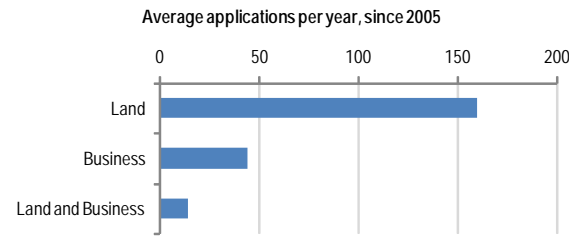


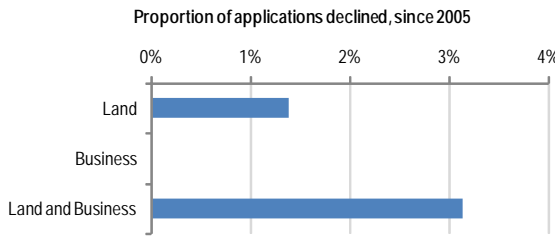
Overseas Investment Act review: range of options

The vast majority of applications involve land.



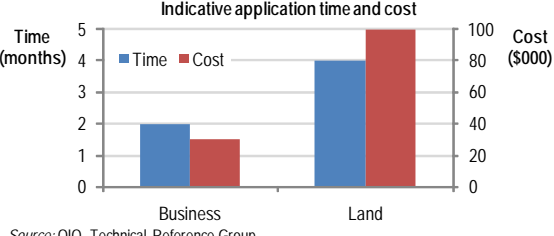
Source: OIO

Very few applications are declined.



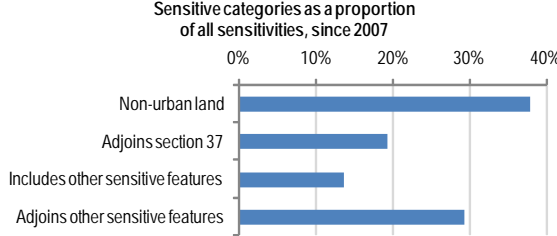
Source: OIO

Application costs are much greater for land.



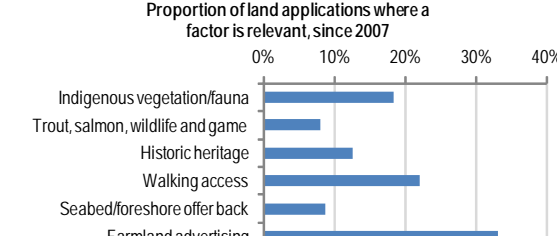
Source: OIO, Technical Reference Group
Note: It is difficult to generalise, so these values are indicative and approximate only.

Land applications cover a range of categories.



Source: OIO

Benefit is required across a range of factors.



Source: OIO

		Significant business assets		Sensitive land																			
		Scope	Hurdle	Scope	Hurdle	Special land offer back	Farm land advertising	Strategic assets	Other changes														
Status Quo		●Existing business: 25%+ and \$100m+ (or target's assets are \$100m+)	●New business: \$100m+	●Business property: \$100m+	●Good investor test: – good character – business experience – financial commitment	●Non-urban land > 5ha	●Land including or adjoining: parks, reserves, heritage areas, foreshore, seabed,...	●Offshore islands	●Good investor test (as for business)	●Benefit test: investment must benefit NZ based on 27 factors covering economic, environmental and social,	●Benefit must be 'substantial and identifiable' for non-urban land	Foreshore, seabed, lakebed and riverbed must be offered to the Crown	Farm land must be offered on the open market before sale to an overseas person	Ministers may consider whether the investment will assist NZ to maintain control of strategic infrastructure (part of the land test)	●Purpose: "It is a privilege to invest..."	●Land hurdle can be changed by regulation							
Options	●Raise threshold to \$150m	12% fewer applications		●Increase non-urban threshold to 10ha	●Define non-urban land as farm land and forestry only	17% fewer applications		Simplified benefit test	●Retain an overall assessment of benefit to NZ	●Remove 'substantial and identifiable' qualifier	●Reduce number of factors used to assess benefit but use same categories as status quo		Simplify offer back regulations	●Create a faster process that does not mean investors must offer land at no cost		Exempt property investors	●Exempt property developers when land use changes to urban/ residential		Substantial harm test:	●Considers threats to public order, essential and security interests	●Remove strategic assets factor		Remove ability to change land test by regulation
	●Raise threshold to \$200m	21% fewer applications		●Remove local parks/reserves (but retain regional and national parks)		12% fewer applications		Targeted benefit test	●Benefit assessed by determining whether there will be adequate protection for walking access; vegetation; wildlife; and heritage	●No assessment of economic benefits			Offer back without riverbed	●Remove offer back for riverbed only [most complex]. Access issues addressed via benefit test		No requirement	●Remove requirement to offer farm land on the open market		Substantial harm test:	●Considers threats to national security (narrowly defined)	●Remove strategic assets factor		Amend purpose of the Act to balance community concerns and economic benefits
	●Remove screening for investments in firms with assets >\$100m	20% fewer applications		●Remove screening if increasing ownership in an existing investment		10% fewer applications		Due diligence test	●Require investors to identify sensitive features and obligations to protect them under domestic legislation	●Ministerial discretion over 'adequate' walking access			No offer back	●Remove offer back entirely					Strategic assets	●Define strategic assets (e.g. particular firms or sectors)			Provide exemptions for: – Firms with strong links to NZ [withheld free and frank] – Investment funds with NZ beneficiaries
	●Remove screening if increasing ownership in an existing investment	10% fewer applications		●Remove land adjoining historic areas/wahi tapu		0% fewer applications												No reserve power	●Remove strategic assets factor				
Trade-offs / Judgements		●Economic benefits of smaller scope [■]	●[Withheld - relating to trade agreements]	●Public acceptability	●Relativities with Australia	●Economic benefits of smaller scope (e.g. simpler, fewer minor applications) [■]	●Less opportunity to screen investments that might be sensitive	●Certainty, predictability and simplicity for investors [■]	●Flexibility to extract additional benefits/commitments from overseas investors [■]			●Complexity and processing time/cost [■]	●Importance of Crown ownership per se, versus focusing on usage [■]		●Additional time/cost added to sale process [■]	●New Zealanders' awareness of sale [■]		●Certainty for investors [■]	●Flexibility for Ministers to act on certain investments [■]				Impact bars: All impact bars are qualitative assessments except the reduction in scope, (based on historical OIO data).

KEY

Red boxes: Indicate proposals suggested for Cabinet.

Impact bars: All impact bars are qualitative assessments except the reduction in scope, (based on historical OIO data).