Feedback on proposed changes: Angel Association New Zealand

Questions		Answers
Expanding acceptable investments		
Question One	Are there other investment types that we should consider adding to the list of acceptable investments? Consider: • Is there a market gap that warrants government intervention? If so, please describe it and provide relevant examples and evidence. • What economic benefit do you expect your proposed investment type to have? • Why might your proposed investment type be attractive to investor migrants? • Would it provide opportunities for investor migrants to share their human capital?	The following asset class could add value to the programme: • Facilitated direct investments into New Zealand early-stage scale ups through a managed fund, which NZGCP could manage as part of its Aspire mandate through a fund of funds model. • Investment into side car funds offered by accredited Angel Networks (such as Angel HQ, Enterprise Angels etc)
Question Two	Are there any property or other types of investments that you would want to be included and/or explicitly excluded? Why? Provide details.	The following should be excluded: • Bonds (government) • Property investment AIP was designed to attract smart money to New Zealand, through active investors with requisite understanding of investment risk and capability, therefore contributing more than just FDI capital to the New Zealand economy. By lumping passive investment into AIP, it creates a path of least resistance that may inadvertently migrate high value active investors into a passive investment pathway. Consideration should be given to creating 2 defined visas which clearly articulate the difference between Active investment visas and passive investment visas. Capital that comes with connections and capability can add huge additional value to the New Zealand economy above just pure FDI commitments, and therefore consideration should be given to making this active visa attractive to better align with the intent of the AIP programme.
Question Three	In your view, to what extent will the proposed settings (e.g., reducing time in New Zealand requirements, the investment amount required, removing English language) incentivise investor migrants to make active investments? **Note:** In the context of the Active Investor Plus visa, 'active' investments are those investments that require financial capital and also provide opportunities for investors to share their human capital (i.e., to share their connections and expertise with the entities receiving investment). Active investments are distinguishable from 'passive' investments, which only require investors to provide capital upfront.	Overall the proposed settings may help with investor attraction on the surface, however without being considered in conjunction with a review of the Foreign Investment Fund rules, the tax policies around FIF will continue to be a deterrent to attracting investors to New Zealand. Passive investment can be achieved through shorter time spent in New Zealand, however for FDI to have a true impact on the overall New Zealand economy, we need to create opportunities for active investors to engage with the wider investment ecosystem and creating pathways to connect. While investors can share their human capital via online forums, to truly get wider benefit from their engagement, encouraging investors to spend more time in New Zealand will not only help support the investments they are directly involved in, but will create ripple effects more widely across the investment landscape through their continued in-person engagement. Create an incentive in the policy for those active investors who are offering more than just FDI. Spending more time here may be a good start, but would be good to see more tangible expectations, rather than assuming that spending more time here will automatically lead to more engagement.
Risks and benefits		

Question Four	What benefits do you expect that the settings proposed will yield for the New Zealand economy?	We support enhancing the active visa programme to create greater incentives for them to engage more directly in New Zealand and to leverage their human capital, while increasing the barriers to passive investment. Having more investors becoming AIP investors will create greater economic benefits to New Zealand beyond just their capital commitment. Increasing the passive investment pool with not have the same impact. There are also economic and social benefits of more active investment into the tech ecosystem. By introducing more passive investment vehicles, this impact might be diluted. For example, investing in tech = creating high-skilled and high-paid jobs, supporting diversification of the NZ export sector and GDP and lower environmental impact than many other investment classes etc.
Question Five	Can you identify and explain any risks associated with the proposed changes to policy settings? Explain how you believe the risk identified could be mitigated.	If the pathway to becoming a passive investor is too low, investors will choose the path of least resistant and therefore we risk having investors that may have become active investors opting to become passive investors. This will be a loss in terms of the contribution they can make to New Zealand. If the changes are made to this policy without addressing the required changes to FIF, then it is likely there will be little impact from the proposed changes.
Other comments		
Question Six	Are there other specific immigration instructions that may be a barrier to facilitating foreign investment to New Zealand or that, if changed, could improve efficiency of the process for INZ or customers?	FIF tax changes are required to make these proposal changes have impact. Consideration needs to be giving to timing constraints for VC and PE firms, which don't raise funds every year creating a timing gap that would need addressing if investors are required to deploy a certain amount in a particular year.
Question Seven	Do you have any other feedback you consider should be taken into account?	If growth investors are allowed to allocate 25% of their investment into balanced investment, the same percentage allocation should be allocated to balanced investors being allowed to allocate 25% of their investment into growth investments, not 10% as it is currently set to.