



Owning farmland no cakewalk for foreigners

NZ Farmers Weekly

OWNING farms, forests and sensitive land in New Zealand is a privilege.

For some people, simply knowing land is no longer in NZ ownership or control creates anxiety. NZ's overseas investment regime is designed to manage these concerns.

If an overseas person, or company, wants to own land they have to meet certain criteria under the Overseas Investment Act 2005. Doing that is no cakewalk.

Opposition MPs would have you believe all the process involves is someone mailing an application and the Overseas Investment Office (OIO), or ministers, then rubber-stamp it.

Wrong.

The fact is the process applicants go through, which the Labour Party imposed and this Government improved on, is one of the most stringent in the world.

An applicant must demonstrate they have business experience and acumen relevant to the investment, demonstrate financial commitment to the investment, be of good character, and not be ineligible for a visa or entry permission under the Immigration Act 2009.

If sensitive land is involved consent will be granted only if the transaction will, or

is likely to, benefit NZ, if the land is non-urban and more than five hectares the benefit must be substantial and identifiable, and the buyer intends to reside in NZ indefinitely.

Once consent is granted and a transaction completed the OIO still has a role to play. It monitors whether conditions of consent are being met and if there is a suspected breach an investigation will start. In serious cases the OIO can prosecute, seek a civil penalty, and seek an order that the property be disposed of.

Some might be asking why we want or even need foreign investment.

Here's a few reasons why:

- The primary industries are critical to our export base and require significant investment to grow. There's a limit to the amount of capital that will be available to the primary sector from traditional sources, because farm debt-to-asset ratios are already high and retained earnings provide limited additional capital in most primary industries because of low levels of profitability.
- Foreign investment is a stable source of funding and represents a long-term commitment by the investor.

- Foreign investment benefits the primary sector when a foreign investor has greater productivity, skills or knowledge than the industry in NZ and those skills are passed on.
- Foreign investment is vital to building an export-led economy. It allows firms to build the connections with international markets that are essential to exporters.



Maurice Williamson.

You may have heard recently that Labour's Phil Goff's bill to restrict foreign ownership of NZ land was

drawn from the ballot. Given Labour's track record of selling land when in government and the fact it was responsible for the Overseas Investment Act 2005, its 180-degree turn since being in opposition comes as a big surprise.

And now for an example of sheer hypocrisy - from 1999-2008 Labour sold a net 663,000 hectares of land to foreigners. In more than five years this Government has sold less than a third as much.

I also note that in 2006, a record year for land sales to foreigners, NZ First leader Winston Peters was a minister in the Government. I don't recall him or his party raising any concerns about land sales to foreigners then.