

Role of OIO

The Overseas Investment Office (OIO), part of Toitū Te Whenua (Land Information New Zealand), regulates overseas investment in New Zealand's sensitive land, significant business assets, and fishing quota. The OIO assesses applications for consent under the Overseas Investment Act 2005. It also monitors and enforces compliance with the Act.

The Benefit to New Zealand test

Any overseas person who wishes to buy, lease, or otherwise acquire interests in sensitive land or fishing quota through the benefit to New Zealand pathway must show that the investment is likely to benefit New Zealand. The Benefit to New Zealand test gives a consistent and fair approach to how the benefits of a proposed investment are assessed.

How the test works

The Benefit to New Zealand test assesses the likely benefits of a proposed overseas investment in seven broad categories or 'factors' compared to the current state.

A proposed investment may have different levels of likely benefits in each factor depending on the nature of the investment. There is no requirement to show likely benefit in every factor.

The test sets out what must be considered by the Minister (or Toitū Te Whenua under delegation) making the decision and how the relevant factors should be prioritised and considered.

If an investment is in farm land a modified benefit test applies, requiring greater importance to be placed on particular factors.

The benefit test applies to all proposed conversions of farm land to forestry, but conversions to production forestry are excluded from the modified farm land benefit test.

More information

More information on the overseas investment regime, and copies of the Ministerial Directive Letters are available on the Toitū Te Whenua website: linz.govt.nz/overseas-investment

The Overseas Investment Act 2005 is available on the New Zealand legislation website.

The seven factors that are assessed

The Benefit to New Zealand test considers the benefits that a proposed investment in sensitive land will (or is likely to) bring in seven different categories. These categories and examples of what can be considered under them are set out below.



Economic

Will there be an economic benefit to New Zealand?

- Create or retain jobs
- Introduce technology or skills
- Increase productivity
- Increase export receipts



Environmental

Will there be a benefit to New Zealand's natural environment?

- Protection of native wildlife
- Protection of native plants
- Erosion control
- Improve water quality



Access

Will New Zealanders gain or retain access?

- Recreational access such as fishing or walking
- Exercising kaitiakitanga or stewardship of important historical or spiritual sites
- Ability to cross the land to reach other sites or areas



Heritage

Will historical sites be protected and accessible?

- Protection of sites of historical importance
- Access to sites of historical importance
- Access to sites of importance to Māori



Government policy

Will this assist Government policy?

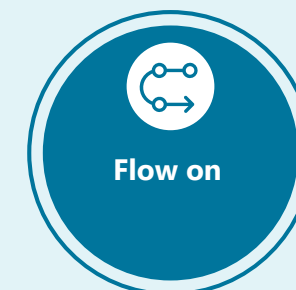
- Give effect to or advance significant Government policy



Participation and oversight

Will New Zealanders participate?

- Oversight by New Zealanders
- Participation by New Zealanders



Flow on

Will there be further benefits?

- Other benefits as a direct result of the investment





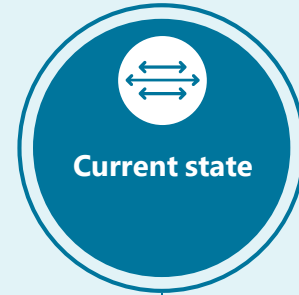
Applying the test

The proposed investment must be considered against all seven factors to determine which are relevant, and their relative importance.

The benefit must be considered under each relevant factor (e.g. number of jobs) Deducting any directly comparable aspect of the current state (e.g. existing jobs) and any negative impact of the proposed investment (e.g. reduction in jobs).

Deductions must be directly comparable and must stop at zero.

Note – different rules apply to proposed overseas investments involving water bottling.



Current state

What is likely to happen as a result of the investment is compared to the current situation (counterfactual assessment).

This allows the benefits the investment is likely to bring to New Zealand to be assessed and considered.



Proportionality

The Act requires a proportionate approach to considering the Benefit to New Zealand test.

The likely benefit must be proportionate to:

- (i) the sensitivity of the land** such as the features of the land and the level of public interest; and
- (ii) the nature of the overseas investment transaction** such as whether the interest is temporary or permanent.



Farm Land Benefit test

A modified Benefit to New Zealand test applies to farm land of more than 5 hectares.

The Farm Land Benefit test requires:

- high relative importance for economic and participation and oversight factors, and
- that the benefits under one or more of those factors are likely to be substantial for New Zealand.

Other factors may also be given high relative importance by the decision maker.

Exceptions

Conversions of farm land to production forestry.

A decision may be made to not apply the modified test, including where:

- the land has little or no productive capacity as farm land, and will be used promptly for industrial, commercial or certain residential development, or
- the transaction is minor or technical