



# Cabinet Policy Committee

## Minute of Decision

In Confidence

POL Min (04) 19/5

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### Review of the Overseas Investment Act: Supplementary Issues

On 25 August 2004 the Cabinet Policy Committee:

#### Background

- 1 **noted** that in July 2004 Cabinet directed officials to report on a number of issues arising from the review of the Overseas Investment Act 1973 [CAB Min (04) 22/6];

#### Right of first refusal over foreshore and seabed

- 2 **agreed** that the right of first refusal over any foreshore or seabed land within a parcel be one of the criteria to be taken into account in assessing applications under the Overseas Investment Act;
- 3 **agreed** that the right of first refusal extends only to the foreshore and seabed land, and not any dry land, contained within a parcel;
- 4 **agreed** that the Minister of Conservation, as Minister responsible for the Crown's ownership functions under the Foreshore and Seabed Bill, be responsible for implementing the Crown's right of first refusal over foreshore and seabed land under the Overseas Investment Act;
- 5 **agreed** that the Crown be required to notify its intention to purchase any foreshore and seabed land within thirty (30) working days of an application being lodged under the Overseas Investment Act;
- 6 **agreed** that following that thirty day period the Crown's right of first refusal will arise again in two circumstances:
  - 6.1 if the terms and conditions agreed between vendor and the overseas purchaser change; and
  - 6.2 if a new application is lodged in respect of the land;
- 7 **agreed** that where a foreshore strip is taken by the Crown as a condition of consent under the Overseas Investment Act and the Crown and the vendor cannot agree on the value of the strip, compensation will be determined by a registered valuer agreed on by the parties;

- 8 **agreed** that where a foreshore strip is taken by the Crown as a condition of consent under the Overseas Investment Act, the taking be exempt from the subdivision provisions of the Resource Management Act 1991;
- 9 **noted** that funding for the purchase of foreshore and seabed land will likely be appropriated through a multi-year appropriation for Vote Conservation (non-departmental capital appropriation), with funding to be sought in Budget 2005;

#### **Drafting issues raised by PCO - thresholds**

- 10 **agreed** that the thresholds for coverage be retained in regulation, but that the asset categories be in legislation;

#### **Maori land**

- 11 **agreed** that the Overseas Investment Act continue to apply to Maori land, but that this be governed by the Overseas Investment Act rather than by Te Ture Whenua Maori Act 1993;
- 12 **agreed** that Te Ture Whenua Maori Act 1993 be amended so that consent under the Overseas Investment Act is a prerequisite for confirmation by the Maori Land Court in any case where Maori land is sold to an overseas person;
- 13 **noted** that there are likely to have been very few, if any, applications to the Maori Land Court for consent to sell Maori land to an overseas person;

#### **Transitional issues**

- 14 **noted** that Land Information New Zealand (LINZ) staff have met with Reserve Bank staff and have commenced developing an implementation plan for the transition of the functions and staff from the Bank to LINZ;
- 15 **noted** that LINZ propose to offer employment to all staff of the Overseas Investment Commission, and to keep the staff together in a dedicated team reporting to the General Manager, Regulatory Group;

#### **Parks and reserves**

- 16 **noted** that Local Government New Zealand is liaising with all councils to identify parks or reserves over 10 hectares, or of particular sensitivity, to develop a list of recreational parks or reserves for which overseas ownership of land adjoining should be screened;

#### **Next steps**

- 17 **invited** the Minister of Finance, the Minister of Maori Affairs and the Minister of Fisheries to give further consideration to whether the overseas investment regime should be extended to include aquaculture, and report to the Cabinet Policy Committee (POL) on 8 September 2004 if possible;
- 18 **invited** the Minister of Finance to report to POL by the end of September 2004 on issues related to monitoring and enforcement of the regime, fishing quota issues and any further policy issues that are raised during the legislation drafting process;

## Consultation

- 19 noted that the Minister of Finance indicates that consultation will be required with the government caucuses and with other parties represented in Parliament.



Sue Sharp  
Secretary

Reference: POL (04) 208

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**Present:**

Rt Hon Helen Clark (Chair)  
Hon Dr Michael Cullen  
Hon Jim Anderton  
Hon Phil Goff  
Hon Jim Sutton  
Hon Pete Hodgson  
Hon Margaret Wilson (by telephone)  
Hon Parekura Horomia  
Hon Mark Burton  
Hon Paul Swain

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet

**Copies to:**

Cabinet Policy Committee  
Chief Executive, DPMC  
  Director PAG, DPMC  
Secretary to the Treasury  
Secretary of Foreign Affairs and Trade  
  Secretary for Justice  
State Services Commissioner  
Chief Executive, Te Puni Kokiri  
Minister for the Environment  
  Secretary for the Environment  
Minister for Land Information  
  Chief Executive, Land Information New Zealand (LINZ)  
Minister of Conservation  
  Director-General of Conservation  
  Secretary for Internal Affairs (Local Government)  
Minister of Fisheries  
  Chief Executive, Ministry of Fisheries  
Chief Parliamentary Counsel

