

NEW ZEALAND MERGERS & ACQUISITIONS Special Edition



David Quigg

davidquigg@quiggpartners.com



Asha Stewart

ashastewart@quiggpartners.com



Nicole Sampson

nicolesampson@quiggpartners.com



Matt Woolley

mattwoolley@quiggpartners.com



Melissa Pengelly

melissapengelly@quiggpartners.com



Jennifer Jelley

jenniferjelley@quiggpartners.com

NEW NZ OVERSEAS INVESTMENT/FOREIGN DIRECT INVESTMENT RULES

- The New Zealand Government has announced changes to the foreign investment consent rules to take effect this month, with other changes previously announced taking effect next month, later this year and next year.

Changes this Month (from 7 June): New National Security and Public Order Notification Regime

- COVID-19 emergency notification regime to be replaced with a “national security and public order” notification regime for transactions entered into on or after 7 June 2021.
- New regime applies only to certain investments in “strategically important businesses”, rather than effectively all investments as was caught under the prior regime.
- Mandatory notification if investment relates to military or dual-use technology or a critical direct supplier, and in all other cases notification is voluntary.
- Even if notification is voluntary, transaction may still be called in for review.
- Zero dollar threshold for notification continues to apply.
- Anti-avoidance provisions included in new regime.

Changes Next Month (from 5 July): Streamlining the Consent Process

- Removes the need for certain repeat investors to satisfy the investor test each time they apply for consent.
- Lease transactions in sensitive land that are less than 10 years (was 3 years before) will no longer need consent (a shorter period applies for residential land).
- Enhanced tax disclosures required for acquisitions of significant business assets.
- Certain foreign government investors (such as pension funds) may effectively apply for an exemption from the national interest assessment requirement.
- Increases in interests in sensitive land that do not cross ownership or control limits will no longer require consent.

Changes in Approximately 6 Months or 12 Months

- Benefit to New Zealand test for investments in sensitive land is simplified by replacing the 21 benefit factors with seven broad factors.
- The current ‘with and without’ counterfactual is replaced with a comparison of ‘before and after’ the investment.
- Introducing prescribed timeframes for decision making by the Overseas Investment Office.
- Higher benefit thresholds will be required to be met for consent applications involving farm land.
- Fresh water and marina areas must be offered to the Crown before a freehold interest may be acquired.

FURTHER INFORMATION

If further information is required, please do not hesitate in contacting:

David Quigg, Partner

DDI: +64 4 474 0756
Mobile: +64 21 432 056
Email: davidquigg@quiggpartners.com

Asha Stewart, Partner

DDI: +64 4 474 0751
Mobile: +64 21 505 715
Email: ashastewart@quiggpartners.com