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Dear Sir/Madam

**Foreign investment framework reforms – Review of ineffective conditions –
Consultation Paper**

The Guardians of New Zealand Superannuation (**Guardians**) welcomes the opportunity to comment on the Government's consultation on the review of ineffective conditions attached to foreign investment approvals.

The Guardians manages the New Zealand Superannuation Fund (**Fund**), New Zealand's sovereign wealth fund established to help pre-fund the future cost of universal superannuation for New Zealanders. The Fund invests globally on a prudent and commercial basis and has substantial long-term investments in Australia.

Australia is an important investment destination for the Fund. We have invested in Australian businesses, infrastructure-related activities and agricultural assets for many years and have a strong record of compliance with Australia's foreign investment framework.

We support the Government's objective of reviewing conditions that are no longer necessary, effective and fit for purpose. We also support the broader reform agenda of reducing regulatory burden while ensuring Australia's regulatory settings continue to attract and enable low-risk investment. The consultation represents a practical opportunity to remove duplicative obligations that no longer provide meaningful regulatory value.

Support for review of standard tax conditions

The consultation paper notes that some historical conditions may no longer align with contemporary circumstances and may create ineffective or duplicative compliance

obligations and that the review will initially focus on tax conditions. In our experience, the standard tax conditions attached to foreign investment approvals are a clear example of redundancy.

The Fund has multiple approvals (refer to the FIRB approval reference numbers set out at Appendix 1) containing substantially similar tax conditions. Recent examples include conditions requiring the applicant and entities within its control group to:

- comply with Australian taxation laws;
- provide information requested by the Australian Taxation Office (**ATO**);
- pay taxation liabilities when due; and
- provide annual certifications to Treasury confirming compliance with those obligations.

These conditions duplicate obligations that already exist under Australian taxation law.

A failure to comply with Australian tax law is already addressed through comprehensive legislative compliance and enforcement mechanisms administered by the ATO.

Taxpayers are subject to extensive reporting, disclosure, record-keeping and information-gathering requirements. Those obligations have expanded considerably since many of the standard FIRB tax conditions were first introduced.

For example, large taxpayers are now subject to significant disclosure and compliance obligations, including enhanced international tax disclosures, reportable tax position reporting, expanded information reporting and substantial administrative penalties. Significant Global Entities are subject to particularly robust compliance and penalty frameworks.

Against this background, separate FIRB tax conditions requiring taxpayers to comply with tax law, provide information to the ATO upon request, or pay tax debts do not appear to provide additional protection beyond that already achieved through the tax system itself.

In our view, Australia's tax laws and ATO compliance framework are more direct and effective mechanisms for achieving these outcomes than requiring annual FIRB certifications.

Annual reporting requirements

The annual reporting requirement associated with tax conditions illustrates the duplication particularly clearly.

As part of our compliance processes for investments (including Datacom and the Palgrove agricultural business), we are required to undertake annual reviews and

certifications confirming compliance with tax conditions that largely restate existing obligations under Australian tax law.

The process requires preparation, review, execution and submission of annual reports spanning multiple approvals and entities. In practice, much of the information being reported is already available to Treasury, the ATO or other government agencies through existing reporting channels and regulatory frameworks.

The recurring administrative effort associated with these certifications is disproportionate to any apparent regulatory benefit. We therefore support removal of standalone annual tax-condition reporting requirements.

As an alternative, Treasury could consider:

- removing the standard tax conditions entirely;
- replacing them with a single requirement to comply with applicable Australian laws; or
- limiting additional reporting obligations, such as the annual certification as to compliance with conditions, to circumstances where Treasury identifies a specific risk requiring enhanced oversight.

Such approaches would reduce regulatory burden while maintaining appropriate regulatory safeguards.

Low-risk and repeat institutional investors

We also encourage Treasury to consider whether a more tailored approach could be adopted for low-risk, repeat institutional investors.

The Fund is a sovereign wealth fund with an established compliance record and significant ongoing investments in Australia. Like many sovereign wealth funds and other large institutional investors, the Fund is subject to extensive governance, audit, public accountability and compliance requirements.

For investors of this nature, reputational considerations provide strong incentives for compliance. In addition, sophisticated institutional investors invest significant resources in understanding and meeting their Australian regulatory obligations.

A more streamlined approach for investors with established compliance histories could further support the Government's objective of attracting and enabling low-risk investment while reducing unnecessary compliance burdens.

Other conditions

Although the review is initially focused on tax conditions, we note that some older notification conditions may also warrant review.

For example, certain historical conditions require notification to FIRB after an action has been completed or upon the occurrence of specific events. We understand generic 'notification of actions' conditions are no longer included in approvals following recent legislative changes to reporting (including the introduction of foreign ownership registers).

However, some historical conditions require notification of one-off implementation steps, such as ensuring customers are notified of a proposed ownership change. Once completed, those conditions have no continuing application, yet they continue to be captured in annual compliance reporting.

Treasury may therefore wish to consider whether similar historical notification conditions remain necessary, effective and fit for purpose.

Conclusion

The Guardians supports Treasury's review of ineffective conditions and welcomes the Government's willingness to modernise the foreign investment framework.

In our experience:

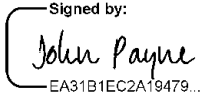
- standard FIRB tax conditions duplicate obligations already imposed and enforced through Australia's tax laws;
- annual tax-condition certifications create recurring compliance costs with limited regulatory value;
- Australia's tax administration and disclosure frameworks have evolved significantly since many of these conditions were introduced;
- low-risk institutional investors could be subject to a more streamlined framework; and
- certain historical notification conditions may now duplicate obligations elsewhere in the foreign investment regime, or have unnecessary ongoing reporting obligations.

We encourage Treasury to remove or simplify those conditions that are no longer necessary, effective and fit for purpose and look forward to engaging further as the review progresses.

For completeness we note that the New Zealand Government (the beneficial owner of our Fund) is very focused on removing unnecessary barriers to investment and making New Zealand a more attractive place to do business for foreign investors. They have put in place a risk-based national interest test that reduced unnecessary checks on low-risk investment applications while maintaining the necessary safeguards for New Zealand's national interests and are now reducing fees for approval. Refer attached link to a 10

September 2026 press release from the New Zealand Associate Minister of Finance (<https://www.beehive.govt.nz/release/overseas-investment-applications-made-cheaper>). If of interest, we can help connect you with New Zealand officials to discuss what New Zealand is doing in this space.

Yours sincerely

Signed by:

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John Payne

Head of Tax

Guardians of New Zealand Superannuation

Appendix 1 - FIRB approvals and conditions identified for review

Relevant approvals held by the Fund include: FI [REDACTED], FI [REDACTED], FI [REDACTED], FI [REDACTED], F [REDACTED], FI [REDACTED], FI [REDACTED], FI [REDACTED], F [REDACTED], FI [REDACTED] and FI [REDACTED].

Conditions identified for review

Approval	Relevant condition	Why ineffective, duplicative or unnecessary
FI [REDACTED]	Tax conditions requiring compliance with Australian taxation laws	Duplicates direct statutory obligations and existing ATO enforcement powers.
FI [REDACTED]	Tax conditions requiring provision of information requested by the ATO	ATO already possesses comprehensive statutory information-gathering powers.
FI [REDACTED]	Tax conditions requiring payment of tax debts	Existing Australian tax law already requires payment and provides enforcement mechanisms.
FI [REDACTED]	Condition 1 (change of ownership at time of action)	Ongoing annual reporting of one-off action.
FI [REDACTED], F [REDACTED], FI [REDACTED], FI [REDACTED], FI [REDACTED] and subsequent [REDACTED] approvals	Conditions 1-5 (standard tax conditions)	Replicate obligations already imposed under Australian tax law and administered by the ATO.

Approval

██████ approvals

Historical ██████ approvals

Relevant condition

Condition 6 annual tax-condition reporting

Conditions requiring post-completion notification within 60 days

Why ineffective, duplicative or unnecessary

Creates recurring compliance effort with limited apparent regulatory benefit because underlying compliance information is already reported elsewhere.

Ongoing annual reporting of one-off action. We understand such notification conditions have been replaced by modern statutory reporting and registration requirements introduced after these approvals were granted.