

Hon Dr Michael Cullen
Minister of Finance



3 March 2008

Media Statement

Strategic assets to be protected in national interest

Greater protection for New Zealand's major strategic assets will be delivered by new Overseas Investment provisions announced by Finance Minister Michael Cullen today.

A new regulation under the Overseas Investment Act 2005 was introduced by Order in Council today. The regulation will bolster the factors Ministers may take into account when considering overseas investment applications that affect a very narrow range of strategically important assets.

The changes have been made in response to the uncertainty and debate that have emerged surrounding the Canadian Pension Plan Investment Board's offer to shareholders in Auckland International Airport (AIAL).

"There has been a high degree of public debate about the merits of handing over control of New Zealand's main gateway to the world to foreign interests," Dr Cullen said.

"The Canadian Pension Plan bid was always going to require consideration under the Overseas Investment Act and there has been speculation that Ministers would use existing conditions under the Act to reject the offer. The government's move today is to be clear about the fact that New Zealand control factors will be taken into account as part of the national interest tests to be applied under the Act.

"We also wanted to be clear that the very narrow range of assets that could be considered to be strategically important infrastructure on sensitive land will be protected by these provisions in the future. It is important to state, however, that nothing in today's announcement rules out an acceptance of any Overseas

Investment application. In the case of Auckland Airport, decisions would be made by Land Information Minister David Parker and Associate Finance Minister Clayton Cosgrove. Neither Mr Parker nor Mr Cosgrove has played any part in discussions surrounding the new regulation.

“The new regulation will move us into line with a number of other countries, including Australia which currently restricts foreign ownership of airports. New Zealand already has foreign ownership restrictions on Telecom and Air New Zealand in addition to our generic Overseas Investment regime.

“This process has moved quickly to provide maximum certainty to markets regarding the government’s intentions.”

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