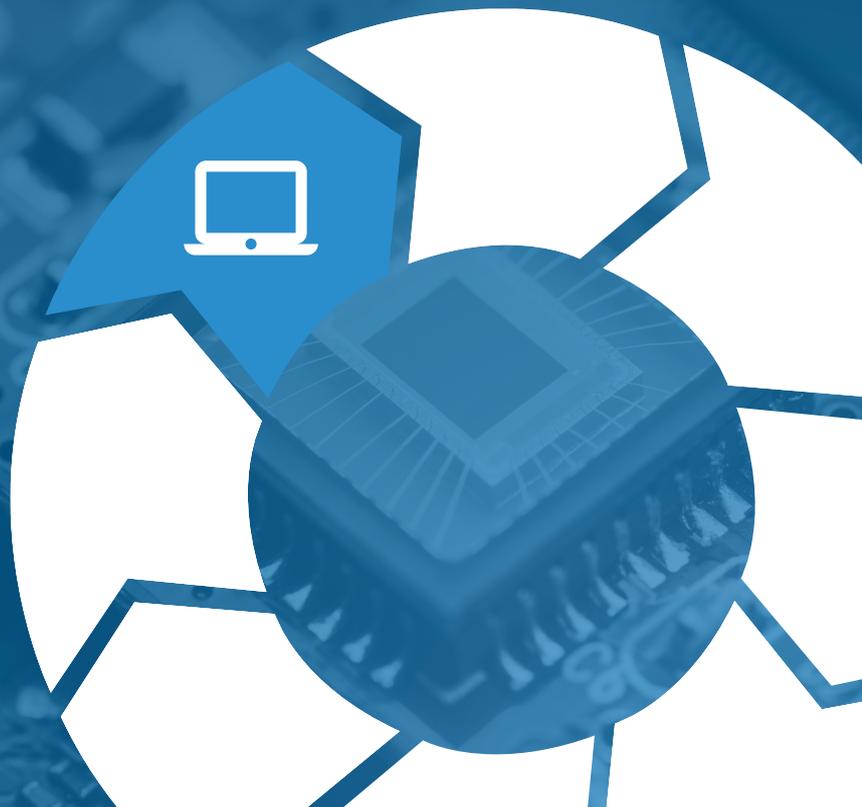


Growing the Tech Sector

National's Big Fixes for
a Better New Zealand



Making New Zealand an even better place to live, work and raise a family.

New Zealand is already one of the best countries in the world. But that doesn't mean there aren't things that need fixing.

The National Party's purpose – our reason for being in politics – is to make New Zealand an even better place to live, work and raise a family.

National understands we need a strong economy so we can lift incomes while investing in the things that matter to New Zealanders, like protecting the environment and delivering world class health care and education.

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Big Fixes for a Better New Zealand

To make New Zealand the best place it can be, we need to focus on the big, long-term challenges we face as a country.

These are the critical issues we need to fix, and the significant opportunities we must seize.

That's why the National Party recently launched the Big Fixes for a Better New Zealand Plan to develop solutions and policy fixes that address eight key challenges facing our country.



Lifting incomes



Growing the tech sector



Building houses faster and cheaper



Getting Kiwis home safely and quickly



Educating Kiwis to succeed



Making our communities safe and reversing the growth of gangs



Delivering world-class health and mental health care



Backing our world-leading primary sector

The Big Fixes Plan will see National MPs engaging up and down the country on each of these critical issues.

We'll consult with members of the public, business leaders, and relevant experts to develop innovative policy ideas and creative solutions to take into the next election.

We are doing this work now, in Opposition, so we can hit the ground running in Government in 2023, and begin the job of fixing the damage done by what will then have been six long years of Labour mismanagement.

We're really excited about this work, and we want you to contribute.

Sign-up at national.org.nz/big-fixes-technology to take part in the Big Fixes for a Better New Zealand Plan.



Hon Judith Collins
Leader of the Opposition

Growing the tech sector can help make New Zealand an even better place, with high-paying jobs, lower emissions, and exciting opportunities that will keep our young people here

Message from Judith Collins

When I first became the Leader of the National Party, I made a point of emphasising technology as a key policy focus. Not because I'm a tech expert, but because I'm a huge believer in tech's potential to deliver a better future for New Zealand.

That's why I took on the role of National Party Spokesperson for Technology, and why I was adamant that in developing our Big Fixes Plan, finding ways to help grow the technology sector would be the first cab off the rank.

From growing up on a dairy farm, running businesses, and being a lawyer, I've seen first-hand the way that technology can reach into every part of our economy to make things smarter, better and more productive.

We have a proud history of invention in this country, and some great technology success stories in areas as diverse as MedTech, AgTech, FinTech, Artificial Intelligence and, more recently, even SpaceTech.

But when I speak with tech people, I sense a great deal of frustration and a feeling that we could be doing so much better. We could be applying technology to so many more of our problems and challenges, and using tech to seize more opportunities for our people.

We've been world-leading in some tech areas before – from electric fences to EFTPOS to the rollout of Ultra-Fast Broadband (UFB) under the last National Government – but in a highly competitive world, we need to do far more to support, encourage and embrace technology in this country.

We need to empower the private sector to get on with creating and disrupting, and we need a Government that helps them do that.

The purpose of this document is to outline some of the key issues that the next National Government will need to address to help our technology sector achieve its full potential.

In it, we discuss more about why we think this is an important fix for New Zealand. We also lay out some

of the barriers and constraints industry leaders have told us are limiting growth, and the key challenges they want the next National Government to address to support New Zealand's tech sector and help turbocharge its growth.

We are seeking constructive solutions and bold approaches.

And we'd love your help!

Have a good idea about how we can grow the tech sector?

Tell us about it at:
national.org.nz/big-fixes-technology

A handwritten signature in blue ink that reads "Judith Collins".

National's aspiration for New Zealand

Growing our technology sector will help make New Zealand an even better place to live, work and raise a family.

Economic benefits

A vibrant tech sector will contribute to a strong and growing economy, helping us lift incomes and invest in the public goods and services that Kiwis want.

New Zealand is in the midst of a productivity slump that means Kiwis are working harder and longer while getting paid less than people in other countries. That has to change.

The tech sector is already one of our most productive, with higher wages than most other parts of the economy. That means growing it is one simple way to improve productivity and deliver higher incomes and better living standards for everyone. Selling smart Kiwi technology to the world is also a great way for us to radically grow our export earnings without also



Want to help grow our technology sector?

Contribute your ideas at:
national.org.nz/big-fixes-technology

Fit with National Party values

The foundation of our Party is built on the values of ambition and success; with lower taxes, reward for hard work, and equal opportunity for all at its core.

Since the establishment of the National Party in 1936, our values have not just been words on a page. Their meaning drives our focus, our policy, and unites our people in a common purpose.

Empowering individual freedom and choice, personal responsibility, and caring communities is about making sure New Zealanders take ownership of their own future and set a good example for future generations.

Growing the tech sector is an aspiration that fits closely with our values. Values like our unwavering commitment to **competitive enterprise** and **rewards for achievement**; the promotion of **individual freedom and choice**; and our unrelenting desire for a society marked by **equal opportunity for all**.

growing our carbon emissions. A bigger technology sector means more exciting and fulfilling career choices for young Kiwis, who too often feel they need to head overseas to find these opportunities.

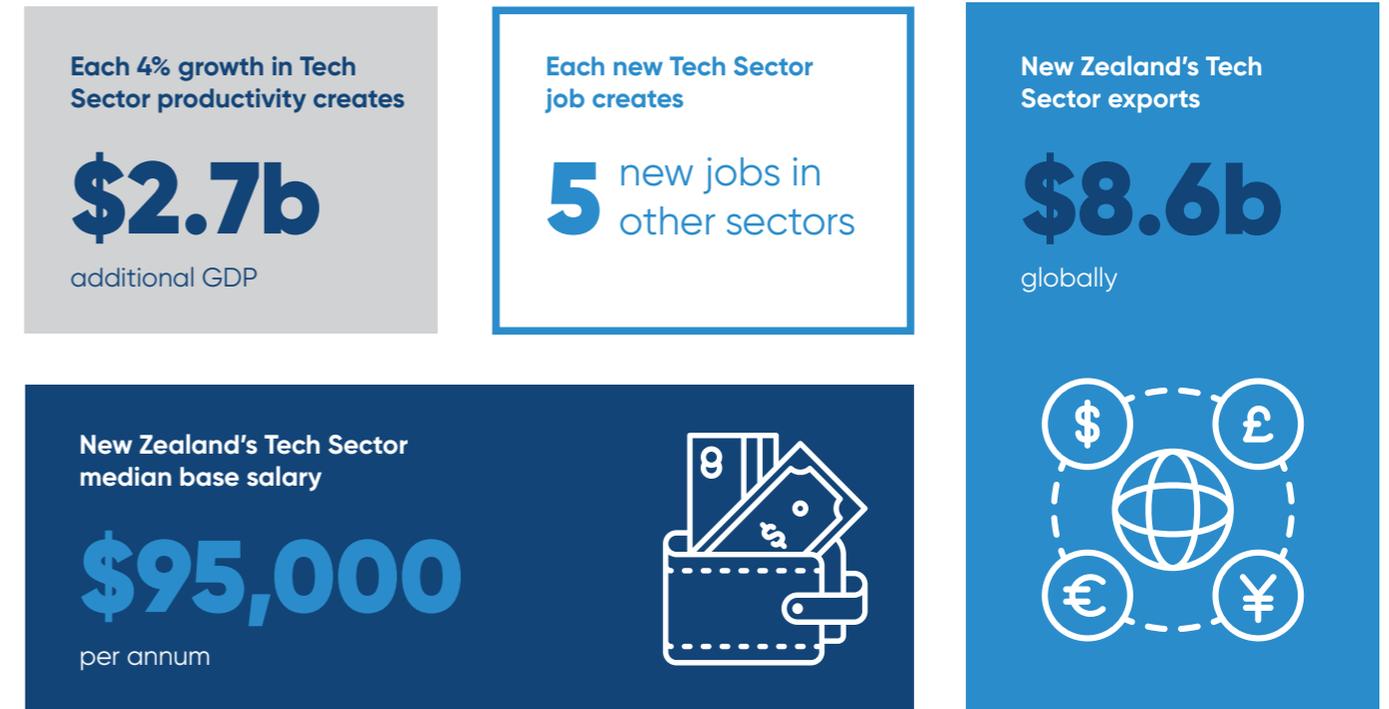
Technology is an enabler for the rest of the economy. From cutting edge AgTech helping farmers increase production while reducing environmental impacts, to robotics making manufacturing more productive, to FinTech helping our small businesses find efficiencies and cut costs, technology has the potential to make every part of our economy work smarter.

Other benefits

Of course technology is about more than just economic benefits. It can also deliver huge benefits to our everyday lives; whether it's ultrafast internet enabling us to communicate instantly with friends and family overseas, personalised health services that let us manage our own health care, or streaming services that provide us with hours of education, information and entertainment.

Technology will also be essential for reducing our greenhouse gas emissions and meeting our international obligations around climate change.

New Zealand's tech sector



Source: NZ Tech Annual Report 2021: nztech.org.nz/wp-content/uploads/sites/8/2021/09/NZTECH-ANNUAL-REPORT-2021.pdf

What needs fixing?

Our technology sector has been growing in recent years, but not as fast as it could be.

We asked a number of tech leaders and industry experts what, in their view, are the main constraints or barriers to faster growth in New Zealand's technology sector. The key issues they identified were:

1. Startup ecosystem

New Zealand's startup ecosystem is underdeveloped, and we lack the type of vibrant startup culture seen in places like Silicon Valley, Tel Aviv or Stockholm.

3. Capital

Access to capital remains a major constraint for young firms, and New Zealand lacks the deep networks of expert investors who know what it takes for startups to achieve scale.

2. Lack of depth

We have a few 'unicorns' valued at \$1b+ – like Xero, LanzaTech or Rocket Lab – but we lack a deep bench of mid-tier, high-growth firms set to become truly global players.

4. Skills

We have a shortage of people with tech skills, and do not place enough emphasis on science, technology, engineering and mathematics (STEM) in our education system.



5. Collaboration

Insufficient collaboration between the private sector, academic institutions, and Crown Research Institutes harms both innovation and our ability to commercialise good ideas.

7. Infrastructure

We led the world with initiatives like Ultra-Fast Broadband, but our investment in tech infrastructure has slowed and we are falling dangerously behind in areas like cyber security.

6. Regulation

New Zealand's regulatory environment is not always conducive to growth, and policy is too often slow in responding to cutting edge technologies and new business models.

8. Connectivity

Too many Kiwis still struggle to access digital services. Whether old, young, rural or urban, all New Zealanders should have access to our digital future.

Key areas of inquiry

Based on the issues identified above, we have developed some major themes, or key areas of inquiry. These will act as the research questions that National will look to answer over the coming months as part of our Big Fixes Plan.

It's likely that in discussion with members of the public, academics, business leaders, and industry experts, we will identify more constraints or additional questions to consider, so this list should be thought of as a starting point only.

Think we've missed something?

Let us know what you think is holding the tech sector back at: national.org.nz/big-fixes-technology



1. How do we increase innovation and entrepreneurship in our economy?

To grow our technology sector, New Zealand needs to boost the level of innovation in our economy. New Zealand is already a relatively easy place to start a business, so we need to become better as a society at encouraging entrepreneurship and supporting early stage startups.

At the same time, we need to lift the level of investment in research and development, as well as basic science, so we are generating the ideas and innovations that will fuel our technology sector.

We also need to learn from countries and cities around the world that have become experts at taking good ideas and scientific discoveries, and turning them into businesses.

We want your ideas on how New Zealand can:

- Develop our startup ecosystem and startup culture
- Increase investment in R&D and basic science
- Improve our ability to commercialise good ideas
- Increase business, government and academic collaboration

2. How do we develop the world's most tech-friendly rules and regulations?

Like in any other sector, technology firms can only thrive when the rules and regulations in place to govern them are fit-for-purpose. Unlike most other parts of the economy, though, the pace of change in tech can at times be blistering. In tech, "move fast and break things" is often the default setting.

Government, on the other hand, tends to be slow and deliberative. This is by design, and over the past four years we've seen all too often the problems that arise from rushed law-making.

This tendency, however, can result in regulations that stifle growth, and policy that is unresponsive to the new reality on the ground. If we want to turbocharge growth in our technology sector, we need to find new ways of delivering tech-friendly rules and regulations, while minimising the risks that come from moving fast.

We want your ideas on how New Zealand can:

- Reduce regulatory red tape without compromising safety or fairness
- Increase Government responsiveness to changing technologies and business models
- Develop tech-friendly regulation at speed

3. How do we ensure we have the skills and talent needed for growth?

As much as the tech sector is defined by its innovative software, smart business models, or patented technology, it's also an industry that is overwhelmingly reliant on skilled people. From the early employees helping get a startup team up and running, to the experienced managers leading a digital transformation, success in the tech sector is dependent on talent.

There are fundamentally only two ways for New Zealand to ensure we have the skills our tech firms need to grow – we develop home grown talent through education and training, or we attract talent from overseas through smart immigration policies. In reality, New Zealand needs to do both.

We want your ideas on how New Zealand can:

- Ensure our education system delivers the skills we need to grow tech
- Provide opportunities for Kiwis to re-train and upskill for new sectors
- Give more young Kiwis a stronger foundation in crucial STEM subjects
- Fix our immigration system so we attract the best and brightest from overseas

4. How do we secure access to funding and investment expertise?

Successfully making the journey from dining table startup to globally competitive 'unicorn' requires inventiveness, hard work, talented people and a bit of luck. But more often than not, it also requires a whole lot of cash.

Gaining access to capital is often the number one constraint preventing startups from achieving lift-off, and preventing mid-tier firms from truly maximising their potential. And although capital in this day and age has become more global than ever, New Zealand's small size, thin domestic capital markets, and distance from major financial centres remains an issue.

But more than just money, entrepreneurs in New Zealand can also benefit immensely from the specialist expertise and capability that experienced investors can bring to the table.

We want your ideas on how New Zealand can:

- Improve access to capital from both New Zealand and overseas
- Deepen New Zealand's connections with expert investor networks globally
- Ensure our tax settings are conducive to investment and growth

5. How do we deliver tech infrastructure that attracts investment and enables growth?

While digital technology has made it easier than ever to build global firms from anywhere in the world, it has also made the need for reliable technology infrastructure more pressing than ever.

New Zealand's tech infrastructure is, by global standards, reasonably good. For example, most parts of the country have access to fast, reliable internet services thanks to the last National Government's investments in Ultra-Fast Broadband and the Rural Broadband Initiative (RBI).

But tech moves at a breakneck pace, so New Zealand needs to make sure our tech infrastructure keeps up. There are still parts of the country that don't enjoy the same levels of connectivity as others, resulting in an urban-rural digital divide. Meanwhile, our cyber defences have been badly exposed over recent months through a series of sophisticated, co-ordinated cyber attacks.

Unless we can demonstrate that New Zealand's tech infrastructure is robust and reliable, global entrepreneurs and investors will look elsewhere, while our domestic firms will struggle to gain the competitive edge they need to succeed.

We want your ideas on how New Zealand can:

- Deliver world-class, high-performance technology infrastructure
- End the urban-rural digital divide
- Improve our cyber defences so New Zealand is a safe place to build a tech business

6. How do we increase the uptake of new technologies?

Those parts of the world with thriving technology sectors tend to also be places where the uptake and adoption of new technology is the fastest and most widespread. If tech firms can be confident that their products and services will be readily adopted, they will have more confidence to take risks and make investments.

Lowering the barriers for private sector firms in other parts of our economy to adopt new technology has a direct benefit for tech firms, but will also help to drive productivity improvements. So too will having a Government that is committed to using cutting edge technology itself, be it in the way we use government-held data to drive improvement, the way government departments engage with the public, or in the way public services are delivered.

We want your ideas on how New Zealand can:

- Encourage the uptake and adoption of new technology throughout the economy
- Support businesses and other organisations to embrace digitisation
- Increase the Government's own uptake and adoption of new technology

Tell us what you think and contribute your ideas

- Visit national.org.nz/big-fixes-technology to fill out an online form
- Email your thoughts to BigFixes@National.org.nz
- Tear this form out and post to: **Hon Judith Collins, Freepost Parliament, Private Bag 18888, Wellington 6160** (post to Parliament is free so you don't need to add a stamp.)

Name: Email:

Phone: Organisation (if applicable):

Role (if applicable):

1. Do you support the National Party's focus on growing the tech sector? Yes No

Feel free to tell us why/why not:

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2. Which of the following do you think are key areas New Zealand should focus on if we want to grow our tech sector?

Please select the three or four issues you think are most important

- Access to capital
- Access to investment expertise
- Attracting overseas talent
- Developing local talent
- Better rules and regulations
- Incentivising more R&D and basic science
- Investing in tech infrastructure
- Providing more support for startups
- Developing our startup culture
- Increase the adoption of new technology
- Better connectivity
- Collaboration between business, academics, and government

Feel free to tell us a bit more about your answers:

3. Is there anything else you think might be holding back growth in New Zealand's tech sector?

4. What do you think the Government should be doing to fix these issues to help to grow the tech sector?

5. Do you have anything else you'd like to share with us about growing New Zealand's tech sector, or about the Big Fixes for a Better New Zealand Plan?

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Tick this box if you would like to receive updates about growing the tech sector and the Big Fixes for a Better New Zealand Plan.

To share more detailed policy proposals, views, or further thoughts about National's Big Fixes for a Better New Zealand Plan, please feel free to get in touch at: BigFixes@National.org.nz

Privacy Notice: Providing your feedback and contact details is voluntary. By providing your contact details, you agree to receive communications from the New Zealand National Party. Your personal information will be kept securely and used to stay in touch with you in line with the provisions of our Privacy Policy. You can read our most up to date Privacy Policy at www.national.org.nz/privacy.



Funded by the Parliamentary Service. Authorised by Hon Judith Collins,
Leader of the Opposition, Parliament Buildings, Wellington.