

Overseas Investment Amendment Bill Commitment to Reside in New Zealand

Release Document

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Treasury Report: Cabinet Paper: Overseas Investment Amendment Bill -
Commitment to Reside in New Zealand Requirements

Date:	16 January 2018	Report No:	T2018/61
		File Number:	IM-5-1-1

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the contents of this report	No deadline
Associate Minister of Finance (Hon David Parker)	Discuss the Cabinet paper's proposals with other Ministers, including the Minister of Immigration and Minister for Land Information Sign and lodge the Cabinet paper	18 January 2018

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Daniel Lawrey	Senior Analyst	[2]	N/A	
Thomas Parry	Team Leader, Overseas Investment	[2]	[1]	✓

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Lodge the Cabinet paper on 18 January 2018 for the Cabinet meeting on 23 January.

Note any feedback on the quality of the report

Enclosure: Yes

(attached)

Treasury Report: Cabinet Paper: Overseas Investment Amendment Bill - Commitment to Reside in New Zealand Requirements

Report

This report provides a Cabinet paper for lodging to seek agreement to the proposed requirements for the *Commitment to Reside in New Zealand* pathway under the Overseas Investment Amendment Bill (Bill). These requirements will be implemented via regulations, which will be required to come into force alongside the Bill to enable residence class visa holders to purchase residential property.

On 12 January 2018, we provided you with a draft of the Cabinet paper. The attached Cabinet paper responds to your feedback. The most significant change is a proposal to remove the existing 'investor test' criteria from applying to the *Commitment to Reside in New Zealand* pathway. These criteria include the person having relevant business acumen, having demonstrated financial commitment, and being of good character. General requirements for a person to obtain a residence class visa (and be eligible for the *Commitment to Reside in New Zealand* pathway) include demonstrating they are of good character. The remaining tests are not relevant for purchases of a main home under the *Commitment to Reside in New Zealand* pathway, and specific requirements for the pathway are sufficient.

The updated Cabinet paper also incorporates feedback from agencies. There are two substantial changes as a result of this feedback:

- Clarifying that mandatory conditions of consent cease to apply if a person's spouse, civil union partner or de facto partner becomes 'ordinarily resident in New Zealand' or a New Zealand citizen. This is consistent with existing exemptions in the Overseas Investment Regulations that apply at the time of purchase.
- Clarifying that a person who becomes 'ordinarily resident in New Zealand' or a New Zealand citizen would not be capable of creating a 'trigger event', and if a 'trigger event' has occurred it is deemed to be resolved. This means that a person who is ordinarily resident or a New Zealand citizen would not be required to comply with requirements to be present in New Zealand for 183 days per 12 months. However, conditions would continue to apply to any joint owners or persons with control of the relevant entity.

We recommend this proposal is referred directly for consideration by Cabinet on 23 January 2018. This is driven by the need for regulations to come into force alongside the Bill, and to enable the departmental report to make recommendations on the *Commitment to Reside in New Zealand* provisions of the Bill.

We propose the following timetable for establishing the *Commitment to Reside in New Zealand* requirements.

Date	Action
18 January	Lodgement of Cabinet paper.
23 January	Cabinet considers proposals.
8 February	Departmental report on Overseas Investment Amendment Bill. This could recommend minor changes to <i>Commitment to Reside in New Zealand</i> provisions after considering submissions.
20 February	Select Committee reports back.
March	Cabinet considers draft regulations for <i>Commitment to Reside in New Zealand</i> .
March onwards	Regulations come into force alongside the Bill.

Recommended Action

We recommend that you:

- a **discuss** proposals in the Cabinet paper with the Minister of Immigration and Minister for Land Information
- b **sign and lodge** the Cabinet paper for direct referral to Cabinet for consideration on 23 January 2017

Thomas Parry
Team Leader, Overseas Investment

Hon David Parker
Associate Minister of Finance