

# The Treasury

## Reform of the Overseas Investment Act Information Release

July 2020

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- [4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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## Treasury Report: Overseas Investment Act: Additional design decisions (Regulations)

<b>Date:</b>	2 March 2020	<b>Report No:</b>	T2020/228
		<b>File Number:</b>	IM-5-3-8 (Overseas Investment Act Phase Two)

### Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	<b>Note</b> the contents of this report.	6 March 2020, in order to finalise the regulations summary document.
Associate Minister of Finance (Hon David Parker)	<b>Agree</b> to the recommendations in this report.	

### Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
[39]	[39]	[39]	N/A (mob) ✓
Chris Nees	Principal Advisor, International	[39]	[23]

### Minister's Office actions (if required)

**Return** the signed report to Treasury.

**Forward** a copy of the Report to the Minister for Land Information and the Minister of Conservation, the Minister of Revenue, Associate Minister of Finance (Hon Dr Clark), Associate Minister of Finance (Hon Jones) and the Minister responsible for the GCSB and NZSIS.

Note any feedback on the quality of the report

**Enclosure:** No

# Treasury Report: Overseas Investment Act: Additional design decisions (Regulations)

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## Executive Summary

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This report seeks your (Minister Parker's) decisions on the following issues, to be included in the Overseas Investment Regulations 2005 (the Regulations), as part of the Phase 2 reforms of the Overseas Investment Act 2005:

- Section 1: statutory timeframes
- Section 2: requirements for complete applications and call-in notifications
- Section 3: minimum farmland advertising period, and
- Section 4: tax information.

This report follows on from your decisions in TR2019/4139 and ensures that we can commence the drafting instructions for the Regulations for the Parliamentary Counsel Office (PCO).

This report is copied to the Minister of Finance for his information.

## Section 1: Statutory Timeframes

Cabinet agreed the high-level design details for introducing timeframes for decision making into the Act, with timeframes themselves to be set in regulation. We are seeking your agreement to the policy objectives that will be used to set statutory timeframes. These will be included in the regulation summary document Treasury will release to support the Overseas Investment Act Amendment Bill 2020's (the Bill) passage:

- a Timeframes provide a meaningful improvement over existing processing times, with the goal of improving New Zealand's attractiveness to high quality foreign investment, taking into account international best practice.
- b Timeframes should be reasonable and achievable for investors and their advisors, the OIO and decision-makers alike
- c Timeframes should be simple and clear to applicants
- d Timeframes should provide greater certainty for investors about when they will get a decision
- e timeframes will promote efficiency and effectiveness from all parties involved, including investors, the OIO, third parties and Ministers
- f Timeframes should reflect efficiency gains from the broader reform package, and
- g Timeframes will need to ensure that the OIO can appropriately manage risk.

We also seek your agreement that the timeframes include the initial QA period to provide the OIO with flexibility to use this period to begin assess applications if they complete the QA completed early.

### *Special land: timeframes for waiving acquisition*

We will seek your decision on the appropriate timeframe in which the Crown must make its initial decision on whether to waive its right to acquire special land (that is, foreshore, river-, lake- and sea-bed), at a later date. The Crown will only waive this right where the land offers little amenity or environmental value, or where the risks, costs and liability to the Crown outweigh the amenity or environmental benefits of ownership).

## **Section 2: Complete applications and call-in notifications**

In TR2019/4139, you agreed that regulations would set the requirements for a complete consent application and call-in notification. This will provide greater certainty for investors, and enable the Overseas Investment Office (OIO) to process applications within statutory timeframes, while rejecting those that are incomplete. We seek your agreement that:

- *a complete application for consent* must include key information relevant to determining whether the investor and (where applicable) the relevant criteria for consent pathway are met, along with details on any third party consultation. The key information includes:
  - details of the land/asset (including special land etc.);
  - details of the transaction (including number of transactions/consents required).
- *a complete call-in notification* must include information relevant to determining the national security or public order risks posed by:
  - the parties to the investment,
  - the size and nature of the interest acquired, and
  - the target entity's business activities and assets, and

## **Section 3: Minimum farmland advertising period**

In DEV-19-MIN-0306, Cabinet agreed to extend the minimum period for advertising farmland on the open market from 20 working days. Following consultation with relevant stakeholders, we recommend that 30 working days is a more suitable period to allow New Zealanders to be made aware of and make an offer on an interest in farmland.

## **Section 4: Tax information**

In TR2019/3594, you agreed to require applicants to disclose certain information about a proposed investment's structure and tax treatment ('tax information') to Inland Revenue, and that the information would not be considered as part of the application process. That decision did not specify exactly what information ought to be disclosed, and whether or not the disclosure obligations should be limited to certain types of applications. Accordingly, this report recommends:

- *that tax information be required to be disclosed only for investments involving significant business assets.* Investments below that threshold are unlikely to pose a significant risk to New Zealand's tax base so the additional compliance cost associated with preparing, and checking, that tax information is not justified for those applications, and
- *exactly what tax information that should be disclosed.* For example, the investment's funding structure and any related party transactions.

## Next steps

We will provide you with the draft regulations summary document on 4 March. We will update this document to reflect your decisions on the recommendations in this report.

## Recommended Action

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We recommend that you:

### Section 1: timeframes

- Note** that Cabinet agreed to introduce timeframes for decision making into the Act, with specific timeframes to be set in regulation (DEV-19-MIN-0306).
- Note** that timeframes for decisions will be set once the Phase 2 Overseas Investment Amendment Bill has passed. However, we recommend that some information is included for stakeholders in the regulations summary document.
- Agree** that timeframes will incorporate an initial quality assurance period (as set out in paragraph 10).

*Agree/disagree.*

- Agree** the policy objectives for timeframes to be included in the regulations summary document (as set out in paragraph 12).

*Agree/disagree.*

- Note** the factors that we will need to take into account when setting timeframes in regulation:
  - efficiency gains as a result of the Phase 2 reforms.
  - use of the extensions period to deal with factors such as complex applications and peak application periods, and
  - Resourcing implications for the Overseas Investment Office, investors and third parties in setting timeframes.

*Special land: timeframes for waiving acquisition*

- f **Note** that officials will seek your decision on the appropriate timeframe in which the Crown must make its initial decision on whether to waive its right to acquire special land, at a later date.

**Section 2: requirements for complete applications and call-in notifications**

- g **Note** in T2019/4139 you agreed that requirements for a complete application or notification would be set in regulation.
- h **Agree** that a complete *application for consent* must include key information relevant to determining whether the investor and (where applicable) the benefits tests are met, along with details on any third party consultation (as set out in paragraph 22). The key information includes:
- details of the land/asset (including special land etc.);
  - details of the transaction (including number of transactions/consents required).

*Agree/disagree.*

- i **Agree** that an investor making a notification under the call in power must disclose information relevant to determining the national security or public order risks posed by:
- the parties to the investment, including upstream ownership,
  - the size and nature of the interest acquired, and
  - the target entity's business activities and assets.

*Agree/disagree.*

- j **Note** if you agree the above requirements will include these in the regulation summary document to get stakeholder feedback, before finalising these in the regulations (with detailed requirements to be captured in Overseas Investment Office forms).

**Section 3: minimum farmland advertising period**

- k **Note** that Cabinet agreed to extend the minimum farmland advertising period from 20 working days (DEV-19-MIN-0306).
- l **Agree** as per stakeholder recommendations, to extend the minimum farmland advertising period to 30 working days.

*Agree/disagree.*

#### **Section 4: tax information**

- m **note** that in TR2019/3594, you agreed to require applicants to provide certain information about a proposed investment's structure and tax treatment ('tax information') to Inland Revenue as part of their applications but that decision did not specify whether:
- a. that requirement should apply to all applications or for applications involving certain assets (for example, significant business asset), or
  - b. exactly what tax information should be.

- n **agree** that only applications for investments involving significant business assets be required to provide tax information as part of their application.

*Agree/disagree.*

- o **agree** that the Overseas Investment Regulations specify that the Tax Information is the information set out in paragraph 39.

*Agree/disagree.*

- p **agree** to consult with the Associate Minister of Finance (Hon Dr Clark), Associate Minister of Finance (Hon Jones), Minister for Land Information and Minister of Revenue on your decisions in recommendations m, n and o, above.

*Agree/disagree.*

- q **refer** a copy of this report to the Minister for Land Information and the Minister of Conservation, the Minister of Revenue, Associate Minister of Finance (Hon Dr Clark), Associate Minister of Finance (Hon Jones) and the Minister responsible for the GCSB and NZSIS.

*Refer/not referred.*

Chris Nees  
**Principal Advisor, International**

Hon David Parker  
**Associate Minister of Finance**

# Treasury Report: Overseas Investment Act: Additional design decisions (Regulations)

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## Purpose of Report

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1. As part of the Phase 2 reforms of the Overseas Investment Act 2005 (the Act), Cabinet has authorised you (Minister Parker) to make decisions on any additional policy issues that arise during the drafting of the Overseas Investment Regulations 2005 (the Regulations) [CAB-19-MIN-0593].
2. Based on Cabinet's decision, this report seeks your decisions on:
  - Section 1: statutory timeframes
  - Section 2: requirements for complete applications and call-in notifications
  - Section 3: minimum farmland advertising period, and
  - Section 4: tax information.
3. We are seeking your decisions to ensure that we can finalise drafting instructions for the regulations for Parliamentary Counsel Office (PCO), and the regulations summary document summarising the key elements of proposed regulations to support engagement through the Parliamentary process.

## Section 1: Statutory Timeframes

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4. This section seeks your decision on:
  - a detailed design feature relating to structure of the quality assurance (QA) period, and
  - the policy objectives and other information on statutory timeframes to be included in the regulations summary document.

### *Context*

5. Cabinet agreed to introduce bespoke timeframes for different types of decisions under the Act (DEV-19-MIN-0306), for example national security transactions under the call-in power. It also agreed several high-level design details, including:
  - enabling specific timeframes to be set via regulation
  - providing for the regulator to have an initial period to QA an application before statutory timeframes formally commence, and enabling the regulator to charge a fee for this
  - enabling the decision-maker to unilaterally extend the statutory timeframe by up to a period prescribed in regulations, or a different period with the applicants, and
  - requiring the regulator to report on compliance with statutory timeframes.



6. Accordingly, the Bill creates a regulation making power, with actual timeframes to be set in regulations. We propose to settle the timeframes once the Bill has passed and all provisions are in force, to ensure that timeframes appropriately reflect the legislation.
7. The regulations will also reflect additional design details developed during the drafting of the Bill and in consultation with the Overseas Investment office (OIO), including:
  - timeframes will apply to all parts of the process, from QA to decision (the QA period is discussed in more detail below).
  - there will be additional time available for national interest transactions, and
  - timeframes will restart where there is a material change to an application.
8. Through the regulations summary document, we will also present the option of setting lower base timeframes, with additional periods for applications that go to Ministers for decision or decisions that include farm land, as opposed to longer standard timeframes that factor in these considerations even where they may not be relevant.

#### *Structuring the QA period*

9. As noted above, Cabinet agreed there should be an initial QA period before statutory timeframes formally commence. In consultation with the OIO, we have revised our preferred approach on how to structure the QA period.
10. Our recommended approach is a single timeframe, with the QA period operating as an opportunity to reject the application within that period, if it is incomplete.
11. This approach gives the OIO more flexibility to manage timeframes. For example, if on day 2 the OIO determines that the application is complete, then they have the full remaining days in which to assess the application. It is also administratively simpler, because the OIO would not need a separate trigger for the substantive timeframe to commence.

#### *Recommended policy objectives for statutory timeframes*

12. When setting timeframes it is important to be clear about the underlying policy objectives. We propose that these objectives are:
  - h timeframes provide a meaningful improvement over existing processing times, with the goal of improving New Zealand's attractiveness to high quality foreign investment, taking into account international best practice.<sup>1</sup>

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<sup>1</sup> Current processing times in New Zealand are significantly longer than comparable jurisdictions (an average of around 100 days). In Australia, a decision is required on an application within 30 days, in Canada this is 45 days and in France decision-makers have 2 months. While these regimes are materially different to New Zealand's regime, and those regulators do not always meet the timeframes, they do provide an important benchmark for some investors.

- i timeframes should be reasonable and achievable for investors and their advisors, the OIO and decision-makers alike
  - j timeframes should be simple and clear to applicants
  - k timeframes should provide greater certainty for investors about when they will get a decision
  - l timeframes will promote efficiency and effectiveness from all parties involved, including investors, the OIO, third parties and Ministers
  - m timeframes should reflect efficiency gains from the broader reform package, and
  - n timeframes will need to ensure that the OIO can appropriately manage risk.
13. We propose to include these objectives in the regulations summary document, to give stakeholders visibility on the factors that will influence the final timeframes.

*Factors to consider in setting the timeframes*

14. In annex a, we provide you with context on the factors that we will need to take into account when setting timeframes in regulation, these include:
- efficiency gains as a result of the Phase 2 reforms
  - use of the extensions period to deal with factors such as complex applications and peak application periods, and
  - resourcing implications for the OIO, investors and third parties in setting timeframes.

**Special land: timeframes for waiving acquisition**

15. In November 2019 Cabinet agreed to specify a timeframe in which the Crown must decide whether to waive its right to acquire the special land, the intention of which is to increase certainty for landowners [DEV-19-MIN-0306 refers].
16. We will work with OIO to determine an appropriate timeframe to provide sufficient time for the Crown to assess the special land and to determine whether it wishes to exercise its waiver at this initial stage of the special land process. This will be determined in conjunction with finalising the standardised terms and conditions which will also be in the Regulations.

**Section 2: Requirements for complete applications and call in notifications**

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17. This section seeks your decision on:
- indicative requirements for complete applications and call-in notifications to form the basis of what will be included in the Regulations and be published in the regulations summary document.

## *Context*

18. In TR2019/4139 you agreed that the requirements for a complete consent application and call in-notification would be set in regulation. We indicated that we would seek further decisions from you on the content of these regulations.
19. We propose that the Regulations prescribe the high-level requirements for applications for consent and call-in notifications, with the detail captured in the OIO's forms and application templates. This allows the OIO greater flexibility to deal with changing circumstances. Publishing this information in the regulations summary document will allow us to test our approach with stakeholders and experts.
20. It is important to be clear about what constitutes a complete application or notification, and when an application can be rejected as incomplete. This is because the reforms will introduce statutory timeframes for decisions by the OIO and Ministers, which will include an initial QA period during which the OIO can:
  - a reject an application if it is incomplete,
  - b requires significant change (for example, covers more than one transaction and they not sufficiently linked to be considered as one consent), and/or
  - c the applicant has selected the wrong pathway.
21. It is also important to signal to investors that a call-in notification will be a lower burden than an application for consent; it will only require the disclosure of basic facts about the transaction. Drawing on similar practice in the United States and Canada a notification is likely to be approximately 2-5 pages. This will mitigate some potential investor uncertainty that the introduction of the call-in power may create.

## *Recommended requirements for a complete application*

22. We recommend that the requirements for a complete application include:
  - a the provision of key information including: applicant details and transaction details (including land/assets, for example if the land includes any special land),
  - b identification of the relevant consent pathway and information to satisfy the relevant criteria,
  - c completion of the investor test requirements, including: identification of relevant overseas persons (ROPs) and individuals with control (IWCs), the relevant disclosures, and where applicable, statutory declarations for repeat investors,
  - d where applicable, completion of the relevant criteria for the consent pathway requirements, including: a counterfactual submission, expert reports and an investment plan,
  - e details of the results of any third party consultation, and
  - f relevant information from the vendor (unless the requirement is waived).

## *Recommended requirements for a complete notification*

23. The notification requirements for the call-in power should:
- provide the regulator with sufficient information to identify transactions requiring further investigation, while swiftly triaging out the majority that will not pose risks, while
  - minimising compliance costs and regulatory burden on investors (particularly where notification is voluntary to avoid discouraging notification) so that New Zealand remains an attractive destination for productive foreign investment.
24. The notification requirements must also be tightly targeted towards identifying significant national security or public order risks to be consistent with the exceptions in our international agreements. They cannot include extraneous factors normally requested in an application for consent, like good character.
25. We recommend three high level categories of information form the basis of the notification requirements. The categories are:
- information to determine the risks posed by the parties to the investment.* This information will help the regulator assess national security and public order risks by identifying all those persons or entities that will (or could) obtain control, access to, or otherwise influence the operation of the target entity via the investment. For example, does the investor, or its parent company, have links to a foreign government?
  - information to determine the risks posed by the target entity's activities or assets.* This information will reveal whether the target entity holds assets or conducts business activities that may pose risks [1]
  - information to determine the risks posed by the size and nature of the interest acquired.* This information will reveal whether the ownership interest to be acquired by the investor is sufficient to grant access to, control or influence over the target entity's assets (e.g., will the investment give the investor the right to appoint board members or others grant disproportionate access or control over the company?).
26. We will finalise the more technical details in consultation with other agencies such as the Overseas Investment Office and the New Zealand Intelligence Community.

### Section 3: Minimum farmland advertising period

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27. This section seeks your decision on:

- increasing the minimum farmland advertising period from 20 working days to 30 working days.

#### *Context*

28. Farmland must be advertised on the open market before consent can be given to an overseas person to obtain it. The intent of this requirement is to ensure that New Zealanders have the opportunity to acquire, enjoy and use farmland.

29. Feedback from submitters on the consultation document in April was that the current period is not long enough to allow New Zealanders a genuine opportunity to be made aware of the sale and to make an offer on the interest.

30. Based on this feedback, Cabinet agreed to extend the minimum period that farm land must be advertised on the open market from 20 working days (regulation 9) to a longer period.

#### *Recommended option: time period is extended to 30 working days*

31. We have conducted further targeted consultation with stakeholders and overall they supported the minimum advertising period being extended to 30 working days for the following reasons:

- It is a more appropriate time period to engage with a range of buyers (from passive to active), and
- Real estate agents have advised that minimum advertising campaigns are run over a four week period, meaning that switching to a 30 working day period would involve minimal compliance.

### Section 4: Tax information

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32. This section seeks your decisions on:

- the types of investment applications this requirement should apply to - we recommend limiting the Tax Information requirement to applications involving significant business assets (i.e. excluding applications solely involving sensitive land or fishing quota), and
- what tax information investors must disclose to Inland Revenue as part of a complete application.

33. Our recommendations are designed to only capture information that is of value to Inland Revenue when it assesses investors' compliance with New Zealand tax law and to limit any unnecessary compliance costs for investors.

## Context

34. In TR2019/3594 you agreed:
- to require applicants to disclose certain information about a proposed investment's structure and tax treatment to Inland Revenue, and
  - that the information would not be considered as part of the application process.
35. To give effect to those decisions, regulations will need to specify exactly what type of tax information applicants will need to disclose.
36. In addition, while other options included in TR2019/3594 were specifically limited to applications involving SBAs, the option to require disclose tax information did not specify to which applications it would apply.

### *Recommendation 1: Only require investors to disclose Tax Information for applications involving significant business assets*

37. We recommend that only applications involving significant business assets (SBAs) (i.e. excluding applications for sensitive land or fishing quota only) be required to provide the Tax Information set out in paragraph 39, below.
38. Inland Revenue considers that investments in assets above the threshold for SBAs are the most likely to cause risks to New Zealand's tax base, given their large financial value. Furthermore, the compliance cost for applicants to provide tax information on investment applications that fall below the SBAs threshold (as well as the administrative cost for Inland Revenue in determining whether the information provided is complete) would outweigh any benefit to Inland Revenue.

### *Recommendation 2: Types of tax information that must be disclosed*

39. We also recommend that the information listed below, which would be specified in regulations, be the tax information required for a complete application.

<b>Tax information that must be disclosed as part of applications for investments in SBAs</b>	
<i>Description of activities</i>	
1.	A short description of the investor's plan for the asset over the next [3] years (i.e. maintain status quo, expand or pivot), including any details of significant capital expenditure over that period.
2.	Tax residence of the investor entity, its holding company and ultimate holding company
<i>Capital structure for the investment</i>	
3.	Equity funding for the investment
4.	Debt funding for the investment

5.	Use of a hybrid instrument or hybrid entity to fund the investment
<i>Cross border related party transactions</i>	
6.	The nature and likely extent of any cross border related party transactions
7.	Expected sales from New Zealand to non-New Zealand related parties
8.	Expected breakdown as to the purchases of goods, services, royalties, interest/guarantee fees or any other charges to non-New Zealand related parties
<i>Other</i>	
9.	Any relevant double taxation agreements
10	Whether an application to Inland Revenue will be made for a ruling or advance pricing agreement in respect of any aspect of the investment

40. Inland Revenue considers that:

- the information in this list would be useful for assessing investors' compliance with New Zealand tax law, particularly for first time investors in New Zealand, which Inland Revenue otherwise has no information on, and
- applicants for investments in SBAs will generally already have the required information listed above, which will limit any additional compliance cost. For example, applicants seeking to invest in SBAs will almost certainly have information on the proportion of debt and equity funding for that investment so providing that information will be of limited additional cost.

## Next steps

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41. We recommend that you refer this report to, the Minister of Revenue, the Associate Minister of Finance (Hon Dr Clark), the Associate Minister of Finance (Hon Jones), the Minister responsible for the GCSB and NZSIS, and the Minister for Land Information.
42. We will provide you with the regulation summary document on 4 March. We will update this document to reflect your decisions on the recommendations in this report.

## Consultation

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43. We have consulted with Land Information New Zealand, the Ministry of Foreign Affairs and Trade, the Ministry of Primary Industries, the Department of Conservation, the Department of Prime Minister and Cabinet, Security Agencies: New Zealand Defence Force, New Zealand Intelligence Community, and Inland Revenue.

## Annex A: factors to consider in setting the timeframes

1. This annex provides you with early visibility on the key factors relevant to setting timeframes. This information will not be in the regulations summary document.
2. In setting timeframes we will need to take account of:
  - a the size of efficiency gains resulting from the reforms,
  - b how often the extension power is used (that is, shorter timeframes will see more frequent use of extensions), and
  - c the resources required and available to meet timeframes.

### (a) Efficiency gains from the reforms

3. Calculating efficiency gains from the reforms is critical to determining the final timeframes. At this point we are not able to determine what these efficiency gains will be until the Bill has passed and operational design work is complete.
4. In general we expect efficiency improvements in two areas - from the reforms themselves (for example, streamlining the investor test and simplifying the counterfactual), and from broader improvements from all participants in the 'overseas investment system':
  - **The reforms themselves** address significant problems with the Act. In particular, improvements to the investor test (which affect every application) by narrowing the scope of character test, and the set of improvements to the benefits tests (affecting around 70% of applications). Our initial view is that for investments into significant business assets and most sensitive land, these efficiency gains will be significant, potentially in the order of 15 to 30%.
  - **From a system perspective** the introduction of statutory timeframes will drive improvements for all participants, including applicants, the regulator, and (where relevant) Ministers. For example, there will be incentives for investors to lodge higher quality applications (or face rejection during the QA period) and respond more promptly to Overseas Investment Office (OIO) requests. Initial estimates suggest these changes could result in a 30 to 50% improvement in applicant time and 10 to 15% in general process improvement for the OIO.
5. For context, under the current Act the OIO's performance target for sensitive land is for 75% of applications to be completed within 65 OIO working days. The OIO is currently meeting this target for 79% of applications, and are on track to meet the performance target in 2019/20. The OIO is also meeting its target for 100% of significant business asset applications. The OIO has put a concerted and deliberate focus on continuous improvement to achieve a 26% performance improvement for sensitive land applications.
6. From here, the OIO, with Treasury, will undertake significant implementation and operational design work, which will then allow us to provide advice on final timeframes.



*(b) How often the extension power is used*

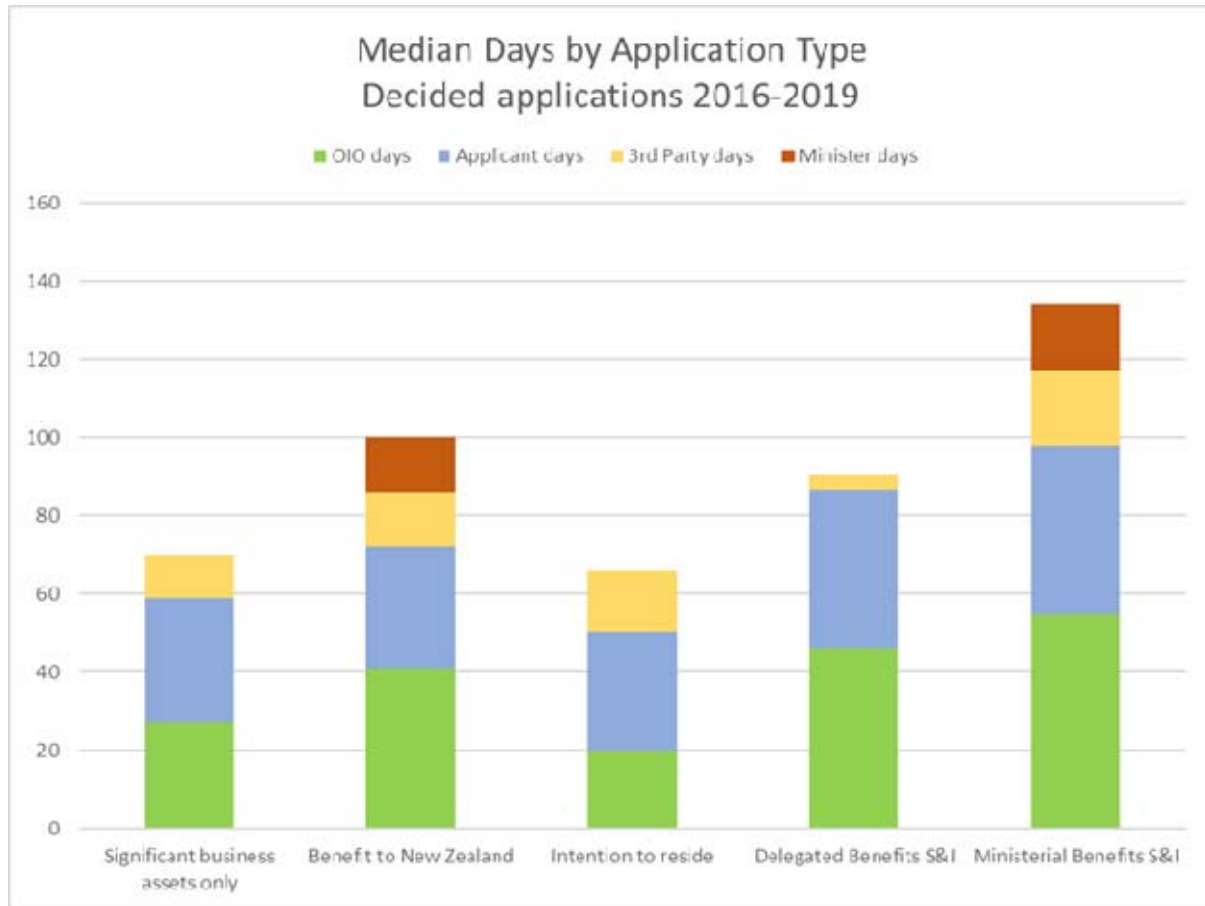
7. Expectations around use of the extension period are also relevant to setting timeframes, as there is a trade-off between setting shorter base timeframes and use of the extension power. Shorter base timeframes will ensure that simple applications are processed quickly, however would likely result in more frequent use of the extension power, which would reduce investor certainty.

*(c) Timeframes have resource implications*

8. The OIO will need sufficient funding, resources and time to invest in its own in work practices and to support system participants, to achieve statutory timeframes. This is being addressed through Land Information New Zealand's (LINZ) 2020 Budget bid which includes implementation funding and funding for special land processes. The future fees review covering the Phase Two reforms will enable LINZ to set an appropriate fees and funding model for the regime (DEV-19-MIN-0306 refers). These changes will also have resource implications for investors, their lawyers and advisors, and third parties who are consulted on applications.
9. Resourcing implications from setting timeframes will need to consider the appropriate skillset, technology, and educational needs for the both regulator and users. As well as changes to how the OIO operates, it will also require participants across the system to revisit processes and practices. Again, the nature of these changes will be assessed when doing the operational design work.

## Annex B: Median days taken to process applications 2016-2019

Efficiency gains will require co-operation across the system participants. The graph below illustrates the time spent with different participants and shows that in some situations almost as much time is spent with the applicant as the Overseas Investment Office.<sup>2</sup>



Source: OIO, 28 March 2020.

<sup>2</sup> Please note that third party consultation is often run in parallel with other stages of the process and is, therefore, less straightforward to calculate.