

Permanent forestry and overseas investment: practical implications of the new framework

Following recent forestry reforms now in effect under the Overseas Investment Act 2005 (OIA), we have been considering how the amended regime is likely to operate in practice for investors looking at permanent forestry assets.

Recent commentary has highlighted that the reforms may open a new pathway for overseas investment into permanent forests. While that is broadly correct, the position is more nuanced in practice. In this article, we set out how we expect the Overseas Investment Office (OIO) to approach these applications, and where the key risks and uncertainties remain.

A different pathway for permanent forestry

As outlined in a previous Anderson Lloyd [article](#), the 2026 reforms to the OIA replaced the former “benefits to New Zealand” test for forestry acquisitions with a national interest framework.

In broad terms, acquisitions of production forestry by overseas investors typically proceed under the specialised “production forestry pathway” while acquisitions of permanent forestry fall instead within the primary consent pathway under the OIA.

At a high level, both pathways are now anchored in the same core question: whether the investment is contrary to New Zealand’s national interest.

However, the practical operation of these pathways differs in important ways.

No prescribed conditions for permanent forestry

The most significant point of difference is the treatment of conditions.

Production forestry investments remain subject to mandatory standards and conditions set out in the Ministerial Directive Letter (**MDL**) issued on 6 March 2026. These largely replicate the former “special forestry test” and include requirements such as replanting after harvest and maintaining forestry use.

Permanent forestry investments, by contrast, are not subject to these prescribed conditions.

This absence of mandated conditions has been interpreted as making OIO approvals simpler for permanent forestry investments. While that may be true in some cases, it is important not to overstate the point.

The OIO retains a broad discretion under the national interest test and may still impose bespoke conditions where appropriate. While the scope of any special conditions remains uncertain at this stage, we expect that, in practice, these will often focus on ensuring that the land:

- is maintained as permanent forest; and
- is not converted into production forestry or alternative land uses (such as farming).

The central issue: proving “permanence”

In our view, the key focus for investors if utilising the primary consent pathway for permanent forestry will be on demonstrating that the forest is genuinely permanent. This is also likely to be the primary focus of

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the OIO's assessment under the national interest framework.

The most straightforward way to evidence permanence will be registration of the forest in the New Zealand Emissions Trading Scheme (**ETS**) as permanent forestry, with a condition requiring this to occur within a defined timeframe.

However, ETS registration is not the only possible pathway. It is possible that the OIO may also accept other evidence, such as:

- long-standing non-harvest history;
- the age and characteristics of the forest;
- established land use patterns demonstrating an intention not to harvest; or
- registration in a reputable voluntary carbon market scheme.

What remains uncertain is how flexible the OIO will be in accepting alternative evidence where ETS registration is not feasible or is delayed. This will likely develop on a case-by-case basis.

Timing and process

One of the more notable features of the new framework is the potential for faster decision-making.

Where the investment does not raise national interest concerns and the land is clearly and wholly (or almost wholly) permanent forestry there is scope for applications to be processed relatively quickly, compared to the previous regime. However, this should not be treated as a guaranteed fast-track.

The national interest test is inherently discretionary. Applications may still be:

- escalated;
- subject to further scrutiny; or

- delayed where the OIO requires additional comfort on permanence or wider policy considerations.

What this means in practice

The changes do appear to create a clearer pathway for investment into permanent forestry. However, in our view the OIO is likely to continue taking a case-by-case approach, including the imposition of tailored conditions where relevant.

For investors, this means that early engagement and careful structuring remain essential.

In particular, we recommend:

- confirming at the outset whether land can genuinely be characterised as permanent forestry;
- considering ETS registration (or an alternative evidentiary strategy) early in the process; and
- assessing whether any part of the land may trigger the farm land regime (in which case the farm land benefit test will still apply).

Looking ahead

As this pathway is still relatively new, there is limited decision-making practice to draw on. Greater certainty will emerge over time as the OIO develops a body of precedent around acceptable evidence of permanence; and the types of conditions applied to permanent forestry consents.

We expect this to be an evolving area and will continue to monitor developments closely.

Want to know more?

If you would like advice on acquiring permanent forestry as an overseas buyer or on forestry matters in general, please contact our specialist [Forestry](#) team.