

House of Representatives

Supplementary Order Paper

Wednesday, 1 August 2018

Overseas Investment Amendment Bill

Proposed amendments

Hon David Parker, in Committee, to move the following amendments:

Clause 5

After *clause 5(1)* (page 6, after line 23), insert:

- (1A) In Schedule 1, table 1, after the item relating to a historic place, historic area, wahi tapu, or wahi tapu area that is entered on the New Zealand Heritage List/Rārangī Kōrero or for which there is an application that is notified under section 67(4) or 68(4) of the Heritage New Zealand Pouhere Taonga Act 2014, insert:

land that is set apart as Māori reservation and that is wahi tapu under section 338 of Te Ture Whenua Māori Act 1993	0.4 hectares
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Clause 5A

In *clause 5A(2)*, new definition of **regulated profit à prendre**, paragraph (a)(ii), before “land” (page 7, line 14), insert “area of”.

Clause 7

In *clause 7(4)*, new section 6(2)(a), replace “for the purpose of an overseas investment in sensitive land where the relevant land is or includes residential land,” (page 10, lines 3 and 4) with “for the purposes of a transaction that will result in an overseas investment in sensitive land where the relevant land is or includes residential land, and related matters,”.

In *clause 7(4)*, new section 6(2)(b), replace “for any other purpose,” (page 10, line 13) with “for the purposes of a transaction that will not result in an overseas investment in sensitive land where the relevant land is or includes residential land, and related matters,”.

Clause 10

In *clause 10(2)*, after *new section 16(3)* (page 13, after line 16), insert:

- (3A) See also **clause 4(5) of Schedule 2** (which relates to the commitment to reside in New Zealand test and relationship property) for a circumstance in which an individual with control of the relevant overseas person can be disregarded in determining whether the investor test is met.

Clause 11

In *clause 11*, replace *new section 16E(5)* (page 18, lines 32 to 35) with:

- (5) Regulations may, for the purposes of **subsection (4)(d)**, set out requirements that must be met after the overseas investment is given effect to.

In *clause 11*, replace *new section 16E(6)(b)* (page 18, line 39 to page 19, line 3) with:

- (b) the maintenance or protection of things that exist when or before the overseas investment transaction is entered into (including (without limitation) the maintenance of existing arrangements relating to historic heritage, biodiversity, environmental matters, public access, or the supply of logs):

In *clause 11*, example below *new section 16F(3)*, replace “non-urban (non-residential land:” (page 20, line 26) with “non-urban land (that is not residential land):”.

Clause 14

In *clause 14*, *new section 23A(2)*, replace “this Act” (page 23, line 21) with “section 10(1)(a)”.

Clause 16A

In *clause 16A*, *new section 27A(4) and (6)*, replace “relevant Minister or Ministers” (page 24, line 31, and page 25, line 8) with “relevant Ministers”.

Clause 28

After *clause 28(4)* (page 34, after line 19), insert:

- (4A) In section 48(2)(b), replace “or exemption” with “, exemption, or exemption certificate”.

Clause 31

In *clause 31*, *new section 51A(1)(c)*, replace “in respect of” (page 36, line 23) with “recording”.

In *clause 31*, *new section 51A(2)*, replace “whether and how” (page 36, line 27) with “confirming that”.

In *clause 31*, *new section 51C(1)(a)*, after “**51A(5)**” (page 38, line 2), insert “**or (6)**”.

Clause 33

In *clause 33(2A)*, replace *new section 61(1)(c)(iii)* (page 40, line 28) with:

- (iii) requirements about the non-price terms and conditions on which the land must be offered, with the purpose of ensuring that it is offered to the Crown on terms and conditions that are equivalent to those offered to the overseas person—
 - (A) to the extent that the offer to the Crown is equivalent to the offer made to the overseas person; and
 - (B) subject to the person making the offer choosing to make the terms and conditions more favourable to the Crown:

In *clause 33(3)*, *new section 61(1)(ib)*, replace “before the commencement of the **Overseas Investment Amendment Act 2017**” (page 41, lines 13 and 14) with “before the commencement of **section 33** of the Overseas Investment Amendment Act **2017**”.

In *clause 33(3)*, *new section 61(1)(ic)*, replace “before the commencement of the **Overseas Investment Amendment Act 2017**” (page 41, lines 20 and 21) with “before the commencement of **section 33** of the Overseas Investment Amendment Act **2017**”.

In *clause 33(3A)*, *new section 61(1)(ka)*, replace “that section applies” (page 41, line 38) with “that section does not apply”.

Clause 33A

In *clause 33A*, before *new section 61B* (page 42, before line 6), insert:

61BA Purpose of exemptions

The purpose of **sections 61B and 61C** is to—

- (a) provide flexibility where compliance with this Act is impractical, inefficient, or unduly burdensome but where the purpose of this Act can still be substantially achieved through terms and conditions of the exemption; or
- (b) allow for exemptions that are minor or technical; or
- (c) allow for exemptions in respect of all or any of the following matters:
 - (i) interests in land to be used for diplomatic or consular purposes;
 - (ii) persons registered as a charitable entity under the Charities Act 2005:

- (iii) minor increases in ultimate ownership and control by overseas persons if consent has already been granted for those overseas persons to own or control sensitive assets:
- (iv) security arrangements that are entered into in the ordinary course of business:
- (v) relationship property as defined in section 8 of the Property (Relationships) Act 1976:
- (vi) interests in land acquired for the purpose of providing network utility services.

In *clause 33A*, replace *new section 61D(1)(a)* (page 42, lines 25 and 26) with:

- (a) that there are circumstances that mean that it is necessary, appropriate, or desirable to provide an exemption for any of the matters referred to in **section 61BA(a) to (c)**; and

In *clause 33A*, after *new section 61E(2)* (page 43, after line 13), insert:

- (2A) Regulations under **section 61B** may provide, where a person relies on an exemption in the regulations, for the following:
 - (a) for conditions of consents, to the extent set out in the regulations, to continue in effect as conditions of the consents but on the basis set out in the regulations (whether or not the person who relies on the exemption is a consent holder):
 - (b) for the person who relies on the exemption to be treated as a consent holder to the extent set out in the regulations:
 - (c) for consent holders to cease to be subject to the conditions of their consents to the extent set out in the regulations.

In *clause 33A*, *new section 61E(4)*, replace “appropriate” (page 43, line 18) with “necessary, appropriate, or desirable”.

In *clause 33A*, *new section 61E(5)*, replace “, or need not be published,” (page 43, line 21) with “or dispensed with”.

In *clause 33A*, replace *new section 61F(1)(a)* (page 43, lines 30 to 34) with:

- (a) 1 or more of the following apply:
 - (i) a consent holder (**A**) is subject to 1 or more conditions that apply in connection with property:
 - (ii) a person (**A**) relies on an exemption in, or an exemption granted under, this Act or the regulations that is subject to 1 or more conditions that apply in connection with property:
 - (iii) because of the previous operation of this section, a person (**A**) is treated as being subject to 1 or more conditions that apply in connection with property; and

In *clause 33A*, delete *new section 61F(1)(c)* (page 43, line 38).

In *clause 33A*, after *new section 61F(1)* (page 44, after line 2), insert:

- (1A) However, this section does not apply in the circumstances prescribed in the regulations (if any).

In *clause 33A*, replace *new section 61F(2) and (3)* (page 44, lines 3 to 9) with:

- (2) B must be treated as being subject to the conditions referred to in **subsection (1)(a)** that are of the class specified in the regulations (and those conditions apply as conditions of a consent or an exemption, as the case may be, with all necessary modifications as if B were the person who was originally subject to the conditions).
- (3) If the conditions that apply to B are conditions of a consent, B must be treated as being a consent holder in respect of the property and in respect of the conditions (for example, B may agree to the variation of the conditions under section 27).

In *clause 33A*, after *new section 61F(5)* (page 44, after line 12), insert:

- (6) This section does not limit **section 61E(2A)**.

New clause 36

After *clause 35* (page 44, after line 18), insert:

36 Consequential amendments to Trans-Pacific Partnership Agreement Amendment Act 2016

- (1) This section amends the Trans-Pacific Partnership Agreement Amendment Act 2016.
- (2) Repeal section 67.
- (3) Replace section 70 with:

70 Schedule 1AA amended

In **Schedule 1AA**, after **Part 1**, insert the **Part 2** set out in Schedule 3 of this Act.

- (4) Replace the Schedule 3 heading with:

Schedule 3
Schedule 1AA of Overseas Investment Act 2005 amended

s 70

- (5) In Schedule 3, new Schedule 1AA of the Overseas Investment Act 2005,—
- (a) delete the Schedule 1AA heading;
- (b) replace “**Part 1**” with “**Part 2**”;
- (c) renumber clauses 1 to 3 as clauses **9 to 11**.

Schedule 1

In *Schedule 1, new Schedule 1AA*, after *clause 2(1)* (page 46, after line 33), insert:

- (1A) However, **section 54** (as in force after commencement) does not apply to a holder of an exemption under **section 61C** if the exemption was continued in force under **clause 3(2)** of this schedule.

In *Schedule 1, new Schedule 1AA, clause 2(2)*, replace “**41B**” (page 46, line 34) with “**41AA**”.

In *Schedule 1, new Schedule 1AA*, replace *clause 3(3)* (page 47, lines 5 to 7) with:

- (3) However, **sections 61BA, 61C(3), 61D, and 61E(4)**—
- (a) do not apply to those exemptions as granted; and
- (b) do not apply (other than **section 61C(3)**) to a minor or technical amendment to those exemptions, or to a replacement of those exemptions with only minor or technical amendments, made after the commencement of **section 33** of the Overseas Investment Amendment Act **2017**.

In *Schedule 1, new Schedule 1AA, clause 4(2)*, replace “under this Act” (page 47, line 17) with “for the purposes of section 10(1)(a)”.

In *Schedule 1, new Schedule 1AA, clause 4(2)*, replace “another” (page 47, line 20) with “other”.

In *Schedule 1, new Schedule 1AA, clause 6(2)*, delete “being” (page 47, line 37).

In *Schedule 1, new Schedule 1AA*, after *clause 7* (page 48, after line 3), insert:

- 7A Provisions relating to exemptions in clauses 6 and 9 of Schedule 3**
- (1) For the purposes of **clause 6(4)(b)(i) of Schedule 3**, the acquisition (or treated acquisition) of a forestry right by a related forestry investor is to be disregarded if the acquisition (or treated acquisition)—
- (a) was made before commencement; or
- (b) was made on or after commencement but resulted from a transaction referred to in **clause 1(2)(aa)** of this schedule.
- (2) For the purposes of **clause 9(4)(b)(ii) of Schedule 3**, it does not matter if a regulated *profit à prendre* was first held (or treated as first held) by a related *profit* investor—
- (a) before commencement; or
- (b) on or after commencement as a result of a transaction referred to in **clause 1(2)(aa)** of this schedule.
- (3) In this clause, **commencement** means the commencement of **clause 1** of this schedule.

Schedule 2

In *Schedule 2, new Schedule 2, clause 2*, definition of **relevant business**, after “**clause 12(2)**” (page 51, line 4), insert “and **(3)**”.

In *Schedule 2, new Schedule 2, clause 2*, replace the definition of **relevant interest** (page 51, lines 5 to 8) with:

relevant interest, in relation to residential land, means—

- (a) the interest in the residential land; or
- (b) rights or interests in securities of a person who owns or controls (directly or indirectly) any interest in the residential land

In *Schedule 2, new Schedule 2*, replace *clause 4(4)(b) and (c)* (page 52, lines 7 to 10) with:

- (b) either—
 - (i) the relevant interest in the residential land will be acquired as relationship property of A and B and regulations exempt B from the requirement for consent under section 10(1)(a); or
 - (ii) the interest in the residential land will be acquired by a company that is incorporated in New Zealand and in which all of the securities are wholly owned as relationship property by A and B, on the basis that A is a key individual,—

In *Schedule 2, new Schedule 2*, after *clause 4(4)* (page 52, after line 11), insert:

- (5) B (but not A) can also be disregarded for the overseas investment when determining whether the investor test is met if—
 - (a) the application for consent is under the commitment to reside in New Zealand test only; and
 - (b) the investor test applies (because the relevant land is or includes residential land and land that is sensitive under Part 1 of Schedule 1 for some other reason); and
 - (c) the relevant Ministers are satisfied that A is an individual with control of the relevant overseas person (for example, if the relevant overseas person is a company).

In *Schedule 2, new Schedule 2, clause 7(1)*, after “(each, an **OP**)” (page 53, line 22), insert “at the date of consent”.

In *Schedule 2, new Schedule 2, clause 7(2)*, table, item 1, first column (page 54), replace “OP is absent from New Zealand for more than 183 days in any 12-month period beginning on the date of consent or its anniversary in any year, without a waiver” with “On an anniversary date, OP has been absent from New Zealand for more than 183 days in total in the immediately preceding 12 months without a waiver”.

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In *Schedule 2, new Schedule 2, clause 7(2)*, table, item 1, second column (page 54), replace “in the 12-month period beginning on the date that the trigger event occurs” with “in total in the 12-month period beginning on the anniversary date”.

In *Schedule 2, new Schedule 2, clause 7(3)(b)*, replace “but only if the residential land is relationship property of the OP and the OP’s spouse or partner” (page 54, lines 7 and 8), with “but only if **clause 4(4)(b)** applies”.

In *Schedule 2, new Schedule 2*, after *clause 7(5)* (page 54, after line 13), insert:

Interpretation

In *Schedule 2, new Schedule 2*, replace *clause 7(7)* (page 54, lines 16 and 17) with:

- (7) In this clause,—
- anniversary date** means the anniversary of the date of consent in any year
- prescribed** means prescribed by regulations made under **section 61(1)(ie)(ii)**.

In *Schedule 2, new Schedule 2*, replace *clause 8(1)* (page 55, lines 2 to 6) with:

- (1) An application may be made, in respect of a person (an **OP**) in relation to whom a trigger event under item 1 of the table in **clause 7(2)** may or will occur, or has occurred, for a waiver from the requirement for the consent holder to dispose of all relevant interests in the residential land as a consequence of the trigger event occurring.

In *Schedule 2, new Schedule 2, clause 9(b)*, before “if the relevant Ministers” (page 55, line 26), insert “only”.

In *Schedule 2, new Schedule 2, clause 13(1)(b)*, replace “or” (page 57, line 27) with “nor”.

In *Schedule 2, new Schedule 2, clause 14(4)*, replace “would, or would likely,” (page 58, line 40) with “will, or is likely to,”.

In *Schedule 2, new Schedule 2*, heading to *clause 17*, replace “**is**” (page 59, line 33) with “**are**”.

In *Schedule 2, new Schedule 2, clause 19(2)*, table, item 2, second column (page 62), replace “or held” with “nor held”.

In *Schedule 2, new Schedule 2, clause 19(2)*, table, item 3, first column (page 62), replace “whether or not the facility is new or is proposed” with “whether the facility is existing or is being or proposed”.

In *Schedule 2, new Schedule 2, clause 19(2)*, table, item 7, second column (page 63), after “dealt with”, insert “by OP”.

Schedule 3

In *Schedule 3, new Schedule 3, clause 1*, after “consent” (page 66, line 9), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 2(1)*, after “consent” (page 67, line 6), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 3(1)*, after “consent” (page 67, line 19), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 4(5)*, after “consent” (page 68, line 19), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 5(1)*, after “consent” (page 69, line 13), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 6(1)*, after “consent” (page 70, line 16), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 6(3)*, after “consent” (page 70, line 29), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 6(4)(b)(i)*, after “acquire” (page 70, line 35), insert “(or are treated as acquiring)”.

In *Schedule 3, new Schedule 3, clause 6(5)(c)*, after “acquired” (page 71, line 18), insert “(or treated as acquired)”.

In *Schedule 3, new Schedule 3, clause 7(1)*, after “consent” (page 71, line 24), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3*, replace *clause 7(2)* (page 72, lines 1 to 8) with:

- (2) For the purposes of **subclause (1)(c)**, a person (A) is **related** to the licensee if—
 - (a) the licensee owns and controls 95% of A; or
 - (b) A owns and controls 95% of the licensee; or
 - (c) a third person owns and controls 95% of the licensee and of A.
- (3) For the purposes of **subclause (2)**, a person (X) **owns and controls 95%** of another person (Y) if X has—
 - (a) a beneficial entitlement to, or a beneficial interest in, 95% or more of Y’s securities; and
 - (b) the power to control the composition of 95% or more of the governing body of Y; and
 - (c) the right to exercise, or control the exercise of, 95% or more of the voting power at a meeting of Y.

In *Schedule 3, new Schedule 3*, delete *clause 8* (page 72, line 9 to page 75, line 4).

In *Schedule 3, new Schedule 3, clause 9(1)*, after “consent” (page 75, line 8), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 9(3)*, after “consent” (page 75, line 21), insert “for the purposes of section 10(1)(a)”.

In *Schedule 3, new Schedule 3, clause 9(4)(b)(ii)*, after “held” (page 75, line 28), insert “(or treated as held)”.

In *Schedule 3, new Schedule 3, clause 9(5)(d)*, after “held” (page 76, line 10), insert “(or treated as first held)”.

Schedule 4

In *Schedule 4, new Schedule 4, clause 3(11)*, replace “comes” (page 81, line 27) with “come”.

Schedule 5

In *Schedule 5, clause 1, new regulation 36AE*, after “consent” (page 83, line 9), insert “for the purposes of section 10(1)(a) of the Act”.

In *Schedule 5, clause 1, new regulation 36AF(2)*, replace “consent under” (page 83, line 34) with “consent for the purposes of”.

Explanatory note

This Supplementary Order Paper proposes amendments to the Overseas Investment Amendment Bill (the **Bill**) that was introduced into Parliament on 14 December 2017 and had its second reading on 26 June 2018. The Bill contains amendments to the Overseas Investment Act 2005 (the **OIA**).

Many of the amendments proposed by the Supplementary Order Paper are technical or for clarity.

The main amendments to the body of the Bill are as follows:

- the amendment to *clause 5* adds land that is wahi tapu under section 338 of Te Ture Whenua Maori Act 1993 to table 1 of Schedule 1 of the OIA. The effect is that land is sensitive land (and therefore acquisitions of the land will be subject to the consent provisions of the OIA) if the land is or includes this type of wahi tapu land. The Bill previously dealt with this type of wahi tapu land on the understanding that it is not alienable, so only included it in table 2 of Schedule 1. However, it has since been confirmed that it is possible for this type of wahi tapu land to be leased in limited circumstances (though the freehold estate in such land is not alienable), so it needs greater protection under the OIA by also being included in table 1 of Schedule 1:
- the amendment to *clause 7* clarifies that, if an overseas investment transaction involves any residential land, the definition of ordinarily resident in New Zealand in *new section 6(2)(a)* of the OIA will apply:
- the amendment to *clause 10* relates to *clause 4(5) of new Schedule 2*. This applies only in very limited situations. See the later explanation on *clause 4(5) of new Schedule 2*:
- the amendments to *clause 31* make minor changes to when and how a person who acquires an interest in residential land must make a statement under *new section 51A*. The statement must be provided only if an instrument that will be

lodged for registration will record the person's acquisition. If consent is required, the statement must confirm that the person has complied or will comply with that requirement (rather than just state whether they will comply):

- the amendment to *clause 33(2A)* replaces *new section 61(1)(c)(iii)*. *Clause 33(2A)* replaces section 61(1)(c) of the OIA, which enables the making of regulations that set out what must be done to make an offer of foreshore, seabed, riverbed, or lakebed to the Crown count for the purposes of the benefit to New Zealand test. The Finance and Expenditure Committee, in its report on the Bill, considered that the wording of *new section 61(1)(c)(iii)* may have been too wide because, unlike the current wording in the OIA, it did not require the non-price terms and conditions of the offer to be equivalent to those offered to the overseas person. The Committee invited the Government to consider amending *new section 61(1)(c)(iii)* at the Committee of the whole House stage. The replacement *new section 61(1)(c)(iii)* is more similar to the current wording in the OIA, but clarifies that—
 - non-price terms and conditions of the offer only need to be equivalent to those offered to the overseas person to the extent that the offer to the Crown is equivalent to the offer made to the overseas person. This recognises, for example, that the foreshore, seabed, riverbed, or lakebed being offered to the Crown may only be a small part of the total land being offered to the overseas person; and
 - the offer can be more favourable to the Crown if the person making the offer so chooses:
- the amendments to *clause 33A* insert proposed *new section 61BA* (purpose of exemptions) and make an amendment to *new section 61D* (criteria for exemptions), which clarify the purpose of the powers to grant exemptions. The purpose is to provide flexibility where compliance with the OIA is impractical, inefficient, or unduly burdensome (but where the purpose of the OIA can still be substantially achieved through terms and conditions of the exemption), allow for exemptions that are minor or technical, or make exemptions in relation to a list of specific matters:
- the amendments to *clause 33A* also allow regulations containing a class exemption to provide, where a person relies on the exemption, for the following:—
 - for conditions of consents, to the extent set out in the regulations, to continue in effect as conditions of the consents but on the basis set out in the regulations (whether or not the person who relies on the exemption is a consent holder):
 - for the person who relies on the exemption to be treated as a consent holder to the extent set out in the regulations:
 - for consent holders to cease to be subject to the conditions of their consents to the extent set out in the regulations:

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- the amendments to *clause 33A* also adjust the application of *new section 61F*, which provides for a person who relies on an exemption to acquire a property to be subject to existing consent or exemption conditions. The changes extend the provision to cover a series of acquisitions (that is, conditions may be passed on to a series of purchasers of the property). The provision is also changed so that regulations can prescribe when the provision does not apply (rather than when it does apply). Finally, the amendments confirm that the conditions retain their character as conditions of a consent or an exemption. This ensures that the enforcement provisions continue to apply to the conditions:
- *new clause 36* makes consequential amendments to the Trans-Pacific Partnership Agreement Amendment Act 2016 to take account of the fact that this Bill is proposed to come into force before that Act and will insert a schedule of transitional provisions.

The main amendments to *new Schedule 1AA* (which contains transitional and savings provisions), as inserted by *Schedule 1*, are as follows:

- that the requirement under *new section 54* for an exemption holder to have an address for service does not apply to existing exemption holders:
- providing that proposed *new section 61BA* and *new sections 61D and 61E(4)* will not apply to minor or technical amendments made to existing exemptions (or to a replacement of those exemptions with only minor or technical amendments):
- *new clause 7A* contains provisions relating to the exemptions in *clauses 6 and 9 of new Schedule 3* (threshold exemptions for forestry rights and *profits à prendre*) dealing with how the exemptions work where interests in land acquired from transactions entered into before commencement are involved. In the case of *clause 6*, the acquisitions are disregarded. In the case of *clause 9*, they are taken account of.

The main amendments to *new Schedule 2* (which relates to residential land), as inserted by *Schedule 2*, are as follows:

- the amendments to *clause 4* permit overseas persons who are spouses or partners of each other to acquire residential land, under the commitment to reside in New Zealand test, through a New Zealand company that is wholly owned by those persons as relationship property, without losing the benefit of existing *clause 4(4)* (which effectively, in combination with the regulations, exempts 1 spouse or partner from screening under the consent criteria when acquiring the land directly). *Clause 4(5)* relates to the investor test, which would only apply here if the land is or includes residential land and land that is sensitive under Part 1 of Schedule 1 for some other reason. One spouse or partner can be disregarded when determining whether the investor test is met in certain limited circumstances (for example, if the 2 spouses or partners are acquiring land through a company or other entity that is wholly owned by those persons as relationship property, including by acquiring shares in a company or other entity that already owns the land):

- the amendment to item 1 of the table in *clause 7* provides for an overseas person who is a key individual under the commitment to reside in New Zealand test and who is absent from New Zealand for more than 183 days in a year (calculated from the date of consent) to create a trigger event at the end of the year, rather than on the 184th day that the person is absent:
- the amendment to item 3 of the table in *clause 19* makes it clear that the operation of a long-term accommodation facility is a residential land outcome for the purposes of *new section 16F* regardless of whether the facility is an existing facility, or is being or proposed to be constructed.

The main amendments to *new Schedule 3* (which relates to exemptions), as inserted by *Schedule 3*, are as follows:

- the replacement of *clause 7(2)*, which defines the circumstances in which persons are related for the purposes of *clause 7* (Crown forestry licence converted into forestry right), to include a control element in addition to an ownership element:
- the deletion of *clause 8*, which provided an exemption where a forestry right is replaced with a new forestry right. The Government now intends to include this exemption in regulations made under the OIA, alongside similar exemptions that deal with the re-grant of leases and the replacement of non-forestry *profits à prendre*. Having all these exemptions in the same place will improve access to the legislation.

The other amendments proposed by the Supplementary Order Paper are minor corrections or technical or drafting changes.

Departmental disclosure statement

The Treasury considers that a departmental disclosure statement is not required to be prepared for this Supplementary Order Paper.