does that look like? To what extent do MBIE, Guardians and NZVIF have a shared understanding of what 'best practice fund management' means?
- **Seed Investment.** There is a 10% allocation to be deployed in seed or series C. For the \$'s that get deployed into seed, it is assumed they will compete for the best deals with everyone else. So they could end up displacing private sector capital that would have taken up these *best deals anyway*? Could this element of the model end up causing the same issues as have been seen when SCIF went from *through partner* to *direct*? How does VCF fit in with current SCIF activities? There is also an underlying question here. Will success be measured by the returns the VCF makes specifically or is the true measure of success here how the whole market performs / ecosystem develops overall? And how will that be measured? It's not clear how this fund fits within existing landscape and NZVIF's current activities.
- **Co-Investment competition.** There is a requirement for the funding to be complemented by private co-investment: so if a third party are looking co-invest would they put it into VCF backed opportunities or into earlier stage co-investment opportunities (e.g. tech

incubators)? Does there end up being a competitive issue that arises here given our limited capital pool?

- **Foreign entities.** There is provision to invest in foreign early stage business that come to NZ. It is assumed these foreign entities (start-ups) will most likely already have been in NZ through their earlier stages? How do we best set ourselves up to get a good number of these here? Are their particular attributes in these foreign entities we should be targeting? E.g. specific technologies or perhaps a focus on repeat founders who can bring their experience into the NZ ecosystem?
- **Corporate venturing.** Are there any plans for VCF do to stimulate more corporate venturing into the early stage / growth space as there would appear to be increasing activity in this space overseas. What analysis/research has been done to see if/how the overseas markets on which we have model the VCF approach have stimulated corporate venture / corp-up activity?
- **Exit Principles.** It is understood that the VCF is looking to help increase the number of businesses remaining in NZ or at least selling / leaving later. Are there / will there be any investment expectations / guidelines / rules / terms around exits that anchor this?

Kind regards,  
Danielle.

**Danielle Hannan, PhD**  
Manager, Partnerships & Policy Design

s9(2)(a)

**CallaghanInnovation**  
New Zealand's Innovation Agency

Level 14, Asteron Centre  
55 Featherston Street  
Wellington 6011

[www.callaghaninnovation.govt.nz](http://www.callaghaninnovation.govt.nz)