The Treasury

Budget 2026 Information Release

September 2026

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Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

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TE TAI ŌHANGA
THE TREASURY

Treasury Report: Residential homes for Active Investor Plus Investors

Date:	15 August 2025	**Report No:**	T2025/2064
		File Number:	IM-5-3-11-M123872

Action sought

	Action sought	Deadline
Hon David Seymour **Associate Minister of Finance**	**Agree** to lodge the attached Cabinet paper	21 August 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Craig Fookes	Principal Advisor, International	[39] [35]	✓
John Beaglehole	Manager, International		

Minister's Office actions (if required)

Return the signed report to Treasury.

Refer a copy of this Cabinet paper to the Minister of Finance and the Minister of Immigration

Note any feedback on the quality of the report	

Enclosure: Draft Cabinet paper - Active Investor Plus visa - amendments for residential homes

Treasury Report: Residential homes for Active Investor Plus Investors

Executive Summary

This report provides you with a draft Cabinet paper to submit for discussion at Cabinet on Monday 25 August 2025. This paper will need to be lodged with the Cabinet Office before 10am Thursday 21 August.

We have attached a version of the Cabinet paper with edits provided by the Treasury in consultation with other agencies. If desired, we have a version with track changes that amend the Cabinet paper originally received from the Department of the Prime Minister and Cabinet.

The Treasury supports a relaxation of the foreign buyers ban

The Cabinet paper recommends that overseas persons holding Active Investor Plus visas be allowed to purchase or build one residential home valued at over $5 million.

On balance, the Treasury has previously supported a review of the foreign buyers ban as it is complex, costly, and was a relatively ineffective measure for moderating house prices. However, detailed and highly prescriptive amendments of the sort proposed [36] , are complex to draft, and ultimately add to the complexity of the Overseas Investment Act. We will provide further advice on these matters.

A foreign buyer's charge represents a high-risk option to generate revenue

The proposed foreign buyers charge, as scoped in the draft Cabinet paper, [36]

Officials' initial view is that this risk will be challenging to manage through policy design process in the time available.

An early legal opinion from the Ministry of Foreign Affairs and Trade (MFAT) has been included in the Annex of this report and the Treasury will continue working with Inland Revenue and MFAT [36] Officials will provide a consolidated statement for your Cabinet paper before it is lodged on Thursday next week.

Officials are also preparing revenue estimates which can be included in the Cabinet paper. While any estimates will be uncertain, our expectation is that revenue from this charge will be limited.

These changes may be beyond the scope of your Bill

It may be that the best way to meet your policy objective is through amendments to the Overseas Investment Act. If that is the case, the obvious vehicle is your Overseas

Investment (National Interest and Other Matters) Amendment Bill (the Bill); these changes could be done via an amendment paper lodged at the Committee of the Whole House stage.

[36]

Treasury Report: Residential homes for Active Investor Plus Investors

Purpose of Report

1. This report provides you with a draft Cabinet paper to submit for discussion at Cabinet on Monday 25 August. This paper will need to be lodged with the Cabinet Office by 10am on Thursday 21 August.

2. This report has been prepared in a compressed timeframe, and officials may not have identified all risks and important design considerations. For that reason, we have suggested seeking agreement on basic design parameters, while avoiding decisions on legal form. This will provide officials with the maximum flexibility as to how legislation is drafted to deliver your preferred policy.

3. This report and the associated draft Cabinet paper includes sensitive policy and legal advice. We propose not to proactively release these materials at this time, and officials will carefully consider any requests under the Official Information Act (including public interest considerations).

Context

4. The Department of the Prime Minister and Cabinet (DPMC) contacted the Treasury on 7 August 2025 to discuss changes to the Overseas Investment (National Interest and Other Matters) Amendment Bill (the Bill).

5. [34]

6. This report has been provided under urgency in line with the instruction that we prepare a paper for you and the Minister of Immigration to take to Cabinet on 25 August. The Treasury has organised an interdepartmental group and is consulting on options as to how immigration and overseas investment screening could be aligned.

7. Our preliminary view is that the changes to the Overseas Investment Act (the Act) will require some detailed design decisions. But, providing they are deemed to be in the scope for the Bill, they should be relatively straight forward to draft.

8. The proposed 15% foreign buyers charge is more legally complex and nuanced than the existing Bill. This report outlines this risk, and relevant design considerations.

9. The Act was amended in 2018 to define residential land as sensitive (the foreign buyers ban). Overseas investors cannot acquire residential land unless they obtain consent under either a streamlined consent pathway or via the Benefit to New Zealand test.

10. Economic analysis completed by the Treasury suggests that the foreign buyers ban has had a limited impact on New Zealand housing markets. Introducing the foreign buyer ban in 2018 seemed to have a weak and statistically insignificant impact on house prices.

11. Other countries such as Australia and Canada have seen significant impacts from foreign buyer restrictions when they have been facing speculative investor bubbles. Unresponsive (i.e., inelastic) supply of residential housing in New Zealand has contributed to swings in prices in response to changes in demand, driven in large part by shifts in interest rates.

12. A full removal of the ban would have a small, possibly temporary, impact on house prices (we assess that changes allowing more housing construction would have a greater impact on house prices). Even if the ban was entirely removed, we would expect any resulting price increase to be insignificant.

13. The proposal represents a relatively minor change to the foreign buyers ban. Treasury advice has previously recommended a review of the ban (T2024/2807 refers) given it is inefficient, costly, and was a relatively marginal intervention for moderating house prices. While we support changes to liberalise the policy on the margin, but highly targeted changes of this sort are not without risk. Highly specific sections, pathways, or exemptions add to the complexity of the legislation. This complexity has grown to be a barrier in its own right.

14. [36]

15. Given the pace of reforms and limited time for consultation, the Treasury's initial view is that this is best done through a fast-track consenting process, rather than exemptions or liberalisation. In this case, a highly streamlined pathway that provide a rapid light touch consent could allow us to continue to collect data on uptake and overseas sales, while retaining the ability to target the policy based on uptake.

16. Previous advice has noted that the ban could be relaxed, but one way to ensure that house prices remain anchored to fundamentals is to design any relaxation in a way that retains the optionality for central government to reinstate the ban. This policy tool could be regarded as a form of macro-prudential regulation which could be used sparingly to support monetary policy for the purpose of temporarily stabilising markets.

Scope: the Overseas Investment Amendment Bill

17. Your bill is currently being considered by the Finance and Expenditure Select Committee, which must report back before 31 October 2025. It is too late to make changes through the Select Committee, which means the Government will need to lodge an amendment paper when the Bill reaches the Committee of the Whole House stage. This is likely to occur in November 2025.

18. [36]

19.

20.

Choice of visa type

21. [34]

22. There are risks in referring to named visa classes in primary legislation, given that visa settings are made through secondary legislation. Responding to changes in immigration instructions (which is where visas are established) would require changes to the Act itself.

23. To avoid the Act falling out of date, we are investigating the targeted use of regulations to ensure the Act remains aligned with immigration settings. To provide Cabinet certainty and to meet legislative design standards, the Act will need to contain sufficient detail to avoid open ended regulation making powers. We will provide further advice for your report back to Cabinet Legislation Committee. For instance, one solution might be:

    a the choice of visa could be set via Order in Council, allowing Cabinet and the Regulations Review Committee to have an opportunity to review changes; and

    b before adding a new visa class, the Act could set criteria or Ministers could “have regard to” relevant factors such as whether the visa meets the economic benefit factor in section 17(1)(a) of the Act.

24. Most existing visa holders will use the commitment to reside pathway to purchase a home as their resident visas require them to be ordinarily resident and this pathway will not attract the new 15% charge. A benefit test could enable AIP investment visas while eliminating visas where there is no economic benefit consideration (such as partnership visas) from being able to buy residential land without having an intent to reside in New Zealand.

Foreign buyer's charge – risks and design choices [contains legal and foreign affairs advice]

25. This section provides officials' initial analysis on options for a 15% charge on purchases (hereby referred to as a foreign buyer's charge or FBC), [36]

26. [1] and [36]

27. Officials will provide further advice on a FBC as the policy progresses. Issues for further advice include legislative instruments and administration, detailed design parameters, [36] economic impacts, and fiscal/revenue estimates.

Initial design parameters

28. Design parameters will be crucial both for , and for ensuring the FBC can be administered efficiently.

29. The draft Cabinet paper provided by DPMC outlined the following design parameters:

    a Setting the FBC a rate of 15%, paid by the purchaser in addition to the purchase price, as outlined in the draft Cabinet paper.

    b The charge will apply to the purchase price of a property, and not to the rateable value, or pre-purchase valuation of the property.

    c The charge will apply to AIP visa holders who are not ordinarily resident in New Zealand for immigration purposes (i.e., have not demonstrated a commitment to being physically present for 183 days per year) and are therefore not a tax resident on that basis.

Double taxation agreements

30. New Zealand currently has 41 double taxation agreements (DTAs). Over half contain a non-discrimination article, which broadly speaking, prohibits discrimination on the grounds of nationality: that is, nationality cannot be the sole reason for differential treatment.

31. [36]

32. [36]

a *Whether the FBC is a tax?*

It would be difficult to argue that the FBC is a cost recovery fee or charge. Legislation Design Advisory Committee guidelines note that any fee or charge that exceeds cost recovery and is generally available may be struck down by the Courts as an unauthorised tax.

DTA obligations will apply to a tax. Our preliminary assessment is that the proposed FBC will have the features of a tax and DTA obligations will apply.

b [36]

c

Free trade agreements

33. The Annex of this report includes a formal legal opinion and policy advice provided by the Ministry of Foreign Affairs and Trade (MFAT). This section and the legal advice in the annex of this report are legally privileged.

[36]

[36]

Foreign policy considerations

35. [1]

36.

37.

[36]

43. Administering the FBC through the Act would likely mean that Land Information New Zealand (LINZ) becomes the appropriate agency for administering the FBC. Under this scenario, there would be a strong rationale to make the FBC as simple to administer as possible. We will provide further advice on this issue.

Revenue estimates

44. Based on the parameters outlined above, officials will prepare revenue estimates which can be included in the Cabinet paper before it is lodged on 21 August. While any estimates will be uncertain, our expectation is that FBC revenue will be limited.

Other risks

45. Officials have identified four other risks with the overarching policy approach outlined in the Cabinet paper:

   a Urgent legislative reform carries a high risk of unintended consequences. These risks are most acute when more than one legislation is affected: we will need to advise on the interaction of the Immigration Act 2009 and the Act.

   b Visa settings are defined in immigration instructions, issued from time to time by the Minister for Immigration, while core requirements for the foreign buyers ban have been drafted into the Overseas Investment Act (primary legislation). The design of your policy and careful use of secondary instruments could mitigate this risk.

   c MFAT has written a separate paper to accompany this report (see Annex 1). This paper is subject to professional legal privilege.

   d Allowing the purchase of residential property by investors may create additional unanticipated risks to national security and national interest, which must be considered in the development and operationalisation of this policy.

Consultation

46. The Department of the Prime Minister and Cabinet, Land Information New Zealand, the Ministry of Business, Innovation, and Employment and Inland Revenue were consulted on this report.

47. The Ministry of Foreign Affairs and Trade was consulted on this report and has provided separate legally privileged advice on the trade implications.

Next steps

48. The Treasury will coordinate with other agencies and liaise with your office to provide further suggested input into your draft Cabinet paper before it is lodged on Thursday 21 August, ahead of Cabinet on Monday 25 August.

Recommended actions

We recommend that you:

a **note** the attached Cabinet paper reflects policy that Treasury understands have previously been discussed and agreed between senior Cabinet Ministers;

b **note** the paper seeks agreement to changes to the Overseas Investment (National Interest and Other Matters) Amendment Bill;

c **note** we have included a version with changes from the Treasury and other agencies that:

  a. amends the paper for clarity to use terms that currently appear in the Overseas Investment Act 2005 or the Immigration Act 2009;

  b. [36]

d **indicate** whether the Treasury may amend the Cabinet paper to provide Cabinet the choice as to whether visa settings may occur via regulation subject to appropriate safeguards;

yes/no

e **agree** to lodge the attached Cabinet paper entitled "*Investment Screening and the Active Investor Plus Visa*" before 10am Thursday 21 August;

agree/disagree

f **note** officials from Inland Revenue, the Ministry of Foreign Affairs and Trade, and Treasury will draft a consolidated risk assessment for inclusion in your Cabinet paper;

g **refer** a copy of this paper to the Ministers of Finance and Immigration.

John Beaglehole
Manager, International Team

Hon David Seymour
Associate Minister of Finance

_____/_____/_______

[36]

[36]