The Treasury

Budget 2026 Information Release

September 2026

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Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Vote Business Science and Innovation – Emerging Managers programme

<table>
<tr><td>Vote</td><td>Business, Science, and Innovation</td></tr>
<tr><td>Initiative ID</td><td>NA</td></tr>
<tr><td>Initiative Title</td><td>Emerging Managers Programme</td></tr>
<tr><td>Contact details</td><td><table><tr><td>Sym Pandey</td><td>Senior Analyst</td></tr><tr><td>John Marney</td><td>Manager</td></tr></table> [39]</td></tr>
<tr><td>Issue / advice sought</td><td>The Minister for Economic Growth has requested an invitation into the Budget 2026 process to establish an Emerging Managers Programme to support investment capability in early-stage startup businesses. The proposed programme would require $10 million in capex funding to implement a five-year pilot. The Minister’s preferred funding source is using New Zealand Superannuation contributions (NZSF).

This proposal forms part of a broader start-up support package. The package includes an initiative from the Economic Growth portfolio that has already been invited into the Budget process, as well as initiatives from the Science, Innovation and Technology (SIT) portfolio intended to be funded through reprioritisation from SIT baselines.</td></tr>
<tr><td>Treasury advice</td><td>The Emerging Managers programme would be administered by the Crown Entity New Zealand Growth Capital Partners (NZGCP), which currently administers two investment vehicles:
Aspire: a direct co-investment fund which invests in Startup companies at the earliest state of their development such as the proof of concept and seed stages (also known as Pre-Series A funds)
Elevate: a fund-of-funds programme that invests in venture capital funds, supporting startup companies for further growth and scaling up (also known as Series A and Series B funds).
The new Emerging Managers Fund would also be structured as a fund-of-funds and would invest in first-time and early-stage venture capital fund managers to strengthen investment capability in the Pre-Series A market. These managers would support start-ups to scale and become investment-ready for later-stage funding rounds (such as Elevate).

Policy rationale
We see some merit in establishing an emerging managers fund to support the start-up ecosystem. MBIE notes that the initiative could address the current shortage of professional early-stage fund managers, and there is some international evidence suggesting that such funds can be effective. For example, Denmark supports eight fund managers and has reported a private capital crowd-in ratio of 5:1.

However, the evidence base for government intervention is largely anecdotal and derived from industry stakeholders. The 2025 Aspire Review noted the absence of formal measurement or assessment of the emerging manager pipeline, investor capability, or the overall state of the start-up ecosystem to substantiate the need for intervention. There is limited data on the performance of existing initiatives, such as Aspire NZ Seed Fund.

In addition, there is uncertainty regarding the Government's long-term role in supporting the start-up ecosystem, particularly in the pre-Series A market. The 2025 Aspire Review suggests that pre-Series A markets may always require government investment and support, regardless of market maturity. This indicates there is no planned exit strategy for the Government and limited focus on self-sustainability, which may result in repeated calls for funding.

There are also delivery and performance risks. Elevate has previously invested in several first-time or emerging managers with limited success. First-time funds are inherently high-risk in terms of viability and performance and require significant resources for oversight and issue management. Given the long gestation period for start-ups to mature, it is unlikely that the fund would demonstrate measurable success within proposed five-year timeframe of the pilot.</td></tr>
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	Funding sources The Minister for Economic Growth has proposed funding the initiative by redirecting NZSF contributions, which was the approach used to top up Elevate in Budget 2025. While this approach would have minimal impact on fiscal indicators over the forecast period, it would not be fiscally neutral in the long term. Any reduction in NZSF contributions would need to be offset in later years, both to restore contribution levels and to account for the potential for lower investment returns. This reflects the fact that investments in early stage business development carry a materially different risk and return profile compared with that of the NZSF. Although the amount of funding in this instance is modest, there is a precedent risk of diverting NZSF contributions to support other policy objectives. Over time, this could materially reduce contributions and compromise the policy objectives of the Fund, exacerbating long-term fiscal pressures. We therefore do not recommend diverting NZSF contributions to fund this initiative. If you wish to invite this proposal into the Budget process, we recommend that it be funded through reprioritisation. Potential options include the SIT baseline, or utilising NZGCP's existing cash reserves of $49 million. Alternatively, this could be funded through Budget 2026 capital allowances (our second-best funding option). ***Implementation if using NZSF contributions*** If NZSF contributions are used, MBIE's preferred option is delivering the fund through Elevate's existing mandate. Delivery through Elevate would require careful design decisions regarding programme scope, manager selection, governance, and oversight. Resolving these issues within the timeframe required for Budget 2026 is likely to be challenging and it is unclear whether this level of design work is justified given the relatively small size of the fund. In addition, there is uncertainty as to whether delivery through Elevate would require primary legislation. MBIE has sought further legal advice and expects clarification within the next month. MBIE has not provided a clear rationale for its preference to deliver the Emerging Managers Programme through Elevate. The use of NZSF contributions does not, in itself, require this approach, and simpler delivery options are available. NZSF contributions could be applied to offset the cost of a scheme (rather than diverted to Elevate) and be managed by NZGCP. This approach would be more straightforward to implement, requiring only a review and, if necessary, amendments to NZGCP's corporate documentation, supported by a Ministerial letter of expectations from the Minister for Economic Growth.
Treasury recommendation	a. **Indicate** if you would like to invite the Emerging Managers Fund in Budget 26: Do not include **(recommended)/**Include b. If you do wish to invite the Emerging Managers Programme in Budget 26, **indicate** your preferred funding source: • Reprioritisation from SIT baselines or NZGCP cash reserves **(recommended)** • Budget 26 capital funding (second best recommended option) • New Zealand Super Contributions (MBIE preferred)