Boosting the Tech Sector

To rebuild the economy, New Zealand needs to make it easier for high-growth sectors like tech to attract the skills and talent they need to grow.

To achieve this, National will adopt a more strategic approach to immigration so it attracts the best and brightest from around the world to come here to help us grow, create and innovate.

A smarter immigration system focusses on attracting highly talented people with the skills, knowledge and expertise Kiwi firms need to grow.

Smarter immigration isn't about numbers; it's about identifying the gaps in our skill base and making it easier for people who have those skills to come here and contribute. It's about making sure New Zealand remains competitive in the global war for talent to help grow our tech sector and drive faster economic growth over the coming years.

As a first step in making our immigration system smarter, National will introduce three new visa categories targeting graduates from the world's leading universities, specialists from major global tech firms, and high-value, highly mobile 'digital nomads'. These new visa categories will make it easier for Kiwi tech firms to access the talent they need to grow, so we can rebuild our economy to make it work for all New Zealanders.

We will also work to make it easier for startups and other early-stage companies to attract and retain talent by investigating changes to the tax treatment of options provided to startup employees. Under current rules, options are treated as income for tax purposes when they are exercised and converted into shares, rather than when the shares are sold. The Startup Advisors Council has identified these rules as a barrier for startups being able to attract and retain talent by compensating early employees with future equity in the business they are trying to help build.

Finally, we will ensure that the tech sector has a champion at the heart of a National Government whose mission will be to ensure we have the conditions right for the tech sector to thrive.

New Zealand is in recession, the cost-of-living continues to rise faster than wages, and mortgages are unaffordable. Making it easier for the tech sector to attract and retain talent is part of National's plan to rebuild the economy to get it working for all New Zealanders.

A strong economy means an end to the cost-of-living crisis, higher incomes, lower mortgage rates, and it means New Zealand can also afford the quality public services we all rely on.

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- **International Graduates Visa** – a three-year open work visa for highly educated people who have graduated with a bachelor's degree or higher within the last five years from one of the top 100 universities in the world.
- **Global Growth Tech Visa** – a residence visa for people with highly specialised skills who have worked at a top global tech company earning at least NZ$400,000.
- **Digital Nomad Visa** – a 12-month visa to attract skilled, highly-mobile people to come to New Zealand while working remotely for an overseas-based company, with the option to apply for a work or residence visa later if they choose to stay.
- **Supporting startups** – investigate changes to the tax treatment of options issued by startups to their staff to make it easier to attract and retain talent in their early years.
- **Minister of Technology** – to partner with the tech sector to create the right policy and regulatory environment to support more innovation and faster growth.
1. International Graduates Visa

To rebuild and grow our economy, we need to attract the best and brightest. To make that happen, National will create a new International Graduates Visa for recent graduates from one of the world’s leading universities.

The new visa will be open to anyone who has graduated with a bachelor’s degree or higher from one of the top 100 universities in the world within the previous five years. The visa will allow these individuals to live in New Zealand for up to three years with full work rights, along with their immediate family, without needing a job offer.

Highly skilled graduates from the world’s leading learning institutions have multiple options when it comes to choosing where to take their talents. These are the sort of highly educated, highly skilled, and highly networked individuals that New Zealand should be striving to attract.

Whether they choose to start their own business, join a startup, or work for an established company, these highly educated people are likely to provide significant value to New Zealand – helping to make our existing workforce more productive and strengthening our economy.

The International Graduates Visa will make us more competitive in the global war for talent, by making a move to New Zealand as seamless and easy as possible.

For each year, Immigration New Zealand will publish a list of eligible universities based on major international rankings (such as the Times Higher Education World University Rankings). Graduates who were awarded their qualification in that year will be eligible for the International Graduates Visa for the subsequent five years.

This three-year open work rights visa will allow these highly skilled people to move to New Zealand without needing a job offer. Partners of someone on an International Graduates Visa will be given open work rights, and any children they have will be able to study in New Zealand (at international rates).

This visa will initially be capped at 500 successful applicants in the first year.
2. Global Growth Tech Visa

Lack of access to skills and expertise is often raised by tech firms as one of the main barriers to growing New Zealand's technology and innovation sector.

A vibrant tech sector has the potential to drive significant growth in New Zealand, with high-paying jobs and high-value exports which, once developed here, can be sold to millions of customers around the world, often at the click of a button. The growth potential for tech in New Zealand is huge.

But often the skills and expertise that technology firms need to grow are highly specialised and hard to find in New Zealand.

National is committed to developing our homegrown tech talent by improving our education system. But to accelerate growth in our tech sector, we need to make it easier for these firms to access from overseas the talent they need to succeed. This means the sort of highly specialised skills and experience found at the world's major global tech companies in hubs like San Francisco, London, or Singapore.

These people have the connections, knowledge and skills New Zealand firms struggle to find domestically but need to scale up, creating a multiplier effect on our economic growth. They also give investors more confidence if they are involved in Kiwi companies.

That's why National will create the Global Growth Tech Visa, a highly specific new visa category for individuals who have worked at one of the top 200 global tech firms earning more than NZ$400,000 salary (not including options or equity).

Immigration New Zealand will develop criteria for which global tech companies are eligible in consultation with local firms and the tech sector.

Making it easier for the technology sector to attract people with valuable tech skills and expertise will help to grow the economy and deliver more opportunities and higher paying jobs for the Kiwis they work with.

The visa will be a residence class visa, allowing these highly skilled people to move to New Zealand without needing a job offer. They will be able to apply for permanent residence after meeting existing 'time in country' requirements.

Partners of someone on a Global Growth Tech Visa will be given open work rights, and any children they have will be able to study in New Zealand (at domestic rates).

The visa will initially be capped at 250 successful applicants in the first year, and open to people aged 45 and under.
3. Digital Nomad Visa

Digital nomad visas are becoming an increasingly common tool around the world for attracting highly educated and skilled people with high spending power who might consider permanent migration once they’ve experienced what a country has to offer.

A digital nomad visa allows people to travel to and live in another country while still working remotely for an overseas-based company or their own location-independent business, and these are now offered by over 40 countries.

With the growing popularity of remote work, many highly skilled, highly mobile people are choosing to take advantage of digital nomad visas, and National believes it’s time for New Zealand to catch up.

New Zealand is ideal for remote work thanks to good access to high-speed internet, outstanding natural beauty and relatively high quality of life.

New Zealand will benefit from attracting more high value digital nomads both through their relatively high levels of spending, and the potential that once they experience what New Zealand has to offer, many will choose to apply for residency to stay in New Zealand.

National will create a Digital Nomad Visa which will allow highly skilled people to live in New Zealand for up to 12 months while working remotely for a company based outside New Zealand, or for their own location-independent business.

To be eligible, applicants must have earned at least NZ$20,000 a month over the previous six months and must hold health insurance for the duration of their stay.

Partners of someone on a Digital Nomad Visa will be given open work rights, and any children they have will be able to study in New Zealand (at international rates).

Once here, digital nomads will be able to apply for a work visa from New Zealand if they receive a job offer and meet existing requirements.

This visa will initially be capped at 250 successful applicants in the first year.

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4. Supporting startups

Startups tend to be cash-poor and not in a position to pay competitive salaries for the top talent they need. For this reason, startups often choose to compensate their early employees by issuing options to buy shares in the business for a set price at a future date.

Paying employees in this way not only reduces cash burn, which is vital for the success of an early-stage company, it also gives employees a direct stake in the business they are helping to build.

For highly talented people, this is a gamble – choosing a lower salary than they might be able to receive working for a bigger, more established company in exchange for future equity in a business that may become successful or could fail.

These are the sorts of calculated, entrepreneurial risks that New Zealand should be encouraging. Not every startup will succeed, but those that do could go on to deliver significant economic value for the country.

But under our current tax rules, income tax is charged on the difference between the exercise price of an option and the value of a share at the time the option is exercised, rather than when the share is sold. This means founders or employees are required to pay income tax on the value of the shares even if they haven't sold them, effectively taxing unrealised gains. It can also mean startups are required to assess the underlying value of the shares, which can be expensive and unproductive.

The Government's Startup Advisors Council has identified the tax treatment of options, particularly through Employee Share Option Programmes, as one of the major challenges they face in attracting and retaining early employees. This is because taxing options when they are exercised results in employees facing a higher income tax bill when they may not have the means to pay it.

Australia has introduced a number of incentives along similar lines to support their startups to attract talent and grow. New Zealand needs to catch up.

National will work with the tech sector to investigate changes to tax rules that would better support startups to attract talent by offering future equity in the business.

5. Minister of Technology

To rebuild the economy and get it working for all New Zealanders, we need more innovation and faster growth in high-value sectors like tech.

National understands that innovation and growth don't come from government – they come from the hard work, innovation and risk-taking of entrepreneurs in the private sector. But the Government does have a role to play in partnering with the tech sector to create the policy and regulatory environment that will allow that innovation and growth to occur.

National wants to send a strong message to people working in tech here and around the world – that a National Government will be serious about helping you achieve your potential, so that you can help rebuild the economy and get it working for all New Zealanders.

That's why National will establish a new Minister of Technology, to provide the sector with a champion in government to ensure its voice is heard.

The Minister of Technology will be responsible for working with the private sector to enable scale and growth. They will work with industry leaders and organisations to boost productivity and commercialisation, support R&D, and ensure emerging technologies like Artificial Intelligence are being used safely and ethically.