

# The Treasury

## Overseas Investment Act - Phase Two: Policy Advice December 2020 - April 2021 Information Release

September 2021

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## Treasury Report: Implementation of the investor test

Date:	9 December 2020	Report No:	T2020/2991
		File Number:	IM-5-3-8-9 (COVID Response Reforms)

## Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	<b>Note</b> the contents of this briefing.	N/A
Associate Minister of Finance (Hon David Parker)	<b>Agree</b> to commence the new investor test in the Overseas Investment (Urgent Measures) Amendment Act by 15 February 2021.	14 December 2020

## Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
John-David Chaker	Analyst	[39]	N/A	✓
Thomas Parry	Manager International	[35]		

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

**Return** the signed report to Treasury.  
**Refer** the report to the Minister for Land Information.

Note any feedback on the quality of the report

**Enclosure:** Yes (draft Cabinet paper)

## Treasury Report: Implementation of the investor test

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### Purpose of Report

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1. This report seeks your (Minister Parker's) agreement to bring the new investor test in the Overseas Investment (Urgent Measures) Amendment Act (the Urgent Measures Act) into force on 15 February 2021.
2. You were delegated authority to make this decision by Cabinet in May 2020 [DEV-20-MIN-0066 refers].

### Bringing the new investor test into force in February 2021

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3. In October 2019, Cabinet agreed to support New Zealand's investment attractiveness by simplifying and streamlining the investor test (CAB-19-MIN-0593 refers). These changes – included in the Urgent Measures Act – significantly reduce the amount of information that investors must provide the Overseas Investment Office (OIO). They also reduce the amount of information that the OIO must assess and report to Ministers, before consent can be granted.
4. The new investor test is not due to commence until June 2021, unless introduced earlier via an Order in Council (OIC). This approach was designed to give the OIO flexibility to prioritise the implementation of other complex changes introduced in the Urgent Measures Act (like the national interest test),
5. The OIO has now advised it has capacity to implement the new investor test by 15 February 2021. Given the benefits that the new test will bring to the OIO, investors, and New Zealand businesses whose need for capital is expected to increase in early 2021, we recommend you agree to bring the investor test into force on this date.

### Next steps

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6. If you agree to this report's recommendations, we will provide you with a draft Cabinet paper and OIC as soon as possible for consultation with your Ministerial colleagues, ahead of consideration by Cabinet Business Committee at the earliest opportunity in January or early February 2021.
7. The Cabinet paper would seek approval for the OIC to be submitted to the Executive Council as well as an exemption from the 28-day rule, on the basis that the investor test changes only benefit the public (investors) and the OIO.

## Recommended Action

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We recommend that you:

- a **Agree** to commence the new investor test by 15 February 2021, recognising the significant benefits this offers to investors, New Zealand businesses in need of capital and the Overseas Investment Office.

*Agree/disagree.*

- b **Note** that if you agree with recommendation a, we will provide you with a draft Cabinet paper seeking approval for an Order in Council (OIC) to be submitted to the Executive Council and draft OIC, as soon as possible, to ensure that the Cabinet Business Committee can consider this matter in January or early February 2021.

Thomas Parry  
**Manager, International**

Hon David Parker  
**Associate Minister of Finance**