The Treasury

Budget 2026 Information Release

September 2026

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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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TE TAI ŌHANGA
THE TREASURY

Reference: T2026/566 SH-9-0-M136267

Date: 23 March 2026

To: Minister of Finance
(Hon Nicola Willis)

Deadline: 24 March 2026

Discussing the establishment of an Emerging Managers Fund at ITS Ministers

Purpose

You are discussing the establishment of a $10 million *Emerging Managers Fund* through Budget 2026 with ITS Ministers on 24 March. This aide memoire provides a Treasury perspective on the case for intervention, as well as funding and design options. This advice has been prepared at short notice, and while MBIE's thinking on key design questions is still developing. This briefing should be read in conjunction with MBIE's most recent advice (BRIEFING-REQ-0029514 refers).

Policy rationale

There may be an in principle case for policy intervention…

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.

…but the evidence base remains relatively weak…

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.

…and the government's exit strategy is unclear.

There is also 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.

The Elevate NZ Venture Fund (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 the five-year timeframe of the pilot.

Funding options

The initiative could be funded through reprioritisation (Treasury preferred approach)…

Within MBIE's baseline, funding could be reallocated from appropriations that currently support the start-up ecosystem under the Science, Innovation and Technology portfolio if an Emerging Managers Fund is considered a higher priority. Funding could be reallocated from existing initiatives such as the Tech Incubator Programme, New to R&D Grant, Founder and Start-up Support, and the NZ Product Accelerator.

Another option is to utilise some of NZ Growth Capital Partners' (NZGCP) $49 million reserves for the scheme. The primary trade-off with this option would be the potential for future cost pressures, which would need to be managed if and when they occur.

…or with new funding in Budget 2026 (Treasury's second preference)…

You could also consider funding this initiative from Budget 2026 allowances. In this case, you would need to request an invitation into the Budget 26 process from Minister Bishop in his capacity as Associate Minister of Finance.

…or by diverting contributions from the NZ Superannuation Fund (MBIE preferred)

MBIE's preferred option is to fund the initiative by diverting contributions from the NZ Superannuation Fund (NZSF). This was the mechanism used to top up Elevate in Budget 2025. This would not be fiscally neutral, as NZSF contributions would need to increase in later years to cover the shortfall. MBIE is still working through the specific funding requirements; if operating funding is required, it may not be possible to meet this from NZSF contributions, which are capital in nature.[1]

We do not recommend diverting NZSF contributions to fund this initiative. While the amount of funding in this instance is modest, we note the 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. The risk and return profile of investments in early-stage business development differs significantly from that of the NZSF.

1 Contributions to the New Zealand Super Fund are not counted against the capital allowance and changes in contributions impact net core Crown debt directly. Reducing operating expenditure from the scheme will impact the operating balance and would also be counted against the operating allowance for Budget 2026.

If a decision is taken to reduce NZSF contributions to fund this initiative, section 44 of the New Zealand Superannuation and Retirement Income Act 2001 requires the Minister of Finance to set out in the Fiscal Strategy Report:

- the amount of the required annual capital contribution stated in the economic and fiscal update
- the reasons for the Government's departure from the required annual capital contribution
- the Government's intentions regarding future contributions, and
- the approach the Government intends to take to ensure the NZSF will be sufficient to meet superannuation entitlements over the next 40 years.

Implementation if diverting NZSF contributions is the preferred approach

If diverting NZSF contributions is the preferred funding model, a key implementation question is whether the Guardians has a role in relation to the new Emerging Managers Fund.

Agreeing a role for the Guardians in time for Budget 2026 will be difficult…

The two main options are for the Guardians to administer the Fund under its existing mandate for Elevate, or to establish a new mandate:

- The Guardians considers that utilising Elevate for an Emerging Managers Fund poses significant risks of conflicting with Elevate’s statutory obligation to adhere to best practice under section 17 of the Venture Capital Fund Act 2019. It also notes that such use would be inconsistent with existing Ministerial directions and the current policy settings of the Venture Capital Fund.
- Granting the Guardians a new mandate would require primary legislation amending the Venture Capital Fund Act.

Either option would require careful design decisions regarding programme scope, manager selection, governance, and oversight. The broader implications for the responsible and prudent management of Elevate would also need consideration.

Given that MBIE has only just begun engaging with the Guardians, it is doubtful whether these issues can be worked through in time for by Budget 2026. It is also unclear that this level of design work is justified for a relatively small fund.

…but there is an option to proceed without a role for the Guardians

If the Guardians has no role, NZGCP (or another entity) could administer and manage the Emerging Manager Fund separate from Elevate. NZSF contributions could still be reduced to offset the cost of the scheme, but would not be diverted to a fund under the auspices of the Guardians.

This option is more straightforward. MBIE would need to review and potentially revise NZGCP’s corporate documentation (such as its Constitution, Statement of

Performance Expectations and Statement of Intent) and provide a letter of expectations to enable the delivery of the scheme.

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