

The Treasury

Overseas Investment Act Forestry Review Information Release

June 2022

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Title: **Cabinet Minute: LEG-22-MIN-0076: Overseas Investment (Forestry) Amendment Bill 2022: Approval for Introduction**

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Cabinet Legislation Committee

Minute of Decision

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Overseas Investment (Forestry) Amendment Bill 2022: Approval for Introduction

Portfolio Associate Finance (Hon David Parker)

On 19 May 2022, the Cabinet Legislation Committee:

- 1 **noted** that in February 2022, the Cabinet Environment, Energy and Climate Committee agreed to:
 - 1.1 apply the Overseas Investment Act 2005 (the Act) ‘Benefit to New Zealand’ test (Benefit test) to forestry conversions, rather than the more streamlined ‘Special test relating to forestry activities’ (special forestry test);
 - 1.2 make a range of minor and technical changes to improve the operation and effectiveness of the Act’s forestry provisions;
 - 1.3 authorise the Minister of Finance, Associate Minister of Finance (Hon David Parker), Minister for Land information and Minister of Forestry (joint Ministers) to take further policy decisions consistent with the approved policy;

[ENV-22-MIN-0001]:
- 2 **noted** the decisions taken by joint Ministers under delegated authority, including:
 - 2.1 that the Overseas Investment (Forestry) Amendment Bill’s (the Bill) provisions should come into force the day after the date of Royal Assent;
 - 2.2 that the Bill’s transitional provisions retain the current rules for investors that:
 - 2.2.1 have made an application to Toitū Te Whenua Land Information New Zealand before commencement (whether or not the transaction has been entered into);
 - 2.2.2 have entered into a transaction before commencement (that requires Toitū Te Whenua Land Information New Zealand approval) but have not yet applied for consent;
 - 2.2.3 have been granted a standing consent prior to commencement;

- 2.3 that forestry conversions involving farm land will be exempt from the higher threshold that currently applies to farm land under the Benefit to New Zealand test, only where the farm land is to be:
- 2.3.1 used exclusively, or nearly exclusively for forestry activities; and
- 2.3.2 replanted after harvest;
- 3 **noted** that the Bill holds a category three priority on the 2022 Legislation Programme (to be passed, if possible, in 2022);
- 4 **noted** that, consistent with one of the Overseas Investment Act 2005's (the Act) purposes "that it is a privilege for overseas persons to own or control sensitive New Zealand assets", the aims of the Bill are to:
- 4.1 enable the government to effectively manage overseas investment in production forestry;
- 4.2 improve the operation and effectiveness of the Act's forestry provisions;
- 4.3 support high-quality overseas investment in productive New Zealand land;
- 5 **approved** the Overseas Investment (Forestry) Amendment Bill [PCO 24352/5.0] for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- 6 **agreed** that the Bill be introduced on 31 May 2022;
- 7 **agreed** that the government propose that the Bill be:
- 7.1 referred to the Finance and Expenditure Committee for consideration, along with special instructions to report back to the House of representatives within two months;
- 7.2 enacted by 31 August 2022.

Rebecca Davies
Committee Secretary

Present:

Hon Chris Hipkins (Chair)
Hon Andrew Little
Hon David Parker
Hon Kris Faafoi
Hon Jan Tinetti
Hon Kiri Allan
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Aupito William Sio
Hon Meka Whaitiri
Keiran McAnulty, MP (Senior Government Whip)

Officials present from:

Office of the Prime Minister
Officials Committee for LEG