

# Submission

On

## Overseas Investment (National Interest and Other Matters) Amendment Bill

Submission to:  
Finance and Expenditure Committee

23 July 2025

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## Submitter

The New Zealand Forest Owners Association Incorporated (FOA) is the representative membership body for the commercial plantation forest growing industry. FOA members are responsible for the management of approximately 1.2 million hectares of New Zealand's plantation forests and over 70% of the annual harvest.

In 2024, the forest growing sector was worth \$5.75 billion in export value and is projected to reach \$6.4 billion<sup>1</sup> by 2026. The sector has a 12% share of rural land use, contributes 1.6% of New Zealand's GDP and employs between 35,000 and 40,000 people in wood production, processing, and the commercial sector.

## Summary

FOA is broadly supportive of the Bill and its purpose to “reduce compliance costs and make decision making timelier, while also ensuring that the Government has the tools necessary to safeguard New Zealand's national interest, including its national security and public order.”.

New Zealand's current foreign investment law is among the most restrictive in the OECD. Overseas investors have increasingly flagged New Zealand as a complex and slow market for forestry investment, dampening new capital inflows. Applications under the Benefit Test have been lengthy, cost more and given rise to greater transactional uncertainty than under the Special Forestry Test.

The proposed amendments will give long-term foreign investors – especially those considering forestry and wood processing – greater certainty and reduced risk.

The proposed changes will also enhance New Zealand's competitive appeal as a destination for foreign investment, helping create forestry and wood processing jobs while still protecting New Zealand's sovereignty and security.

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<sup>1</sup> <https://www.mpi.govt.nz/resources-and-forms/economic-intelligence/situation-and-outlook-for-primary-industries/#:~:text=shifting%20trade%20policies.-,Forestry,to%20increase%20to%206.4%20billion.>

However, these benefits will not be realised unless accompanied by the associated reforms – specifically, the resource management law reform and immigration reform. Without those improvements, the operating environment is still uncertain, making the changes being proposed here irrelevant.

The Bill's success will also depend on how the Overseas Investment Office implements it. So long as the information required in an application, the OIO's level of delegation and the directions given in the Ministerial directive letter remain consistent with current practice, investors will have confidence in the new system. But if implementation introduces a higher level of bureaucracy, these changes will undermine the Bill's intent.

## Forestry background

Overseas investment plays an important role in New Zealand forestry. Following the privatisation of production forests, overseas capital through both ownership and partnership arrangements has helped sustain and enhance forests and their management. Overseas investors either acquire freehold land, leasehold interests, or forestry rights. They also often invest in vertical integration through the purchase of existing wood processing facilities or the establishment of new ones.

Under the proposed Bill, forestry land conversions will still have to meet the requirements for the higher “farmland benefit” test, but without the special forestry test provisions. So long as the implementation of this is consistent, we support these changes. It's critical to note, however, that if forestry investors face a higher level of bureaucracy these changes will ultimately be unsuccessful in attracting further investment.

## Alignment of reforms

The proposals in this Bill are one of several policy proposals aimed at enabling business in New Zealand. To deliver lasting benefits and the intended full effect, this investment-focused reform must be implemented in tandem with other key reforms. For instance, an overhaul of the overseas investment system will be relatively ineffective if it is not accompanied by meaningful resource management law reform and immigration reform.

## Ministerial retrospective decision making

We support BusinessNZ's view that the Minister should be able to direct reassessment of previously declined applications under new settings and requirements, rather than permitting retrospective decision making. This will avoid creating an unfortunate precedent in law but also allow for changes in circumstances and law not to prevent the reconsideration of an application.

## Transparency of overseas investment settings

We also concur with BusinessNZ's suggestion that the Ministerial Directive letter to the Overseas Investment Office be required to be published within 20 working days of issuance. This will strengthen investor confidence in the new settings and provide the public transparency into the process.

## Note on making this submission public

We do not object to the submission being made public. We would like to appear before the committee to speak to our submission if time allows.

Elizabeth Heeg

**Forest Owners Association**