

MEDIA RELEASE FROM THE CAPITAL MARKETS 2029 STEERING COMMITTEE

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Growing New Zealand's Capital Markets 2029: A vision and growth agenda to promote stronger capital markets for all New Zealanders.

Broader participation by New Zealanders, greater access to growth capital for New Zealand enterprises, and more choices for investors drive the recommendations in the Capital Markets 2029 report released today.

The report lists 42 recommendations to unlock stronger capital markets for all New Zealanders of which 18 recommendations have been prioritised. The recommendations canvas topics such as KiwiSaver, regulation, public sector assets and infrastructure, promotion of public markets, tax, new products and the impact of technology.

The report's recommendations are designed to improve capital markets in one or more of the following ways:

- Raise the level of individual participation and engagement in capital markets
- Offer more choice of investment for individuals, both within KiwiSaver and more generally
- Grow the base of companies that can access the public capital market, reduce the barriers to listing where possible and increase motivation for public companies to remain listed
- Grow the private capital ecosystem in New Zealand
- Use the capital markets to fund infrastructure in New Zealand
- Create greater wealth for New Zealanders.

Capital Markets 2029 Chair Martin Stearne said some of the changes recommended to KiwiSaver, for example, are focused on stimulating more New Zealanders to become engaged investors.

"Many of the recommendations are also designed to create larger pools of capital for funding New Zealand enterprises, including infrastructure, via public or private markets.

"Additionally, the recommendations recognise the growing role of private markets, and therefore seek to provide greater access to them for more New Zealanders," said Mr Stearne.

The report also summarises some of the key trends in New Zealand that could undermine the effectiveness of capital markets and have long-term consequences for the country's wealth if left unaddressed. These include:

- A KiwiSaver regime that encourages saving, but fosters investment predominantly in lower growth assets and has limited exposure to private markets
- A large number of New Zealanders who are not actively participating in KiwiSaver
- A two-tier public market that is working well for the larger companies, but is less liquid and effective for smaller companies
- A public market that is struggling to attract new listings
- Private markets that are working well and growing, but not necessarily serving the full range of New Zealand investors, nor the full range of investment stages
- A sound regulatory regime, albeit with areas which could be improved to assist the flow of capital.

The review, sponsored by NZX and the Financial Markets Authority, and report produced by EY as secretariat, involved many people and organisations across New Zealand, as well as offshore investors.

"We believe this report is a mandate from the industry for the recommendations which are aimed at seeing more capital flowing more efficiently to New Zealand enterprises, as well as providing more investment opportunities for a greater number of Kiwi investors," said Mr Stearne.

"The steering committee took a 10-year view as it identified practical ways of addressing these issues.

"There is a lot of research and evidence of the role successful capital markets fulfil in benefiting New Zealanders, by way of employment, use of the products and services of companies funded by capital markets, or by direct or indirect investment."

Mr Stearne said that next steps will include formal responses from NZX and FMA, as well as from certain other parties to whom recommendations have been made. NZX has offered to report on the progress made by all parties in implementing the recommendations, with a first assessment in 18 months.

"The industry has identified these changes and is ready and willing to follow through with action in order to achieve the vision and ambitions for stronger capital markets for all New Zealanders, as outlined in the report."

Click <https://www.ey.com/nz/cm2029> to read the Capital Markets 2029 report.

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