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Welcome change to the overseas investment rules signalled by Hon David Seymore

Associate Finance Minister David Seymour has announced that cabinet has agreed to undertake extensive reform to the Overseas Investment Act 2005 (Act) which will loosen the restrictions on overseas investment in New Zealand.

Minister Seymour issued a new ministerial directive letter in June 2024 (refer to our article regarding this here) designed to make consent processing timeframes faster under the Act.

The upcoming reforms are intended to make overseas investment in New Zealand easier and such changes will be welcome for overseas investors who have reported that the regime imposes significant compliance costs, delays and uncertain outcomes.

In his announcement, Minister Seymour stated that Cabinet has agreed to amend the Act according to the following principles:

- retaining the scope of what the Government currently screens (including farmland), in order that the Government retains the legal option of screening all investment currently subject to screening;
- fast-tracking the assessment process with the starting assumption that investment can proceed unless there are risk factors identified, by consolidating the Act's core tests (investor test, benefit test and national interest test); and
- providing the Government flexibility to call-in these investments for detailed scrutiny on a case-by-case basis and impose conditions or block the investment where there are risks to New Zealand's national interest.

The reform is likely to be extensive and we will be keeping up to date with the proposed amendments and how the changes will affect future transactions.

The amendments to the Act are expected to be passed as legislation before the end of 2025.

Want to know more?

If you have any questions about the proposed reforms and how you can be involved in the reform process, please contact our specialist Overseas Investment Team.