



Finance & Expenditure Committee
Parliament Buildings
Wellington

Dear Chair

Re: Overseas Investment Amendment Bill

ExportNZ wishes to make some comments regarding the *Overseas Investment Amendment Bill* (referred to as "the Bill").

The Coalition Agreement between the New Zealand Labour Party and the New Zealand First Party includes, among other commitments, to "*strengthen the Overseas Investment Act*". In addition, the Government has clearly stated its intent in its first 100 days in office to "*ban overseas speculators from buying existing houses*". ExportNZ acknowledges that the Bill has been drafted within a tight timeframe to meet these specific objectives that were well signaled leading up to the 2017 General Election. Also, given the fact that the Bill is one of the first pieces of legislation for the new Government, realistically we would expect changes to the Overseas Investment Act to proceed via the Bill. Therefore, ExportNZ has purposely chosen not to provide a detailed submission on the Bill. Instead, we wish to cover some key factors that the Select Committee needs to take into account when examining the Bill.

1. Sensitive land definition too broad

The Bill states that overseas persons who are not resident in New Zealand will generally not be able to buy existing houses or other pieces of residential land (generally referred to as sensitive land in the Bill). However, overseas persons would be able to buy sensitive land if they develop the land and add to New Zealand's housing supply, or convert the land to another use and are able to demonstrate this would have wider benefits to the country.

According to the Overseas Investment Act 2005, sensitive land is defined as non-urban land over 5 hectares, foreshore or seabed, the bed of a lake over 0.4 hectares, land held for conservation purposes over 0.4 hectares, land that a district plan or proposed district plan is to be used as a reserve, as a public park, for recreation purposes, or as open space over 0.4 hectares, land subject to a heritage order, or a requirement for a heritage order, over 0.4 hectares or a historic place, historic area, wahi tapu, or wahi tapu area that is entered on the New Zealand Heritage List/Rārangī Kōrero over 0.4 hectares. In addition, land is considered sensitive if it adjoins foreshore over 0.2 hectares, the bed of a lake over 0.4 hectares, land held for conservation purposes over 0.4 hectares, any scientific, scenic, historic, or nature reserve that is administered by the Department of Conservation over 0.4 hectares, any regional park over 0.4 hectares, land listed as a reserve, a public park, or other sensitive area over 0.4 hectares, land that adjoins the sea or a lake, an esplanade reserve or esplanade strip, a recreation reserve, a road or a Maori reservation to which over 0.4 hectares, land over 0.4 hectares that is subject to a heritage order, or a requirement for a heritage order, or land over 0.4 hectares that includes a historic place, historic area, wahi tapu, or wahi tapu area that is entered on the New Zealand Heritage List/Rārangī Kōrero.

ExportNZ believes that even under the current regime the sensitive land definition is too restrictive (as demonstrated above) and provides a disincentive to foreign investment in New Zealand. Further extension of this definition to incorporate urban land does not help our case, and risks sending a signal that New Zealand is a hard place to invest in.

2. Better clarity for investors

We know that the Overseas Investment Office is already under-resourced and under pressure, often resulting in lengthy decision-making timeframes. ExportNZ would like to see the OIO inform unsuccessful investors as soon as it is evident that their application will be unsuccessful.

3. Develop 'trusted investors' scheme

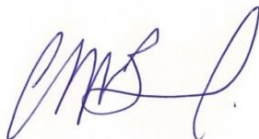
If these changes to the Overseas Investment Act are going to be made, we believe a 'trusted investors' scheme needs to be developed. If existing investors have good track record – in other words, if it has been ensured that investments made by these investors will have genuine benefits for the country – we believe these investors should be able to apply for investment through a 'trusted investors' scheme to speed up the process of application. ExportNZ and BusinessNZ will be willing to work with the government on the development of such a scheme.

4. New Zealand's obligations under international trade agreements

Finally, we wish to reiterate the New Zealand International Business Forum's concern that any legislative action or new policy settings in the area of New Zealand's international trade agreements should take careful account of our FTA commitments. We note that Australia is exempted from the proposed action, but we would emphasise the importance of staying closely in touch with all of our existing FTA partners to explain the changes to our policy, to reassure them that New Zealand will continue to respect its international treaty obligations, and to emphasise the value that New Zealand continues to place on foreign direct investment that serves to enhance New Zealand prosperity.

We recognise that within New Zealand, there is some apprehension around foreign investment, but the reality for New Zealand business – both those operating domestically and internationally – is that foreign investment is necessary to continue to grow. Much of New Zealand's primary sector or manufacturing would have struggled to grow to the extent it has without foreign investment, and it is vital that we send the right signals internationally around our willingness to accept foreign investment in order to keep our businesses and our economy growing.

Yours Sincerely



Catherine Beard
Executive Director
ExportNZ