

# Labour's Young Entrepreneurs Plan

## THE ISSUE

**The nature of work is changing, with experts predicting 46% of the jobs we do today won't exist in 20 years. Labour's Future of Work Commission has been grappling with the challenges automation and technology are creating and how best to meet New Zealanders' needs of a secure income and valuable work in the years ahead.**

**In January we introduced a policy of three years free training and education across a worker's lifetime so they can learn the skills needed as the nature of work changes.**

**But not everyone thrives in a formal education environment. Some of New Zealand's most successful entrepreneurs learned everything on the job. In the future, many Kiwis will need to generate some of their own work and income, and running a small business may be part of many more people's lives.**

**Nurturing an entrepreneurial spirit in New Zealand is crucial. Encouraging young people with great ideas and the drive to make them happen is important for generating jobs and growing our economy.**

## HOW THE YOUNG ENTREPRENEURS PLAN WORKS

The Young Entrepreneurs Plan will allow a small number of smart and innovative young New Zealanders to apply to cash in their three free years of education, instead receiving a start-up business grant, training and a business mentor.

Any New Zealander aged 18 to 23 can apply for up to \$20,000 to start a new business based on an innovative idea. They must have been through an accelerator business training programme, which will be paid for under the policy, have a business mentor and a business plan accepted by an independent panel of business experts.

This will be a one-off grant, helping those with a great idea and the drive to make it happen, get access to the finance that otherwise would be unavailable to them. Safeguards include training and a mentor who will help them put their business plan into action.

The money will only be available for capital and operating costs, not living costs. It will not be available for franchise businesses. An independent panel of experts will select a maximum of 100 successful applicants per year, based on an idea being innovative, filling a niche in the market and with the ability to be readily scaled up to generate wealth and employment.

We recognise the strength of collaboration in business, so groups of school leavers will be able to apply jointly and pool their funds.



### ***Who benefits?***

Any young person aged 18 to 23 with a good idea backed by a solid business case and a mentor will be eligible if they haven't accessed Working Futures' three free years of vocational training and education.

It is assumed that a number of the businesses could fail; however, skills learned and experience gained throughout the process will be valuable. The entrepreneur will not have to pay back their start-up grant.

### ***The cost***

The total cost of the Young Entrepreneurs Plan will be \$3million per year, with 100 applications successful at a maximum cost of \$2m. The remaining funding will be used for training and the direct costs of the business mentors. The scheme will be audited annually.

### ***Who will provide training and business mentoring?***

The training could be provided by entrepreneur educators such as the Young Enterprise Trust, Creative HQ and Business Mentors NZ. All these groups have the knowledge and experience to provide acceleration programs for young people interested in entrepreneurship. They are also connected to networks of business mentors so can ensure the right support and safety net is provided.

### ***Who will select the successful applicants?***

In Government, Labour will work with the business and start-up communities to form a panel of experts who will independently select which business ideas and plans are eligible for the scheme, up to a maximum of 100 per year for the first three years. The scheme will be independently audited.

