



PRESS RELEASE  
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## **Budget 2020: Focus on jobs – Kiwi businesses supported to respond, recover and rebuild**

- On-the-ground support for Kiwi exporters in key markets to boost trade
- \$230 million to encourage entrepreneurship and risk-taking to kickstart growth
- Giving SMEs a leg-up to increase sales through e-commerce
- Protecting small businesses and consumers by sharpening the Commerce Commission's teeth

Budget 2020 – Rebuilding Together – will create jobs and grow the economy by backing Kiwi exporters, encouraging entrepreneurship, and helping SMEs thrive in the digital economy.

“This Budget is about creating jobs. We know how businesses and workers have been impacted by this global pandemic. This Government is backing businesses to regain the confidence to invest as we work together to grow the economy in the face of this global recession,” Finance Minister Grant Robertson said.

### **Backing Kiwi Exporters**

“Budget 2020 recognises the importance of Kiwi exporters as part of the economic recovery, with investment in practical measures to help them re-engage with international markets, and support firms looking to export for the first time,” Trade and Export Growth Minister David Parker said.

“New Zealand has an opportunity now to leverage off the success we’ve had fighting COVID – the rest of the world is looking at us. By supporting Kiwi businesses to take full advantage of New Zealand’s world-leading brand and reputation, we’re making sure that every opportunity is available for our businesses, which will in turn create jobs and lift wages.”

The \$216 million package from the COVID Response and Recovery Fund (CRRF) to revitalise the international business sector will:

- Significantly increase the number of exporters receiving intensive support from New Zealand Trade and Enterprise (NZTE). This will provide access to tailored NZTE and NZ Inc. resources to connect with overseas markets and global partners. This will underpin business growth for 1400 firms, which currently provide over 200,000 jobs across the export sector. About 75% of these firms are expected to be SMEs with 50 or fewer employees – \$32 million over four years.

- Funding will also boost NZTE's reach across New Zealand's broader export sector through increased delivery of practical digital services and tools. This will scale up NZTE's e-Commerce Centre of Excellence to provide digital commerce content, tools and advice to more exporters. A new Centre of Excellence in Logistics will also be tasked with building firm capability in freight and logistics for the medium term, and to help build capability within export firms – \$8 million.
- Ramp up NZTE's team of business development managers with sector expertise to be the 'boots on the ground' for New Zealand exporters, in international markets, while international travel remains restricted. This team will carry out additional functions for companies in-market, such as meeting customers, vetting new employees, and selecting distributors – \$40 million.
- Strengthen New Zealand's brand in priority markets by maintaining, promoting and broadening our national brand appeal, particularly while the tourism sector is recovering. This investment will re-emphasise our reputation for safety, trust, resilience, ingenuity, innovation, sustainability and high-value goods and services through the highly successful New Zealand Story strategy – \$16 million.
- Expand targeted support to help re-connect companies with international markets and supply chain partners, as well as explore new opportunities – \$120 million.

The package forms part of a broader Trade Recovery plan that MFAT and NZTE will lead together.

### **Encouraging entrepreneurship and risk-taking**

"Feedback from the businesses community and lessons learnt after the Global Financial Crisis shows that businesses engaging in R&D are likely to cut investment in the current climate. That's exactly the opposite of what we want to see this time around," Minister for Small Business and Revenue Stuart Nash said.

"Initiatives from the COVID Response and Recovery Fund to encourage entrepreneurship and risk-taking leave it to businesses to choose what to invest in, rather than have the Government try to pick winners," Minister for Research, Science and Innovation Megan Woods said.

The Government has put aside \$150 million for a fund to provide loans to R&D-intensive businesses, to complement the existing R&D Tax Incentive.

- The scheme is intended to encourage R&D-intensive businesses to retain as much of their existing R&D programme as they are able to. We expect most R&D performing firms will be able to access repayable loans up to the equivalent of 50% of a business' annual R&D expenditure, up to a cap of \$100,000.
- The loans will be offered on favourable terms with the proviso that the money is used to conduct R&D. This recognises the value of R&D to New Zealand, and the difficulty many innovative firms have securing finance for high-risk R&D activity.
- The scheme will be up and running by early June. Further details will be announced in coming days.

Budget 2020 also sets aside \$80 million to encourage entrepreneurs and businesses to develop new products by enabling them to claim tax deductions for unsuccessful or abandoned assets.

“While letting businesses write off tax for unsuccessful products might sound counter-intuitive to some people, this is actually an important way of encouraging investment because it gives businesses the confidence to have a go and take the risk. If it works, we all come out better off due to the economic activity created by the ideas that come off,” Stuart Nash said.

## **Supporting SMEs to thrive in the digital economy**

“We have an amazing chance to leverage off our digital advantage in New Zealand – we’re small and high-tech, have a solid underlying ultra-fast broadband network, and we can work while the rest of the world sleeps,” Economic Development Minister Phil Twyford said.

Building off advice from the Small Business Advisory Council, a \$10 million fund is being set up to provide incentives and grants to encourage e-commerce, train more digital advisors and provide information and support for SMEs wanting to incorporate e-commerce into their business models.

“We know that the time, investment and research required to get an e-commerce platform up and running has put many businesses off in the past. By working with small business owners, the Government can bring together the expertise and information for a speedy transition to e-commerce and a digital business model,” Stuart Nash said.

The investment is supported by \$12.5 million to progress the trans-Tasman e-invoicing regime between New Zealand and Australia, agreed by Prime Ministers Jacinda Ardern and Scott Morrison.

“Trans-Tasman e-invoicing is one of many initiatives designed to make the business climate easier and fairer for small and medium enterprises during the recovery,” Stuart Nash said.

Other support for small businesses from the COVID Response and Recovery Fund includes:

- A \$3 million investment to support the Business Connect platform to provide COVID-related support services where businesses need to register for support such as grants, the business hibernation scheme and location tracking.
- A \$2.3 million investment to enable business.govt.nz to work with 200 partners to deliver tailored recovery guidance and advice to 600,000 small businesses. Resources will focus on how to: forecast and manage cash flow and adapt their businesses, obtain finance to meet needs now and for future growth, market their businesses here (especially tourism) and globally, adopt new digital technology, including e-commerce and productivity enhancing tools, and deal with isolation and mental health issues.
- A \$9.7 million investment in the Better for Business programme focussed on making it easier for businesses to deal with Government, particularly as business take-up of e-commerce increases.

## **Protecting consumers and small businesses from unfair commercial practices**

The Government is making sure New Zealand consumers, small businesses and entrepreneurs are protected from uncompetitive practices by sharpening the teeth of the Commerce Commission as the economy recovers from COVID-19, with a \$30.4 million investment in the Commission’s funding over the next three years (and \$13.9 million per year thereafter) through Budget 2020 and the CRRF.

The funding increase will enable the Commission to focus on the potential impacts of COVID-19 on competition in markets, consumers and regulated industries, Commerce and Consumer Affairs Minister Kris Faafoi said.

“It will also allow the Commission to focus on the implications for its role during the pandemic, economic recovery and over the long term.

“We’re going to make sure this recovery is one that all New Zealanders share in, and have a chance to be a part of – whether they’re an entrepreneur with a new idea to take on a multi-national, or a consumer trying to get the best price,” Kris Faafoi said.

“This is about giving businesses the confidence to participate in markets, while also making sure consumers continue to experience the benefits of competition when it comes to the cost of living.”

## **Targeted sector support**

To help drive the economic recovery and build future resilience, the Government is investing \$41.4 million across three years into initiatives in the construction, digital and agritech sectors.

“These three sectors are well placed to help make our economy more productive and sustainable, and offer opportunities to use innovation to create higher skilled jobs,” Economic Development Minister Phil Twyford said.

Support for these vital sectors includes:

- Investing \$11.4 million to grow the agritech sector and improve environmental outcomes while boosting productivity in the primary sector. This includes funding the development of robotics in horticulture and helping commercialise innovative technologies.
- Providing \$6.5 million toward helping develop the Māori economy in sectors such as forestry and food where there are already strong iwi businesses. This funding will also help Māori develop opportunities in others sectors such as the digital economy.

Further details will be announced in coming weeks.

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