Changes to the Overseas Investment Act

Amendments to the Overseas Investment Act 2005 balance the important role overseas investment will play in supporting New Zealand’s economic growth and recovery, while also seeking to ensure New Zealand’s interests are protected.

Changes to the Overseas Investment Act


Overseas investment is a big contributor to New Zealand’s economy. It improves productivity and employment, it enhances export opportunities, and it brings new ideas, innovations and relationships.

The global economic impact of COVID-19 will see some businesses looking to overseas markets to access capital in a bid to recover, grow and secure a future for their business and their staff. The key is making sure New Zealand is attracting and encouraging responsible overseas investors who want to invest in a way that also brings benefits to New Zealanders.

To manage this, the Government has enacted the Overseas Investment (Urgent Measures) Amendment Act 2020. This Act amends the Overseas Investment Act 2005 to balance the important role overseas investment will play in supporting New Zealand’s economic growth and recovery, while also seeking to ensure New Zealand’s interests are protected.

It puts the right checks and balances in place to protect businesses important to our national security, economy, and communities.

The key amendments are:

Temporary emergency notification requirement (#notification)

linz.govt.nz/overseas-investment/changes-overseas-investment-act
a new national interest assessment for some transactions (#national-interest)

simplifying the regime for low-risk transactions (#simplifying)

stronger enforcement powers (#enforcement)

The changes introduce a notification pathway for business transactions involving the acquisition of a controlling interest, alongside existing consent pathways for significant business and sensitive land assets.


Urgent measures explainer (PDF 232 KB) (http://linz.govt.nz/system/files_force/media/doc/oio_urgent_measures_explainer_12june20_final.pdf?download=1)

Investing in New Zealand (PDF 165.43 KB) (http://linz.govt.nz/system/files_force/media/doc/oio_investing_in_nz_15june20_final_with_urgent_measures.pdf?download=1)

Investment Pathways (PDF 231.83 KB) (http://linz.govt.nz/system/files_force/media/doc/oio_investment_pathways_11june20_final_with_urgent_measures.pdf?download=1)

Our ecosystem (PDF 284.44 KB) (http://linz.govt.nz/file/21889/download?token=ZicJ1tCL)

Temporary emergency notification requirement

Overseas investors will now need to notify the Overseas Investment Office of all overseas investments resulting in:

- more than 25% overseas ownership of a New Zealand business or its assets; or
- an increase to an existing holding up to or beyond 50% or 75% or up to 100%.

These transactions will be assessed to make sure they are in line with New Zealand's national interests.

Investors can submit their notification online.

More about the temporary emergency notification requirement (https://www.linz.govt.nz/node/16592/)

Temporary emergency notification form (https://oio.linz.govt.nz/notification)

Read the Emergency Notification Form authorisation notice (https://www.linz.govt.nz/file/21887/download?token=o8RC7Lmi)

National interest assessment

A new national interest assessment may be applied to transactions involving:

- strategically important businesses
- an overseas government investor
- an area of specific national interest.

This assessment only applies to some transactions, and is intended to be used rarely. The assessment will make sure that overseas investments in sensitive and high-risk assets are not contrary to New Zealand’s national interests.


Simplifying the regime for low-risk transactions

We have simplified the regime for low risk transactions to make investing easier, including no longer requiring a consent application for:

- some land that adjoins sensitive land
- certain New Zealand listed issuers

Urgent measures explainer A3 (PDF | 232 KB)


Stronger enforcement powers

The Overseas Investment Office now has stronger enforcement powers to act against investors who do not comply. Changes in the Act include:

- increasing our ability to act against those that break the rules, including being able to seek injunctions and accept enforceable undertakings
- increasing maximum fixed civil pecuniary penalties from $300,000 to $500,000 for individuals and $10 million for corporates
- introducing a range of new tools that will manage investors who pose significant national security and public order risk, including (in extreme cases) placing a business into statutory management to cut off an investor’s access and control.

New provisions accompanying these changes make sure that natural justice rights and classified security information can both be protected during any court proceedings.

Enforcement (//www.linz.govt.nz/overseas-investment/enforcement)

Contact us (https://cio.linz.govt.nz/contact-us)
Attachments

PDF | 165.43 KB

PDF | 232 KB

PDF | 231.83 KB

PDF | 796.73 KB

PDF | 122.48 KB

PDF | 284.44 KB