

New Zealand Government policy direction: Open for business and investment

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Please refer to www.govt.nz for more information.

The New Zealand Government has delivered a strong message that the country is open for business and will enable a regulatory framework and conditions that support investment.

The information below outlines policy direction, legislative changes and actions under various sectors to eliminate barriers and streamline investment pathways.

Building and construction

The Government is eliminating barriers to the use of overseas building products to make it easier and more affordable to build in New Zealand.

These changes are to:

1. Recognise building product standards from trusted overseas jurisdictions, removing the need for designers or builders to verify standards, which is time-consuming and costly.
2. Require Building Consent Authorities to accept the use of products that comply with specific overseas standards that are equivalent to or higher than those in New Zealand.
3. Approve the use of building products certified through reputable overseas certification schemes. For example, the approval of the Australian scheme, WaterMark, could immediately provide access to 200,000 products.

Transport

The New Zealand Government Budget 2024 confirmed \$2.68 billion investment in roads, rail and public transport to unlock economic growth and enable fast and safe transit of people and freight.

This funding reflects a billion-dollar increase over the proposed amount during the consultation of the Government Policy Statement¹ (GPS) on land transport. The funding has

¹ Government Policy Statement guides how funding for land transport will be invested and came into effect on 1 July 2024.

been secured to accelerate the delivery of priority projects including the Roads of National Significance².

Other Budget 2024 transport investments include:

- \$1 billion to accelerate the delivery of the Roads of National Significance and major public transport projects
- \$939.3 million to repair roads damaged by 2023 severe weather events in the North Island
- \$266.9 million to upgrade and maintain the metropolitan rail networks in Auckland and Wellington
- \$200 million to support KiwiRail to carry out maintenance and renewals on the national rail network.

This investment builds on \$20.7 billion of funding in the draft 2024 GPS on land transport and Roads of Regional Significance programme to boost investment in roading, rail and public transport to ensure the safe and efficient transit of people and freight including:

- 17 Roads of National Significance and major public transport projects
- \$500 million for a Pothole Prevention Fund
- Supporting the procurement of new trains for the Wellington-Wairarapa and Wellington-Manawatū lines
- 10 Roads of Regional Significance.

Infrastructure

The Government has announced a new National Infrastructure Agency to unlock access to more capital for infrastructure and to strengthen the Government's private finance and commercial capability.

On 1 December 2024, Crown Infrastructure Partners (CIP) will be repurposed to be the new National Infrastructure Agency (NIA).

Cabinet³ has agreed that the NIA will:

- Act as the Crown's 'shopfront' to receive unsolicited proposals and to facilitate private sector investment in infrastructure
- Partner with agencies, and in some cases, local government on projects involving private finance
- Administer central government infrastructure funds

² Roads of National Significance (NoRS) are a package of major transport projects that, once completed, will support economic growth and productivity, reduce congestion, improve safety, support housing development, and provide a more resilient roading network.

³ Cabinet is a group of government ministers that make major decisions about governing the country.

- Continue the work CIP is already doing.

If the private sector wants to propose projects or invest in New Zealand infrastructure – the NIA will manage these opportunities.

The NIA will provide expertise and commercial capability, and will deploy this expertise to agencies working on projects that include one or more of these arrangements.

Cabinet has decided that Crown agencies and entities will be mandated to partner with the NIA on all projects that could involve private financing, alternative funding and complex procurement. Agencies will be required to engage with the NIA early about the potential for involving private financing - with accountability for those projects remaining with the lead agency.

The NIA will also administer central government infrastructure funds. CIP currently administers around ten funds – but the Government will explore the NIA doing more in this space once their review of all existing grants and funds across government is complete.

As part of its administration of central government infrastructure funds, the NIA will connect infrastructure investors to relevant funds to avoid missed investment opportunities and will ensure the process for private investment in Crown projects is transparent, consistent, and efficient.

Cabinet has also agreed to clarify the roles and responsibilities of other parts of the Crown's infrastructure system by confirming that, from 1 December 2024:

- The Infrastructure Commission⁴ will retain its role as the Government's independent strategic advisor on infrastructure matters – focusing on long-term strategy
- The Treasury will assume the Commission's responsibility for Public-Private Partnership (PPP) policy, and take primary responsibility for supporting the Minister for Infrastructure
- Rau Paenga (a Crown infrastructure delivery agency) will be mandated to provide project delivery services to Crown agencies that have low infrastructure delivery capability.

The Treasury, CIP, Rau Paenga and the Infrastructure Commission will work together to implement these changes by 1 December 2024.

Budget 2024 key infrastructure investments build on the existing capital pipeline, including programmes already in delivery:

- \$1.2 billion for the Regional Infrastructure Fund⁵ to support our regional economies to grow. This includes an initial investment of \$200 million into flood resilience infrastructure
- \$1.5 billion in school and kura (Māori immersion schools) property so children can learn in safe, warm and dry schools, and the school property portfolio can expand to accommodate more students

⁴ Te Waihanga New Zealand Infrastructure Commission assists the New Zealand Government and others to shape the infrastructure system, to grow wellbeing and drive a strong economy.

⁵ The establishment of the \$1.2 billion Regional Infrastructure Fund (RIF) is the Government's commitment to investing in and improving New Zealand's regional infrastructure. The RIF is over three years, will be administered by Kānoa – Regional, Economic Development & Investment Unit.

- \$2.1 billion for law and order including funding for an 810-bed expansion of Waikeria Prison to support stronger sentencing and capital costs associated with delivering 500 new police officers
- \$408 million to upgrade Defence equipment and infrastructure
- \$140 million to deliver 1500 new social housing places
- \$103 million to meet emerging cost-pressures in Health New Zealand's infrastructure pipeline, which includes \$11.6 billion of investments over the forecast period.

Housing

The Government will establish ambitious new housing growth targets for New Zealand's cities.

The programme of reform involves freeing up land for development and removing unnecessary planning barriers, improving infrastructure funding and financing, and providing incentives for communities and councils to support growth.

These changes give effect to the Government's Quarter Two Action Plan⁶ commitment as well as the commitment to make the Medium Density Residential Standards (MDRS) optional for councils whilst requiring ratification of their use.

The changes are:

1. The establishment of Housing Growth Targets for Tier⁷ 1 and 2 councils (urban environments)
2. New rules requiring cities to be allowed to expand outwards at the urban fringe
3. A strengthening of the intensification provisions in the National Policy Statement on Urban Development (NPS-UD)
4. New rules requiring councils to enable mixed-use developments in our cities
5. The abolition of minimum floor area and balcony requirements
6. New provisions making the MDRS optional for councils.

Overseas Investment Act: Build-to-rent amendment

In early 2024 the Government announced it would introduce a new streamlined consent pathway for build-to-rent developments by way of amendments to the Overseas Investment Act 2005 (OI Act).

Momentum on this issue continued to build when Associate Ministers of Finance Chris Bishop and David Seymour issued a new ministerial directive letter (Directive Letter) to the Overseas Investment Office (OIO). This letter foreshadowed the upcoming legislative changes and directed the OIO on immediate and interim updates to its approach when assessing investment applications for build-to-rent developments.

⁶ Link to [Government's Action Plan for New Zealand - Quarter 2 check list](#)

⁷ Tier 1 includes Auckland, Christchurch, Tauranga and Wellington. Tier 2 includes Whangārei and Queenstown

Ministerial directive letters are a means for Government to direct the regulator on matters of policy.

'Build-to-rent' refers to medium to large-scale residential housing developments which are built to provide long-term rental accommodation to tenants. This generally encompasses the development and professional management of a property by institutional investors and developers.

New directive from Ministers

The Directive Letter has a stated aim to reduce barriers to overseas investment in build-to-rent schemes. In addition to alluding to the upcoming changes to the OI Act, the Directive Letter provides clarity on the current interpretation and approach to two tests under the OI Act; the benefit to New Zealand test and the increased housing test.

Highlights of the new Directive Letter include:

- A clear shift in policy to strongly encourage overseas investment. The new Directive Letter states Government policy is to attract overseas investment to grow prosperity for all New Zealanders, acknowledging that New Zealand's investment needs significantly outweigh our scarce domestic capital.
- OIO to administer the OI Act in a manner that focuses on realising the benefits of overseas investment to support New Zealand's economic objectives.
- Clear statements that the Government assumes (and therefore the OIO should assume when administering the Act) that overseas investment is both generally beneficial and in the national interest. These statements have implications for the way the benefits test and national interest test is approached.
- If a potential risk identified by the OIO is addressed by another regulatory regime then the risk should be considered mitigated unless there is "compelling evidence to the contrary". For example, there is no reason for the OIO to assess whether mergers will decrease competition, which is already assessed by the Commerce Commission.
- OIO to take a 'risk-based approach' to administering the Act, including placing reliance on statutory declarations made by applicants rather than seeking to verify information provided, unless there is reason to suspect the information is false. This should improve processing times.
- OIO decisions for 80 per cent of all consent applications are to be within half of the relevant statutory timeframe. This is significant.

The [accompanying announcement](#) notes that the Overseas Investment Regulations 2005 will be updated to include a new reporting requirement on the extent to which the OIO meets this new objective for timeframes. It is evident on multiple consent applications decisions that the OIO is already achieving these much faster timeframes on low-risk applications, as a result of process changes the OIO implemented at the start of 2024.

Company law

The Government has introduced a raft of reforms to modernise and simplify company law which will make New Zealand an easier and safer place to do business.

The Government's package of reforms includes changes to improve insolvency law and combat phoenixing, making it fairer for creditors when companies fail. The reforms will also

introduce measures to make it more difficult for directors to evade their debts and continue operating.

Company directors will be assigned a unique identification number which will improve transparency and make it easier for creditors and law enforcement to trace individuals.

Energy

Cabinet has approved a raft of actions to address the serious risk to New Zealand's energy security and affordability.

Cabinet has committed to:

- Act with urgency to reverse the ban on offshore oil and gas exploration, with legislation passed by the end of 2024
- Remove regulatory barriers to the construction of critically needed facilities to import Liquefied Natural Gas (LNG) as a stop gap
- Ease restrictions on electricity lines companies owning generation
- Ensure access for gentailers to hydro contingency
- Improve electricity market regulation.

Natural gas production dropped by 12.5 per cent in 2023 and by a further 27.8 per cent for the first three months of this year, creating a nationwide shortage. This has resulted in reductions in manufacturing output, and electricity generators resorting to more coal and diesel to power our electricity system.

The Government has acknowledged, unlike many other countries, New Zealand is endowed with energy resources. Natural gas has drawn new industries to our shores, created well-paying jobs in the regions, and powered the producing, manufacturing and exporting businesses that are the backbone of our economy

The Government has signalled oil and gas explorers need to have the confidence to invest here and know they will have a key place in New Zealand's energy sector now and into the future.

Resource Management Act reform

Cabinet has agreed on a new fast track consenting regime that will consist of:

- A new fast track process contained in a standalone Act, with its own purpose statement focused on economic development.
- A priority for regionally and nationally significant infrastructure and development projects.
- A process for projects to be referred by Ministers into the fast-track process if it meets appropriate criteria.
- A list of projects that will be first to have their consents approved and conditions set by an Expert Panel.
- A process where referred projects will go to an Expert Panel which will apply any necessary conditions to ensure adverse effects of the project to the environment are

managed appropriately, and where the Panel will have only a limited ability to decline a project once referred.

- A 'one-stop-shop' where other relevant permits are obtained in addition to resource consents.

The Government repealed the Natural and Built Environment Act⁸ (NBA) and Spatial Planning Act (SPA) in December 2023. Phase two of the Resource Management Act 1991 reform agenda includes introducing a permanent one-stop-shop fast-track consenting regime, as well as progress on the Going for Housing Growth package, and other amendments to make it easier to get things done in New Zealand across aquaculture, farming, energy and other industries.

Ministry of Regulation

On 1 March 2024, the Government established the Ministry for Regulation. Its role is to strengthen New Zealand's regulatory management system and to improve regulatory quality, including the experience that New Zealanders have of complying with regulation.

The Ministry will provide a benchmark for good regulation through a set of regulatory principles, including the rule of law, protection of individual liberties, protection of property rights, the imposition of taxes, and good lawmaking processes.

For information and insights on investing in Tāmaki Makaurau Auckland, [learn more here](#).

⁸ The [Natural and Built Environment Act 2023](#) and the [Spatial Planning Act 2023](#) (SPA) were to be [phased in](#) over about a 10-year period to form part of a new framework that would replace the Resource Management Act 1991 (RMA), which has been New Zealand's core environmental and planning law for more than three decades. However, these Acts were subsequently reformed by the incoming government.