

Update on changes to the Overseas Investment Act

On 23 February 2025, Associate Finance Minister David Seymour announced further details of the Government's proposed changes to the Overseas Investment Act regime. These changes were first announced by the Minister in October 2024 (see our previous update [here](#))

The Government has a clear agenda for growth and believes that New Zealand's current foreign direct investment regime is overly restrictive and hinders economic development. These changes seek to address this issue head on.

The Government wants to give more confidence to overseas investors, while at the same time protecting New Zealand's key national interests.

The further details announced on 23 February 2025 include:

- shifting the overarching purpose of the Act to emphasize the economic benefits that overseas investment can bring to New Zealand, rather than the current focus, which frames foreign ownership or control of sensitive assets as a 'privilege'. In other words, the plan is to introduce a starting assumption that an investment can proceed (unless there is good reason to block it), rather than the other way around;
- for all investments (except for residential land, farmland and fishing quota) making decisions in just 15 days, unless the application could be contrary to New Zealand's national interest. This will be

welcomed by overseas investors – from both a speed and certainty perspective. These changes will build upon the actions already taken by the current Government to accelerate processing times. Following a Ministerial directive in June 2024, application processing times have already seen significant improvement;

- except for residential land, farmland and fishing quota investments, replacing the investor and benefit tests with a new modified national interest test. This will simplify the application process;
- providing more detail about what the responsible Minister must (and may) have regard to in determining whether a transaction is contrary to the national interest. So an overseas investor will have greater certainty regarding the likelihood of their transaction being pulled out of the new 15 day processing timeframe;
- strengthening the Government's ability to intervene on rare occasions that a transaction is not in the national interest; and
- a likely new fee regime for the OIO to process applications.

The Government is now drafting the legislation for these changes and aims to have it in place by the end of 2025.

Residential land: It does not appear that the Government will change the ban on overseas investment in residential land. This is noting the Government has recently made changes to the Active Investor Plus (AIP) visa to try to make it more attractive for new migrants to invest in New Zealand. The current overseas investment restrictions for residential land may need to be more aligned with the new AIP rules if the

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Government wants to encourage high net worth individuals to invest in New Zealand. As often those investors will want an easier pathway to buy a house once they have their AIP visa.

Farmland: The existing investor and benefit tests will continue for overseas investments in farmland – which can be costly and expensive to satisfy. It will be interesting to see if the Government relaxes the current rules requiring farmland to be advertised on the open market before an overseas purchaser can enter into a contract to buy the land. As this requirement can further slowdown transactions in the agricultural, horticultural and viticulture industry.

These proposed changes to the Overseas Investment Act will be one of the most significant suite of changes since the Act came in law in 2005. We will continue to provide updates.

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](#).