



10 November 2004

## Media Statement

### Toward a more effective overseas investment regime

Legislation to subject overseas people wanting to buy sites of special heritage or environmental value in New Zealand to a tougher screening and monitoring regime was tabled in the House today by Finance Minister Michael Cullen.

“The Overseas Investment Bill is designed to recognise that it is a privilege for an overseas person to own sensitive New Zealand assets while also encouraging foreign investment which can make a positive contribution to the New Zealand economy,” Dr Cullen said.

“I am confident that it achieves that balance and will win broad public support.”

The key changes are:

- Overseas applicants wanting to buy land but not intending to reside in New Zealand will have to include in the asset management plan attached to their application how they will manage any historic, heritage, conservation or public access factors relevant to the property as well as any economic development planned.
- Plans submitted by an overseas investor in support of his/her purchase will be made conditions of consent.
- To keep costs to the taxpayer down, the onus of compliance will be on the overseas investor. Investors will be required to report regularly on how they are complying with the terms of their consent and outline any reasons for non-compliance. Monitoring will continue until all obligations have been met.
- Maximum fines will be increased from \$30,000 for individuals and \$100,000 for companies to \$300,000 for both.
- The existing two year time limit on the power of the courts to order the disposal of a property will be removed and the test strengthened from contravention of to failure to comply with the Overseas Investment Act.
- The courts will be able to order that a mortgage be registered against any land purchase under the Act for the purpose of securing the payment of monies owed under the conditions of consent or any fines and penalties.
- The Crown will have a new right of first refusal over foreshore and seabed land where this would otherwise be sold into foreign ownership.
- The threshold for screening non-land business assets where the proposed acquisition entails a 25 per cent or more shareholding will be raised from \$50 million to \$100 million. It was last adjusted in 1999 when it was increased from \$10 million to \$50 million. [The last time a business

application not involving land was turned down was by Sir Robert Muldoon in 1984.]

- The onus for obtaining consent when an overseas person wants to buy a 25 per cent or more stake in a fish quota owning company will be transferred from the company to the overseas investor.
- Purchases involving land with an unimproved value of more than \$10 million will no longer require consent where the land is not screened for other reasons. [As the \$10 million applies to land value alone and as any rural land sales over 5 hectares will continue to require consent, this provision is expected to affect only purchases within the main centre Central Business Districts.]
- Land adjoining some non-sensitive reserves, for example drainage and hospital reserves, will be removed from the purview of the Act.
- The Overseas Investment Commission will be disestablished and its regulatory functions performed by a dedicated unit within Land Information New Zealand. All OIC personnel will be offered the opportunity to transfer to the new unit.

Special properties include the foreshore and seabed and all sites over 0.4 hectares which are subject to a heritage order; registered or proposed for registration under the Historic Places Act or classified as an historic, scenic, scientific or nature reserve and administered by the Department of Conservation under the Reserves Act.

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