

# Forestry investments

## Overseas investments in New Zealand forestry

Forestry is a significant industry in New Zealand. Wood and forestry products are one of the country's largest export earners and the industry supports thousands of jobs.

Overseas investment in New Zealand's forestry industry is subject to controls under the Overseas Investment Act 2005. These controls help ensure overseas investments are high quality and in New Zealand's interests.

### Special Forestry Test

The Special Forestry Test is a streamlined consent pathway for overseas investments into New Zealand forestry that meet certain criteria.

The Special Forestry Test is only available for investments in existing rotation plantation forestry.

Under this test an investor must:

- use the land principally for forestry activities
- replant after harvesting
- not plant or convert into permanent forests or forests for other purposes such as flowering trees for honey production.

Investors must also implement and maintain certain existing arrangements relating to:

- public access
- protection of habitats for native plants and animals
- protection of historic places
- log supply arrangements.

### Consent is required



#### Sensitive land

Buy or lease forestry land, or sensitive land to convert to forestry.



#### Existing forestry

Buy or acquire a significant interest in an existing forest.



#### Forestry rights

Buying more than 1,000 hectares of forestry rights in a calendar year, or rights for longer than 35 years in duration.

### Points to note



The Special Forestry Test cannot be used for converting farm land to forestry or establishing permanent forests to gain New Zealand Units under the Emissions Trading Scheme.

Existing dwellings on the land may be used for housing, including by the forest owner or their employees, or rented to a third party.

Changes were made to the forestry provisions of the Overseas Investment Act 2005 in August 2022. Transitional provisions may apply to standing consents, applications for consent under consideration, and transactions already entered into.

## If Special Forestry Test criteria are not met

If any of the criteria are not met the Special Forestry Test cannot be used.

Any application to invest in forestry that does not qualify for the Special Forestry Test must be assessed under the Benefit to New Zealand Test.

This requires an overseas investor to demonstrate their investment will deliver a substantial benefit to New Zealand in at least one of seven factors.

Farm to forest conversions are exempt from the requirements of the Farm Land Benefit Test.

## Standing consent

Well established investors with a proven track record and detailed business plans may apply for a standing consent.

This gives approval for a set number of investments in existing forests and has an expiry date and other limitations imposed.

Investors must notify the Overseas Investment Office of every transaction made under the standing consent.

There is a high threshold for granting standing consents. An application will need to justify the need for a standing consent over applying for one-off consents.

If an investor is considering applying for a standing consent, they must arrange a pre-application meeting with the Overseas Investment Office prior to submitting the application.

## Further information

Further information on investing in New Zealand forestry and the information required for a consent application is available on the Overseas Investment Office website.

Applications for consent are lodged via the website and must include all required information and documentation.

We recommend that prospective overseas investors engage specialist legal advice in New Zealand to assist with completing an application for consent.

## Consent not required



### Forestry rights

Buy less than 1,000 hectares of forestry rights in a calendar year that are less than 35 years in total duration.



### Australian investors

Australian citizens and organisations are exempt from consent requirements in certain circumstances.



### Standing consent

Investors with a standing consent do not require further consent for individual purchases but must notify the OIO when a purchase is made. All purchases will be subject to strict conditions of compliance.

## About the Overseas Investment Office

The Overseas Investment Office regulates access to New Zealand's land, residential properties and significant business assets by overseas investors, and makes decisions on overseas investment applications. It administers and applies the Overseas Investment Act. Its work contributes to more homes and jobs for New Zealanders, thriving companies and industries, protection of the places Kiwis treasure, and greater access to them.

