

To: Hon Damien O'Connor, Minister for Land Information  
Hon Barbara Edmonds, Associate Minister of Finance

## ASSESSMENT REPORT: Pan Pac Forest Products Limited

### Special Forestry Test – Application for second Standing Consent

<b>Date</b>	28 August 2023	<b>Classification</b>	IN CONFIDENCE: Commercially sensitive
<b>LINZ reference</b>	202200212 BRF 24-094	<b>Deadline</b>	12 September 2023

#### Purpose

LINZ seeks your decision on an application for standing consent to acquire sensitive land for forestry purposes under the Overseas Investment Act 2005 (the Act).

#### Action sought

1. Review this report and consult with each other if desired.
2. Determine whether to grant consent and, if so, on what conditions.
3. Indicate your decision from page 4.

#### Toitū Te Whenua Land Information New Zealand (LINZ) Contacts

Name	Position	Contact	First contact
Pedro Morgan	Lead Advisor	04 460 2785	<input checked="" type="checkbox"/>

## A. Summary

1. Pan Pac Forest Products Limited (**Pan Pac**) is seeking a second standing consent to acquire sensitive land for forestry purposes.<sup>1</sup>
2. Pan Pac has received nine previous consents under the Act to acquire its forest estate. In 2019, Pan Pac was granted a standing consent under the special forestry test.<sup>2</sup> That expired on 1 October 2022.
3. Pan Pac has had a presence in New Zealand for over 50 years and is one of the largest forest owners/managers in New Zealand. Pan Pac is wholly owned by Oji Green Resources Co., Ltd (**OGR**), a Japanese company owned by Oji Holdings Corporation (**Oji**). Oji is listed on the Tokyo Stock Exchange and Osaka Securities Exchange.
4. Pan Pac seeks a standing consent to ensure that it can continue to efficiently carry out its ongoing acquisition programme and obtain security of wood supply (including for its domestic timber processing plants).
5. For the reasons set out in this report, LINZ's recommendation is to **grant consent**.

### Key information

<b>Applicant</b>	<b>Pan Pac Forest Products Limited</b> Japan (76.90%) United States of America (9.87%) Various (13.23%)	
<b>Application type</b>	Standing Consent (forestry activities) for overseas investments in sensitive land.	
<b>Requested scope of standing consent</b>	<b>Interest types</b>	Freehold, leasehold and forestry rights
	<b>Land types</b>	Existing forestry land and land for conversion (but note that LINZ recommends granting standing consent for existing forestry land only)
	<b>Location</b>	Central and lower North Island and the central to lower South Island
	<b>Max transactions</b>	<b>25 transactions</b>
	<b>Max total area</b>	The maximum land area (ha) comprises: <ul style="list-style-type: none"> <li>• <b>20,000ha</b> in respect of new acquisitions; and</li> <li>• Approximately <b>23,709ha</b> for converting existing Crown Forestry Licences (<b>CFL</b>) into forestry rights, or the acquisition of the underlying land for those CFLs</li> </ul>
	<b>Max area per transaction</b>	<ul style="list-style-type: none"> <li>• New acquisitions, <b>20,000ha</b></li> <li>• CFL conversions, <b>23,709ha</b></li> </ul>
<b>Request duration</b>	Three years from the Consent date	

<sup>1</sup> Under Schedule 4, clause 3 of the Act.

<sup>2</sup> 201900044 – granted September 2019.

## Timing

6. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 100 working days. This application is now outside of the statutory timeframe, after being delayed while LINZ waited for the report of the Ministerial Inquiry into Land Use and the Government's response.

## B. Decision

### Core tests

7. I determine that:

- (a) The 'relevant overseas person' (ROP) is (collectively):

Relevant overseas person	Role
Pan Pac Forest Products Limited ( <b>Pan Pac</b> )	Applicant and entity that will acquire land under the standing consent
Oji Green Resources Co., Ltd ( <b>OGR</b> )	100% parent of Pan Pac
Oji Holdings Corporation ( <b>Oji</b> )	100% parent of OGR

- (b) The 'individuals with control of the relevant overseas person' (IWC) are:

Individuals with control	Role
Anthony Cyril Clifford	Directors of Pan Pac
Kazuya Shimma	
Fumio Shindo	
Yuji Onuki	Director of Pan Pac, OGR and Oji
Yoichi Tada	
Masato Kawai	Directors of OGR
Susumu Yajima	
Masatoshi Kaku	
Yoshiki Koseki	
Hiroyuki Isono	
Kazuhiko Kamada	
Koichi Ishida	
Shigeki Aoki	
Michihiro Nara	
Toshihisa Takata	
Sachiko Ai	
Seiko Nagai	

8. None of the ROP and IWC of the relevant overseas person have established any of the factors contained in section 18A(4) of the Act.

9. I am satisfied that the investor test in section 18A has been met.

**Hon Damien O'Connor**

**Hon Barbara Edmonds**

Agree

Agree

Disagree

Disagree

10. I am satisfied, in relation to the remaining criteria for a forestry activities standing consent set out in clause 3 of Schedule 4 of the Act, that:

(a) The following conditions will be, or are likely to be, met:

(i) conditions that must be imposed for the purpose of ensuring that the special test relating to forestry activities (**Special Forestry Test**) is met for each overseas investment under the standing consent;

(ii) conditions that must be imposed requiring farm land / farm land securities to be offered for acquisition on the open market to non-overseas persons<sup>3</sup>;

(iii) conditions that must be imposed requiring that the LINZ be notified of each transaction settled under the standing consent; and

(iv) additional conditions that may be imposed including conditions limiting the land that can be acquired under the standing consent.

(b) The Applicant has adequate processes in place for meeting the requirements of Regulation 29 (that is – the continuation of existing arrangements, existing conditions of consent, and log supply obligations). These processes are the same as those which have been used for transactions under the Prior Standing Consent, and there have been no compliance issues to date.

(c) The Applicant has a strong track record of compliance with the Act (or corresponding laws overseas) and with conditions and other requirements imposed under it. Pan Pac satisfied this requirement under the Prior Standing Consent and we remain satisfied that they continue to do so.

**Hon Damien O'Connor**

**Hon Barbara Edmonds**

Agree

Agree

Disagree

Disagree

### Limits

11. The consent is to be limited as set out in the attached schedule of limits.

### National interest

12. I note that a national interest assessment is not required under section 20A of the Act and the Minister of Finance has not notified a transaction of national interest under section 20B of the Act.

<sup>3</sup> This condition is not applicable - the scope of the standing consent requested only includes the acquisition of forestry land (i.e. the acquisition of farm land will not be permitted under the consent).

**Decision**

13. My ultimate decision is to:

**Hon Damien O'Connor**

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1** (reflecting the limits sought by the Applicant)

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**, modified in accordance with the limits in the schedule of limits

Grant consent with amended conditions provided on:

Decline consent

**Hon Damien O'Connor**

Date: / /

**Hon Barbara Edmonds**

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1** (reflecting the limits sought by the Applicant)

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**, modified in accordance with the limits in the schedule of limits

Grant consent with amended conditions provided on:

Decline consent

**Hon Barbara Edmonds**

Date: 6 19 123

*10,000 ha of  
L201  
level  
acquired*

*B Edmonds*

Released under the Official Information Act 1982

## C. Background

14. The 'special test relating to forestry activities' (or 'special forestry test') was introduced in 2018 as an alternative pathway to the Benefit to New Zealand test (Benefit test).
15. The Government created the special forestry test as a more permissive pathway in recognition of the significant role of the forestry sector for New Zealand and its reliance on foreign direct investment, and to support other Government priorities including the One Billion Trees Programme. This change was made in response to the Benefit test being administratively challenging for forestry investors, as well as the importance of the forestry sector to New Zealand.
16. The special forestry test is a lighter touch way to screen forestry investment. It is an objective, checklist-style test that focuses on:
  - (a) ensuring the relevant land will be used for forestry purposes, and
  - (b) maintaining the status quo in relation to such things as environmental protection, public access and log supply contracts.
17. The special forestry test does not consider the benefits or detriments of a particular investment and provides limited room for the exercise of ministerial discretion.
18. 'Standing consents' for investments under the special forestry test allow an investor to apply for consent before identifying the land they want to acquire (a form of 'pre-approval' or 'advance consent').
19. Standing consents avoid the need to make an application for consent for each transaction, providing:
  - (a) certainty for both purchaser and vendor
  - (b) reducing settlement times, and
  - (c) reducing costs.
20. Six forestry standing consents were granted since they became available in 2018. A summary of these standing consents is set out in **Attachment 3**.

## D. Criteria for granting a standing consent

21. Ordinarily, Ministers must be satisfied that either the special forestry test or the benefit test is met before granting consent to a forestry investment. However, the standing consent regime allows Ministers to grant consent in advance of a transaction in certain circumstances.
22. Ministers may grant a standing consent if satisfied that the statutory criteria are met. At a high level, investors seeking a standing consent must satisfy Ministers of four criteria:
  - (a) they meet the investor test;
  - (b) that the conditions imposed on the standing consent will, or are likely to be, met;
  - (c) they have adequate processes in place for meeting the requirements set out in Overseas Investment Regulations 2005 (e.g. continuing existing arrangements, existing consent conditions, and log supply obligations); and
  - (d) they have a strong record of compliance with the Act and with conditions and other requirements imposed under it.

23. The criteria for a standing consent does not allow for the consideration of the broader impacts of an investment (for example, the impact on local communities or the environment).
24. LINZ assesses the investor test in **Section E**, the Applicant's reasons for seeking a standing consent and proposed scope in **Section F**, the requirements for a forestry standing consent in **Section G**, standing consent conditions in **Section H**, the residual discretion to decline a standing consent in **Section I**, and national interest matters in **Part J**.

## **E. Applicant and investor test**

25. This section describes the Applicant and assesses whether the investor test is met.

### **Business Activities**

26. Pan Pac Forest Products Limited (**Pan Pac** or the **Applicant**) is a New Zealand registered company (number 501694) incorporated on 12 March 1991.
27. Pan Pac is a fully integrated forest products company. It has been operating in Hawke's Bay since 1971, and its business includes growing, processing and marketing timber. Pan Pac is the largest forest grower in Hawke's Bay, from planting through to harvesting. Pan Pac manages approximately 49,000 hectares of forest.
28. Pan Pac submits that what differentiates it from other companies in the New Zealand forestry sector is its integrated forest supply chain, which has allowed it to remain competitive through various forest commodity cycles. Pan Pac believes that this alignment between the forest, manufacturing process, supply chain and market is critical when growing tree crops for long term and sustainable profitability.
29. Pan Pac currently manages its forestry estate, rather than appointing a third-party manager. It also intends to manage any Land it acquires under the standing consent. Pan Pac also offers harvesting and marketing services to privately owned forests and woodlots in Hawke's Bay. This includes on-site planning, engineering, harvesting, log cartage, post-harvest clean up and forest re-establishment and silviculture.
30. Pan Pac has a workforce of approximately 480 full-time equivalent employees (**FTEs**) and a further 450 people contracted to assist with forestry, harvesting and transport operations. These employees and contractors mostly come from local communities located around Pan Pac's estates and processing plants.
31. Pan Pac's forests predominantly consist of *radiata* pine and small areas of douglas fir, eucalyptus and other minor species. Pan Pac replants all harvested areas with *radiata* pine.
32. Pan Pac's forests are certified by the Forest Stewardship Council (**FSC**), which is an international non-governmental organization that promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

### *Lumper and pulp*

33. Pan Pac Lumber is the largest producer of appearance grade lumber in New Zealand and is the largest exporter to Asia of appearance grade product. Pan Pac produces lumber at both its **Whirinaki** (Hawke's Bay) and **Milburn** (Otago) processing plants.

34. Pan Pac has been producing Thermo Mechanical Pulp at the Whirinaki site for almost 50 years. Pan Pac's pulpmill uses a thermo mechanical pulping process to provide targeted pulp properties for manufacturing newsprint and board grade products.
35. In 2012, Pan Pac invested more than \$70m to upgrade the capacity of Whirinaki, including a state of the art screening and bleaching plant. The S9(2)(b)(ii) had an initial production of S9(2)(b)(ii) and following an additional investment by Pan Pac of S9(2)(b)(ii)<sup>4</sup> is now producing approximately S9(2)(b)(ii) m3 of S9(2)(b)(ii).
36. The Whirinaki site was extensively damaged by Cyclone Gabrielle and is not currently operating. However, Pan Pac anticipates the chip mill to resume operating S9(2)(b)(ii), the sawmill to resume operating in S9(2)(b)(ii), and the pulp plant to resume operating S9(2)(b)(ii). Pan Pac's Whirinaki staff have remained employed throughout the process and have contributed to the site cleanup and recommissioning.
37. By owning the land and controlling the planting and pruning of its forests in the future, Pan Pac can ensure that future harvests are generally fit for domestic processing in its own and others' operations.

### Ownership

38. Pan Pac is part of Oji Group.
39. Pan Pac is wholly owned by Oji Green Resources Co., Ltd (OGR), a Japanese registered company. OGR is in turn wholly owned by Oji Holdings Corporation (Oji) which was founded in 1949.
40. Oji is a public company listed on the Tokyo Stock Exchange and Osaka Securities Exchange and has approximately 74,913 shareholders. It is widely held with only two shareholders holding more than 5% of its shares:
- 13.84% held by The Master Trust Bank of Japan Limited, which manages investment and pension trusts on behalf of clients and financial institutions;
  - 6.09% held by Custody Bank of Japan, Ltd, a securities processing business for trust assets such as pension and investment trusts.

### Business activities of the Oji Group

41. Oji Group is one of the largest participants in the global forest, paper and packaging industry, with production sites and forestry operations throughout Japan and offshore (including New Zealand, Australia, Brazil, Canada, China and Germany).
42. In 2014 Oji Group (as part of a joint venture with Innovation Network Corporation of Japan) acquired 100% of the shares in Carter Holt Harvey Pulp & Paper Limited (the pulp, paper and packaging businesses of Carter Holt Harvey) in a transaction worth over \$1 billion. This company now operates as Oji Fibre Solutions (NZ) Limited (Oji Fibre - which also holds a Standing Consent<sup>5</sup>). Oji Fibre is also ultimately owned by Oji.

<sup>4</sup>S9(2)(b)(ii)

<sup>5</sup> 201900313 -- granted September 2020



43. Oji Fibre operates the Kinleith and other pulp and paper mills in New Zealand. It has recently been announced that the Government is partnering with Oji Fibre at Kinleith in a \$2 million study as to the feasibility of the production of sustainable wood products, hydrogen and biofuels.<sup>6</sup>

### Control

44. Oji is the beneficial and ultimate parent company of Pan Pac.
45. OGR is the immediate parent company of Pan Pac and with the delegated authority to approve any proposed transactions under the standing consent and any future divestment. Pan Pac itself is the entity which will directly acquiring any land under the standing consent.
46. S9(2)(b)(ii)



### Relevant overseas person and individuals with control

47. We recommend that the 'relevant overseas person' (ROP) is (collectively):

Relevant overseas person	Role
Pan Pac Forest Products Limited (Pan Pac)	Applicant and entity that will acquire land under the standing consent
Oji Green Resources Co., Ltd (OGR)	100% parent of Pan Pac
Oji Holdings Corporation (OJI)	100% parent of OGR

48. We recommend that the 'individuals with control of the relevant overseas person' (IWC)<sup>7</sup> are:

Individuals with control	Role
Anthony Cyril Clifford	Directors of Pan Pac
Kazuya Shimma	
Fumio Shindo	Director of Pan Pac, OGR and Oji

<sup>6</sup> <https://www.stuff.co.nz/business/300682069/qovl-backs-2-million-bioproducts-study-at-kinleith-mill>

<sup>7</sup> Section 15.

Individuals with control	Role
Yuji Onuki	Directors of OGR
Yoichi Tada	
Masato Kawai	
Susumu Yajima	Directors of Oji
Masatoshi Kaku	
Yoshiki Koseki	
Hiroyuki Isono	
Kazuhiko Kamada	
Koichi Ishida	
Shigeki Aoki	
Michihiro Nara	
Toshihisa Takata	
Sachiko Ai	
Seiko Nagai	

### Summary of investor test

49. The ROP and IWC established none of the factors contained in section 18A(4) of the Act. The entities and individuals also all recently passed the investor test in March 2022<sup>8</sup>.
50. For the reasons set out above, LINZ's conclusion is that the investor test has been met.

### F. Requested standing consent

51. In this section LINZ describes the Applicant's reasons for seeking a standing consent and the scope of the standing consent requested. LINZ also briefly examines the Applicant's existing business including historic log quality and volumes, as these provide context for the scope of the requested standing consent.

### Requested scope of the standing consent

52. The following table outlines the scope of the standing consent requested. This scope of explored further in LINZ's advice on the proposed limits of the standing consent in Section H.

<b>Interest types</b>	Freehold, leasehold and forestry rights
<b>Land types</b>	Existing forestry land and land for conversion (but note that LINZ recommends granting standing consent for existing forestry land only)
<b>Location</b>	Central and lower North Island and the central to lower South Island
<b>Max transactions</b>	25

<sup>8</sup> Consent granted in March 2022 under the Special Forestry Test to acquire 15,485 hectares of land located in Hawkes Bay and Gisborne regions. Consent 202100731

<b>Max total area</b>	The maximum land area (ha) comprises: <ul style="list-style-type: none"> <li>• <b>20,000ha</b> in respect of new acquisitions; and</li> <li>• Approximately <b>23,709ha</b> for the converting existing Crown Forestry Licences (CFL) into forestry rights, or the acquisition of the underlying land for those CFLs</li> </ul>
<b>Max area per transaction</b>	<ul style="list-style-type: none"> <li>• New acquisitions, <b>20,000ha</b></li> <li>• CFL conversions, <b>23,709ha</b></li> </ul>
<b>Request duration</b>	Three years from the Consent date

53. As set out in the Table above, Pan Pac has requested an unusual scope for this standing consent - which breaks a requested total of 43,709 hectares into 20,000 hectares of "new acquisitions" with the remaining 23,709 hectares being for the purpose of converting Pan Pac's existing CFLs into forestry rights and/or the acquisition of the underlying land for those CFLs).
54. The Applicant submits that the key reason for proposing the split thresholds is that the replacement transactions simply involve a change in the structure of the right (i.e. Crown Forestry Licence v Forestry Right) as opposed to the underlying nature of the right that is held.
55. The Applicant submits that, while its application is for a maximum area of 43,709 ha, it does not expect to *increase* its total holdings by 43,709 ha. Rather, a significant portion of that amount will be either:
- the conversion of existing CFLs held by Pan Pac into forestry rights relating to the same area of land; and/or
  - the acquisition of new forestry rights or freehold land (not being land previously held by Pan Pac as CFLs) acquired for the purpose of ensuring continuity of supply when CFLs currently held by Pan Pac come to the end of their life.
56. Pan Pac submits that, importantly, if a suitable opportunity arose, it would actively pursue that opportunity to acquire a more significant area of forestry rights or freehold land in a single transaction (as opposed to undertaking multiple smaller transactions to obtain the same land area). For that reason, Pan Pac requests that the maximum land area per single transaction is aligned with the maximum area for the standing consent.
57. By way of example, during the term of the Prior Standing Consent, Pan Pac required a standalone consent for the conversion of 15,485 hectares of CFLs into forestry rights (consent 202100731). The size of that transaction (being over the 10,000 hectare per transaction limit) meant Pan Pac was unable to carry out this conversion under its standing consent. Pan Pac was disappointed not to be able to utilise the standing consent for this particular transaction, particularly given that, although the legal nature of Pan Pac's interest changed from a CFL to forestry right, the underlying nature and scope of Pan Pac's actual rights in respect of the land remained unchanged.

*Applicant's investment strategy*

58. Pan Pac is a forestry company, and all land interests acquired under the standing consent will be used for forestry related activities – as have past acquisitions under the Prior Standing Consent.

59. This will be Pan Pac's second forestry activities standing consent if it is granted. It is required as the Prior Standing Consent expired on 1 October 2022, by which time Pan Pac had acquired five properties:

	Description	Acquired	Area	Address
1	Fisher Land (Conversion)	Aug-20	295ha freehold	347 Pakuratahi Valley Road, Hawkes Bay
2	Matahorua Forest	Jan-21	184ha freehold	SH2, Putorino, Hawkes Bay
3	Glenlyon (Conversion)	Feb-21	599ha freehold	SH50, Hawkes Bay
4	Motonui Station (Conversion)	Feb-22	751ha freehold	Atua Road, Hawkes Bay
5	Roundhill Station (Conversion)	Jun-22	509ha freehold	19 Flat Hill Road, Putorino, Hastings

60. Prior to obtaining the Prior Standing Consent, Pan Pac advises it experienced a number of lost opportunities to purchase land. These losses were principally due to:
- the length of time it historically took to obtain a one-off consent, leading to delayed settlement for the Vendor; and
  - the perception of uncertainty by vendors as to whether Pan Pac would obtain a consent for the potential transaction.
61. Pan Pac acknowledges that it has not used the full scope of its Prior Standing Consent. During the period of the Prior Standing Consent Pan Pac also pursued several other transactions. In those cases, Pan Pac either elected to not continue pursuing the transaction or was not successful in its bid. However, the knowledge that Pan Pac had the Prior Standing Consent provided additional reassurance to both Pan Pac and the vendors that Pan Pac could complete the transaction without the uncertainty and time delay resulting from a need to acquire a one-off overseas investment consent.
62. The key reason that Pan Pac has not utilised the full scope of the Prior Standing Consent is a result of the lack of suitable land and/or forestry rights coming to market. Pan Pac has continually sought and pursued appropriate opportunities and, with the assistance of a further standing consent, stands primed to pursue future acquisition opportunities (both modest and large) that will enable Pan Pac to secure the additional ongoing wood supply it requires for its domestic processing plants.
63. Pan Pac considers that the granting of a new standing consent will ensure that it can continue to be competitive when submitting future bids to vendors. In particular, vendors will have comfort that the transaction is not at risk of consent being declined and confidence that the transaction can complete in a timelier manner than would occur if a standalone consent was needed.
64. Pan Pac fundamentally believes that its growth as a NZ forestry company is intrinsically linked to the domestic forestry sector, and so Pan Pac aims to ensure that its actions continue to have a positive influence on domestic processing and supply of logs, the environment, and ultimately the future of the forestry industry.
65. In addition to freehold, leasehold land and forestry rights, future acquisitions will likely include the conversion of CFLs held by Pan Pac into forestry rights and/or the acquisition of the underlying land for those CFLs.

### *Security of timber supplies*

66. A new standing consent will contribute to Pan Pac's long-term strategy of securing future supply of high-value pruned tree crops for its sawmill and pulp processing plants, where it processes logs to produce sawn timber and wood pulp (most of which is exported) and wood chips for its pulp mill. The proposed transactions will be key steps in that long term strategy.
67. By owning the land and controlling the planting and pruning of its forests in the future, Pan Pac can ensure that (and enhance the extent to which) future harvests are generally fit for domestic processing in its own and others' operations.
68. Pan Pac takes a long-term view of its future wood supplies. The decisions Pan Pac makes today in relation to its estate will have a direct impact on the quality of logs available to it for processing in approximately 30 years' time when it would expect harvesting to occur.
69. Pan Pac's interest in forestry rights and CFLs are primarily limited to a single rotation of trees. If Pan Pac wishes to replant and harvest a further rotation of trees, they will need to obtain the owner or the Crown's (as applicable) agreement to do so. This would typically involve a competitive bid process in which Pan Pac has no assurance it will be successful.
70. In the case of CFLs, it is increasingly common for these to be granted to local Iwi. Accordingly, in respect of the 39,790 hectares of land held by Pan Pac as forestry cutting rights or CFL, Pan Pac does not have security of ongoing tenure for most of that land beyond the existing tree crop. As a result, Pan Pac is committed to identifying opportunities to secure additional ongoing wood supply for its processing plants.
71. Considering the lack of security of tenure for forestry rights and CFLs, a key aspect of achieving Pan Pac's long-term strategy of security of supply is to increase the percentage of its forest estate which is held by it as freehold land, alongside the acquisition or renewal of existing CFLs and forestry rights.

### *Rotation timeframes and harvesting*

72. Pan Pac has been growing *radiata* pine tree crops in Hawke's Bay for close to 40 years. Where Pan Pac either owns land or a forestry right that includes a right to replant following harvest, Pan Pac invariably aims to replant those areas with *radiata* pine. Pan Pac typically replants harvested land within 18 months of harvest.
73. The typical age at which Pan Pac would expect to harvest the subsequent tree crop is 27-30 years for *radiata* pine. Throughout the 27 to 30 year growing cycle, the trees may be pruned and thinned while being protected from fire and pests. For each forest block, Pan Pac prepares a harvest plan to determine the location of new access roads and landings to ensure a safe, sustainable and cost-effective method of harvesting that particular block.
74. When harvested, the trees are cut into logs of varying lengths to maximise the log value and quality. This cutting occurs either at the logging location or in Pan Pac's log processing yard. After harvesting, Pan Pac rehabilitates the site to ensure appropriate water control and slash management. Pan Pac then replants the site with *radiata* pine or other appropriate species (e.g., Redwoods) to start the growing cycle again.

### *Timber production increases*

75. Given Pan Pac will be able to apply its silvicultural regime for the life of future crop rotations, it is expected that the percentage of trees that meet the specifications to be capable of being processed at Pan Pac's Whirinaki plant will increase.
76. By following this regime in respect of Land acquired pursuant to a Proposed Transaction, Pan Pac expects there to be similar increases in both harvested volume and wood suitable for domestic processing.
77. By way of example, in the case of the Tiropai estate<sup>9</sup>, Pan Pac anticipates that the volume of wood produced in a future harvest (that is, the harvest of trees planted by Pan Pac after the existing trees are harvested) is expected to be 775 tonnes per ha, of which approximately [redacted] will be processed by Pan Pac's sawmill. This compares with 675 tonnes per ha which is expected to be harvested from the current crop of trees.
78. Pan Pac considers this increase in harvested volume to be an achievable target resulting in more volume from the same foot print, and thereby supporting future growth in domestic processing. Given Pan Pac will be able to apply its silvicultural regime for the life of the next rotation, it is expected that the percentage of trees that meet the specifications to be capable of being processed at Pan Pac's Whirinaki plant will increase.
79. Pan Pac submits that this approach enhances the Government's objective of increased domestic processing of primary product in New Zealand, as opposed to exporting logs for processing overseas.

### **Intended silvicultural practices**

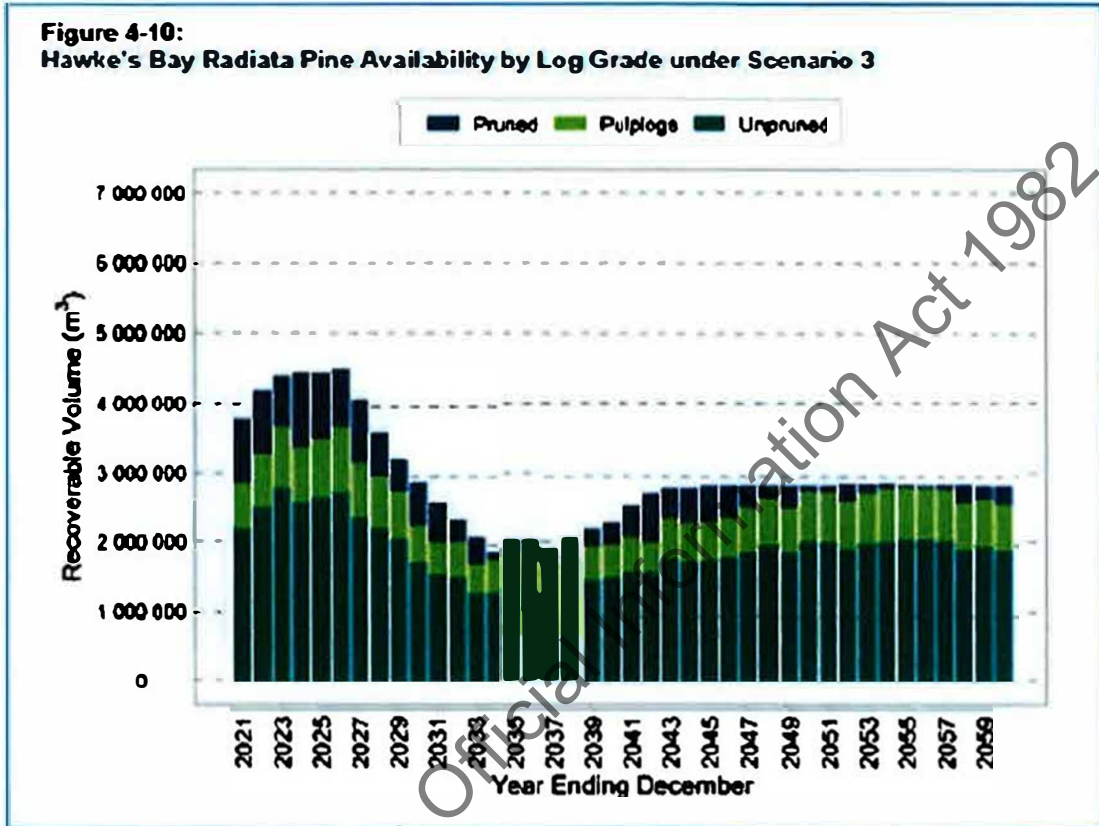
#### *Historic log quality*

80. Pan Pac has provided an analysis of the logs from Pan Pac's owned and managed forests over the last ten years. This shows that 99.2% of production is Pinus Radiata, and the most common log grade is sawlogs, followed by pulp, pruned saw and then boiler fuel. Pan Pac is undertaking studies on how it can utilise higher volumes of small lower grade sawlogs that traditionally have been very hard to process successfully in New Zealand on a longer-term basis.

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<sup>9</sup> S9(2)(b)(ii) [redacted]

81. Pan Pac seeks to utilise more pruned logs within its sawmilling operations and those logs becoming available from other forest owners in the short term. In the longer term, those supplies will likely reduce.



82. Pan Pac has developed a solid-wood strategy (forests and sawmill business) that is appearance grade focused. This strategy and focus enable Pan Pac to produce high quality, large dimension, high grade lumber products that provide both value and product differentiation in global markets.

83. Pan Pac has grown its sawmill capacity to enable it to transition its pulp business from TMP<sup>10</sup> to BCTMP<sup>11</sup>. This growth has occurred as a result of Pan Pac increasing the volume of high-quality slab chip available to its pulp mill.

84. In the past 10 years Pan Pac has averaged approximately <sup>S9(2)(b)(i)</sup> usage from its own forests, with a range of between approximately S9(2)(b)(ii) Pan Pac has wood balance of approximately S9(2)(b)(ii) per year.

85. Pan Pac's sawmill and pulp mill demand is approximately S9(2)(b)(ii) per year, of which Pan Pac's own forests provide S9(2)(b)(ii) per year S9(2)(b)(ii)

S9(2)(b)(ii)

<sup>10</sup> Thermo Mechanical Pulp  
<sup>11</sup> Bleached chemi Thermo Mechanical Pulp

*Intended future log quality*

86. Pan Pac expects that land purchases will deliver approximately [S9(2)(b)(ii)] pruned logs, [S9(2)(b)(ii)] sawlogs, and [S9(2)(b)(ii)] pulp logs.

87. [S9(2)(b)(ii)]

[S9(2)(b)(ii)]

*Historic log sales*

88. As shown in the "Allocation by Market" table below, between 2013 to 2022, Pan Pac [S9(2)(b)(ii)] whereas the domestic market has [S9(2)(b)(ii)] slightly but has [S9(2)(b)(ii)] The Pan Pac Market as [S9(2)(b)(ii)] by [S9(2)(b)(ii)] over this 10-year period. [S9(2)(b)(ii)] [S9(2)(b)(ii)] [S9(2)(b)(ii)]

[S9(2)(b)(ii)]



### *Silvicultural Practices*

89. Pan Pac has stated that following harvest, the land will initially be restocked with S9(2) S9(2)(b)(ii)

90. Pan Pac supports and implements a silvicultural regime that aims to ensure the resulting tree crop achieves the grade requirements to be fit for purpose for processing by Pan Pac.

### *Intention to direct logs to Pan Pac's own mills*

91. By Pan Pac owning the land and controlling the planting and pruning of its forests in the future, Pan Pac can ensure that future harvests are fit for domestic processing in its own and others' operations. Pan Pac submits that this approach enhances the Government's objective of increased domestic processing of primary product in New Zealand, as opposed to exporting logs for processing overseas.

## **G. Requirements for a forestry standing consent**

92. This section addresses the remaining criteria for a forestry standing consent:
- the conditions that will be imposed on the consent (both mandatory and discretionary) are likely to be met;<sup>12</sup>
  - the Applicant has adequate processes in place for meeting the requirements set out in regulations (continuing existing arrangements, existing consent conditions and log supply obligations);<sup>13</sup>
  - the Applicant has a strong record of compliance with the Act or corresponding laws overseas, and with conditions and other requirements imposed under the Act or the relevant laws.<sup>14</sup>
93. This section first describes the processes and systems the Applicant will use to meet the above criteria. It then addresses whether these criteria have been met.
94. Various mandatory and discretionary conditions of consent will be imposed which will ensure that all standing consent (forestry activities) requirements will be met. These consent conditions are included in **Attachment 1**.

### **Processes for complying with requirements**

95. Pan Pac was the first person to be granted a forestry standing consent. As part of Pan Pac's original standing consent process, Pan Pac worked closely with LINZ to develop a clear and robust process for ensuring the requirements of the Act, Regulations and consent are met.

### *Pre-acquisition legal and operations review and post-acquisition implementation*

96. Pan Pac's process for identifying the relevance of criteria and to ensure those criteria are complied with continue include the following:

<sup>12</sup> Schedule 4, clause 3(2)(b) of the Act.

<sup>13</sup> Schedule 4, clause 3(2)(c) of the Act. The relevant regulations are set out in reg 29 of the Overseas Investment Regulations 2005.

<sup>14</sup> Schedule 4, clause 3(2)(d) of the Act.

- (a) engaging a lawyer experienced in overseas investment matters to review each proposed investment under the standing consent to ensure that it is within the scope of the consent and conditions can be complied with;
- (b) engaging an experienced land certificate provider (Land Agent) to confirm whether the Land contains residential land, fresh or seawater area before acquisition;
- (c) including the following terms in each sale and purchase agreement for a particular proposed transaction;
- (i) all existing arrangements in place over the land relating to historic heritage, biodiversity, environmental matters, public access or the supply of logs; and
  - (ii) any existing conditions of an overseas investment consent relating to the land.
- (d) an ability for Pan Pac to terminate the transaction if it is found that the land is residential land, not existing forestry, or if the Vendor Warranty is untrue;
- (e) appointing an individual within Pan Pac's staff who will;
- (i) be fully aware of each requirement;
  - (ii) be required to follow a checklist of requirements and steps that must be satisfied in respect of a Proposed Transaction;
  - (iii) have overall responsibility for determining whether the requirements are met and a particular Proposed Transaction can (or cannot) proceed;
  - (iv) maintain an auditable file that evidences the basis upon which the requirements have been satisfied;
  - (v) be responsible for ensuring LINZ is notified of each transaction and paid the fee for each transaction; and
  - (vi) be required to give an internal sign-off before the transaction proceeds to settlement.
- (f) where relevant existing arrangements are identified, Pan Pac's forest management plan in respect of the Land will include; and
- (i) details of each arrangement;
  - (ii) the steps that must be followed by Pan Pac to ensure those arrangements are maintained; and
  - (iii) a regular review process to confirm that those arrangements are being maintained.
- (g) providing information and training to key manager(s) of the relevant land managers, to ensure that they are familiar with the requirements of the forest management plan and any other relevant conditions or restrictions under the consent and that those managers are able to inform other staff of those requirements where necessary.

### **Compliance with conditions of consent**

97. The Act requires that standing consents include mandatory conditions to ensure that, for each investment the consent will apply to:<sup>15</sup>

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<sup>15</sup> Schedule 4, clause 3(3) of the Act.

- (a) the requirements of the Special Forestry Test are met;
  - (b) the farm land advertising requirements are met<sup>16</sup>; and
  - (c) LINZ is notified of the transaction and how the requirements of the regulations will be met in respect of it.
98. The Act also provides for additional, discretionary conditions to be imposed.<sup>17</sup> This may include conditions limiting the scope of the standing consent.
99. For a standing consent to be issued, the conditions that will be imposed on the consent must be likely to be met. The table in **Attachment 2** sets out the mandatory and proposed discretionary conditions and assesses whether each condition is likely to be complied with.
100. LINZ is satisfied that the conditions that will be imposed on the standing consent are likely to be met having regard to:
- (a) the nature of Pan Pac's business – which is substantial and is entirely production forestry related;
  - (b) Pan Pac's reasons for acquiring the Land under the standing consent – to grow and maintain its forestry estate;
  - (c) the due diligence processes set up by Pan Pac;
  - (d) the pre-acquisition legal review imposed under the conditions of consent; and
  - (e) Pan Pac's track record of compliance and, in particular, its compliance with the conditions imposed under the Prior Standing Consent.
101. LINZ is therefore satisfied that the conditions that will be imposed on the standing consent are likely to be met (as they have been for transactions undertaken under the Prior Standing Consent).

### Processes for meeting requirements in regulations

102. The second criterion for a standing consent is that the Applicant has adequate processes in place for meeting the requirements set out in regulations. Those requirements are that:<sup>18</sup>
- (a) existing arrangements in respect of the land for certain purposes must be continued. This includes arrangements for public access, and for protecting indigenous flora and fauna, trout, salmon, wildlife and game, historic places or areas and wāhi tapu, and Māori reservation land.
  - (b) existing conditions of consent relating to the same purposes referred to above must be complied with.
  - (c) existing log supply obligations will be met.
103. Pan Pac was the first entity to be granted a forestry standing consent. As part of Pan Pac's original standing consent assessment, Pan Pac worked closely with LINZ to develop a clear and robust process for ensuring the requirements of the Act, Regulations and consent are met. Pan Pac proposes to continue the process adopted as part of its original standing consent.

<sup>16</sup> This condition is not applicable - the scope of the standing consent requested only includes the acquisition of forestry land (i.e., the acquisition of farm land will not be permitted under the consent).

<sup>17</sup> Schedule 4, clause 3(4) of the Act.

<sup>18</sup> Overseas Investment Regulations 2005, regulation 29(2) and 29(5) (definition of "specified purpose").

104. In particular, the existence of these arrangements, conditions and obligations will be identified through Pan Pac's normal due diligence processes:
- (a) Pan Pac will engage a lawyer experienced in overseas investment matters to review each proposed investment to ensure that it is within the scope of the consent and that it will comply with the standing consent conditions;
  - (b) Pan Pac will also engage an experienced land certificate provider to confirm whether the Land contains residential land, fresh or seawater areas or farm land before acquisition;
  - (c) before acquisition, Pan Pac will appoint a staff member who will be required to follow a checklist of requirements and steps that must be satisfied in respect of a proposed transaction;
  - (d) where relevant existing arrangements are identified, Pan Pac's Forest management plan in respect of the Land will include details of the arrangement, steps that they will be met and a regular review of them.
105. **Special Condition 2** will require Pan Pac to undertake certain due diligence steps which will identify whether any qualifying existing arrangements, prior consent conditions or log supply obligations exist.
106. LINZ is satisfied (as we were with the Prior Standing Consent) that the Applicant has adequate process in place for meeting requirements in the regulations.

### Compliance record

107. The final criterion for the issue of a standing consent is that the Applicant has a strong record of compliance with the Act or corresponding overseas laws.

### Previous consents

108. This application and a review of our records indicates that Pan Pac and Oji have obtained 17 consents under the Act:

Case No.	Consent Holder	Application type	Investment
200120007	Pan Pac Forest Products	National Interest Test (1973 Act)	230ha of forestry land near Napier
200120051	Pan Pac Forest Products	National Interest Test (1973 Act)	85ha of forestry land in Hawkes Bay
200120052	Pan Pac Forest Products	National Interest Test (1973 Act)	70ha of forestry land in Hawkes Bay
200320084	Pan Pac Forest Products	National Interest Test (1973 Act)	1,007ha of leasehold forestry land near Napier
200520034	Pan Pac Forest Products	National Interest (1973 Act)	0.7ha near Whirinaki, Hawkes Bay
200520131	Pan Pac Forest Products	Benefit to NZ (2005 Act)	640ha of forestry land near Wairoa
200710076	Oji Paper Company	Benefit to NZ (2005 Act)	Acquiring remaining 13.3% shares in Pan Pac it does not already own.
201110041	Pan Pac Forest Products	Benefit to NZ (2005 Act)	8.7ha at Bayview, Napier
201420016	Pan Pac Forest Products	Benefit to NZ (2005 Act)	37.6ha in Otago

Case No.	Consent Holder	Application type	Investment
201410094	Oji Oceania	Benefit to NZ (2005 Act)	100% shares in Carter Holt Harvey
201420027	Pan Pac Forest Products	Benefit to NZ (2005 Act)	733ha of forestry land, Hawkes Bay
201720125	Pan Pac Forest Products	Benefit to NZ (2005 Act)	321ha of forestry land, Kotemaori (Ropata Forest)
201810239	Oji Fibre	Special Forestry Test (2005 Act)	187ha of forestry land near Te Kuiti (Stoneleigh Forest)
201810283	Pan Pac Forest Products	Special Forestry Test (2005 Act)	260ha of forestry land (Peka Mai Forest)
201810219	Pan Pac Forest Products	Special Forestry Test (2005 Act)	272ha of forestry land (Tiropai Forest)
201900044	Pan Pac Forest Products	Prior Standing Consent (2005 Act)	Maximum of 25 overseas investment transactions, to acquire interests in no more than: 30,000 hectares of sensitive land in total.
202100233	Pan Pac Forest Products	Special Forestry Test (2005 Act)	15,485 hectares in Hawkes Bay and Gisborne regions

#### *Our review of Pan Pac's compliance History*

109. In 2005, Pan Pac required a retrospective consent as it acquired 640ha without consent. As this occurred 18 years ago, there are limited records of this consent.
110. Pan Pac otherwise has a strong track record of compliance with the Overseas Investment Act 2005. This track record includes compliance with consent conditions and providing complete and accurate information. LINZ further notes that Pan Pac has reported on four transactions to date under the Prior Standing Consent and all have complied with all requirements of that standing consent.

#### *Conclusion*

111. LINZ's conclusion is that the Applicant has a strong track record of compliance with the Act and with conditions and other requirements imposed under it.
112. However, it is ultimately a matter for Ministers to determine whether you are satisfied they meet the 'strong record of compliance' criterion.

## **H. Standing consent conditions**

113. This section sets out how the requirements for the mandatory conditions will be met, and proposes other conditions, including possible limits on the scope of the standing consent.

### **Limits on the standing consent**

114. The Act *permits* Ministers to grant a standing consent subject to **other conditions**, including:
- conditions about the land in relation to which the consent may apply (for example, limits by total land area, location of land, and geographic type of land); and
  - limits on the number of overseas investments for which the standing consent can be relied on.

115. The Act does not expressly prescribe what you can and cannot take into account when deciding what (if any) additional conditions or limits should be imposed. In the absence of such express direction, LINZ considers that you should take into account the purpose of the Act generally, along with the purpose of the special forestry test pathway and standing consent regime specifically.

116. The purpose of the Act is set out in section 3:

### **3 Purpose**

- (1) *The purpose of this Act is to acknowledge that it is a privilege for overseas persons to own or control sensitive New Zealand assets by—*
  - (a) *requiring overseas investments in those assets, before being made, to meet criteria for consent; and*
  - (b) *imposing conditions on those overseas investments.*
- (2) *This Act also has the purpose of managing certain risks, such as national security and public order risks, associated with transactions by overseas persons.*

117. The Act does not expressly state the purpose of the special forestry test (or the related standing consent). However, the purpose of the special forestry test emerges clearly from the language of the test itself and from the Parliamentary materials dating to the time of its enactment and recent amendment.

- (a) The purpose of the changes introduced by the Overseas Investment Amendment Act 2018 (as they related to forestry) was to encourage investment in forestry by improving the coherency and simplicity of the overseas investment regime. Further investment in forestry would support the Government's goal to see one billion trees planted.
- (b) The special forestry test was a key element of simplifying the screening of forestry investments.
- (c) Standing consents under the special forestry test were for investors who could demonstrate a strong record of compliance with the Overseas Investment Act or similar rules overseas, further simplifying the regime for this class of investors.

118. Changes to the special forestry test in 2022 made one material change: limiting the test to existing forestry assets only (meaning that the test can no longer be used for farm land being converted to forestry).

119. The more the limits depart from those imposed previously (whether the effect is to make a standing consent more permissive or less permissive), the greater the likelihood that you will be required to give reasons for imposing those additional conditions or limits.

120. A number of standing consents have recently expired or will expire over the next two years and six forestry standing consents are all being processed with decisions to be made in the coming months. In light of this, and in light of recent changes to the Overseas Investment Act as it relates to forestry, LINZ understands that the Minister for Land Information wishes that the conditions and limits imposed on standing consents be reviewed to ensure that they remain appropriate.

121. In light of the range of options set out below and the Minister for Land Information's wish that the limits be reviewed, LINZ proposes to separately document your decisions on limits once you have had an opportunity to review this report.

122. The proposed conditions of consent at **Attachment 1** reflect the scope *sought* by Pan Pac and would be modified to give effect to any other limits that you might choose to impose.

*Limits on acquisition of farm land*

123. Pan Pac has applied for consent to acquire farm land for conversion to forestry. LINZ would recommend limiting the standing consent to existing forestry only.
124. Pan Pac's application was made before the 16 August 2022 changes to the Act and could lawfully be granted in respect of farm land for conversion to forestry. However, LINZ considers that Parliament's clear intention was that transactions entered into after 16 August should meet the benefit to New Zealand test, and allowing a standing consent for farm land would be contrary to that clear intention.
125. LINZ therefore recommends that the standing consent be limited to existing forestry land only.

*Limits on land tenure*

126. Pan Pac seeks a standing consent for forestry rights, Crown forestry licences, and for leasehold or freehold interests in land. LINZ considers that Crown forestry licences are not interests in land and no consent is required to acquire them. The remaining forms of tenure are all consistent with Pan Pac's investment plan and are all common ways to invest in forestry assets.
127. LINZ recommends that the standing consent allow for investments in forestry rights, leasehold interests, and freehold interests in land.

*Limits on number of transactions and size of land*

128. Pan Pac seeks a standing consent for up to:
- (a) 25 transactions,
  - (b) 20,000 hectares of new acquisitions,
  - (c) 23,709 hectares of CFL conversion, and
  - (d) 43,709 hectares in total.
129. While Pan Pac's requested limits are larger than has been consented previously<sup>19</sup>, they are consistent with Pan Pac's investment plan. Accordingly, while Pan Pac's application is for a maximum area of 43,709 ha over the life of the consent, Pan Pac does not expect to increase its total holdings by 43,709 hectares.
130. LINZ recommends that you apply different limits to CFL conversion transactions and to other transactions.
- (a) Converting CFL's to forestry rights
    - (i) LINZ recommends no limit on the number of transactions for CFL conversions to forestry rights. Converting CFL's to forestry rights is a reasonable and low risk use of a standing consent.
    - (ii) Note that the conversion of CFL's to forestry rights might alternatively be achieved with a discretionary exemption under s 61D of the Act.

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<sup>19</sup> Consented up to 20,000 hectares and up to 10,000 hectares per transaction.

- (iii) LINZ recommends treating the purchase of land subject to a forestry right the same way as the purchase of other land. See below.
- (b) All other transactions
- (i) One option is to grant the standing consent as requested by Pan Pac, with no further limits on transaction numbers or land area.
  - (ii) Alternatively, you could impose lower limits. For comparison, Pan Pac's earlier standing consent (which wasn't fully utilised) was for a similar scope: 25 transactions, up to 20,000 ha in total, and up to 10,000 ha per transaction.
131. Note that the consent has been drafted to make it clear that transactions may include the acquisition of multiple parcels of land (having contiguous boundaries) within the same forest from multiple registered owners where each sale and purchase agreement (SPA) is conditional on the completion of all other SPAs and is a single transaction for the purposes of the Act. This is consistent with the treatment of those transactions under one-off consents under the special forestry test.

*Limits on location of land*

132. Pan Pac seeks a standing consent for land in the central to lower North Island and the central to lower South Island. If you were inclined to allow that scope, LINZ recommends expressing the standing consent as applying to:
- (a) Conversion of Crown forestry licences forestry rights: land in the Hawkes Bay Region only (where all of Pan Pac's Crown forestry licences are located)
  - (b) For all other transactions:
    - (i) North Island: land in the Taranaki Region, Manawatu-Whanganui Region, Bay of Plenty Region, Taupo District, Rotorua District, Hawkes Bay Region (excluding Wairoa District), and Wellington Region.
    - (ii) South Island: land in the Canterbury Region (excluding Hurunui District and Kaikoura District), Otago Region and Southland Region in the South Island.
133. LINZ has identified two models for limiting the location of land for other transactions beyond the boundaries of those areas:
- (a) Pan Pac's investment plan notes its long-term strategy of securing future supply near their processing plants (to allow it to take advantage of operational efficiencies) and land in other regions. You might reasonably conclude that investments are more likely to be successful (for both Pan Pac and for New Zealand) if they are near to existing Pan Pac assets. If you were inclined to this approach, you might consider limiting the standing consent to existing forests in the Hawkes Bay Region (excluding Wairoa District, see below), Otago Region and Southland Region.
  - (b) You might also reasonably conclude that investments nearer to processing facilities or export ports are more likely to be successful (again, for both Pan Pac and for New Zealand). If you were inclined to this approach, you might consider limiting the standing consent to existing forests within:
    - (i) 125km (or some other distance) of an export port, or



- (ii) 125km (or some other distance) of at least two facilities capable of processing all logs from the land.<sup>20</sup>

134. In addition to these limits, LINZ recommends *excluding* land in the *Gisborne Region* and *Wairoa District* from the standing consent for other transactions. LINZ does not recommend limiting the conversion of Crown forestry licences in this way as Pan Pac is already in possession of rights to the land, and the transaction will merely change the form of those rights.
135. The Government's response to the Ministerial Inquiry into Land Use aims to achieve sustainable land use that meets the current and future needs of the environment, communities and iwi, hapū and landowners. The Government's response will be in two phases:
- (a) first, reducing risk in the near term, and
  - (b) second, strengthening resilience to future severe weather events and supporting the transition to more sustainable, lower risk, land uses and practices at a district and national scale.
136. Some of the changes required to deliver the second stage may take many years, and granting a standing consent (which necessarily will be subject to generic conditions suitable for any property) would deny you the ability to impose conditions in future cases in order to support the Government's response.

*Limits on the duration of the standing consent*

137. Pan Pac seeks a three-year standing consent.
138. LINZ's standard approach to limiting the duration of standing consents is to define two dates, by which the transaction can be:
- (a) entered into, and
  - (b) completed.
139. LINZ recommends that Pan Pac be given three years from the date of the standing consent to enter into a transaction, and 12 months from the date the transaction is entered into to complete the transaction.

**Mandatory conditions**

140. The Act *requires* that Ministers grant consent subject to certain **mandatory conditions**:
- (a) ensuring that the special forestry test is met,
  - (b) ensuring that the consent holder does not acquire farm land without it first being advertised, and
  - (c) ensuring that LINZ is notified of transactions.
141. Special conditions 4, 5 and 6 will ensure that the special forestry test is met, by:
- (a) ensuring that the relevant land will be, or is likely to be, used exclusively, or nearly exclusively, for forestry activities; and
  - (b) ensuring that land will not be, or is not likely to be, used, or held for future use, for any residential purposes, except in permitted circumstances

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<sup>20</sup> 100km is the average distance from forest to port or processing plant, although the average varies by region.

- (c) ensuring that any 'existing arrangements' will continue to be implemented and maintained
  - (d) ensuring that existing consent conditions in respect of the land are complied with
  - (e) ensuring that any log supply obligations are honoured, and
  - (f) ensuring that whenever a crop of trees is harvested on the relevant land, a new crop will be established to replace it.
142. LINZ considers that a special condition ensuring that Pan Pac does not acquire farm land without it first being advertised is unnecessary, as the proposed standing consent is limited to existing forestry assets only.
143. Special condition 3 will ensure that LINZ is notified of transactions.

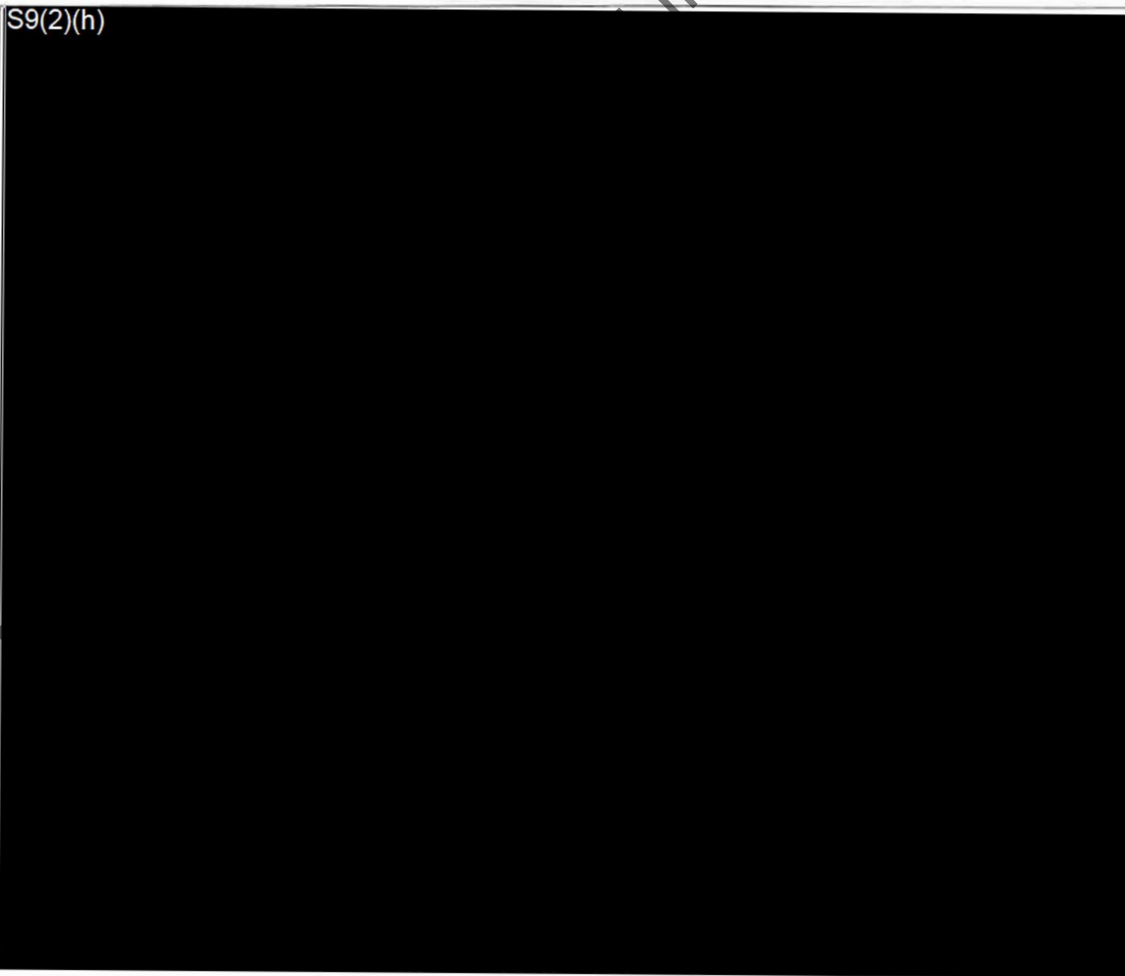
**Other conditions**

144. The Act *permits* Ministers to grant a standing consent subject to **other conditions**. LINZ does not recommend imposing other conditions.

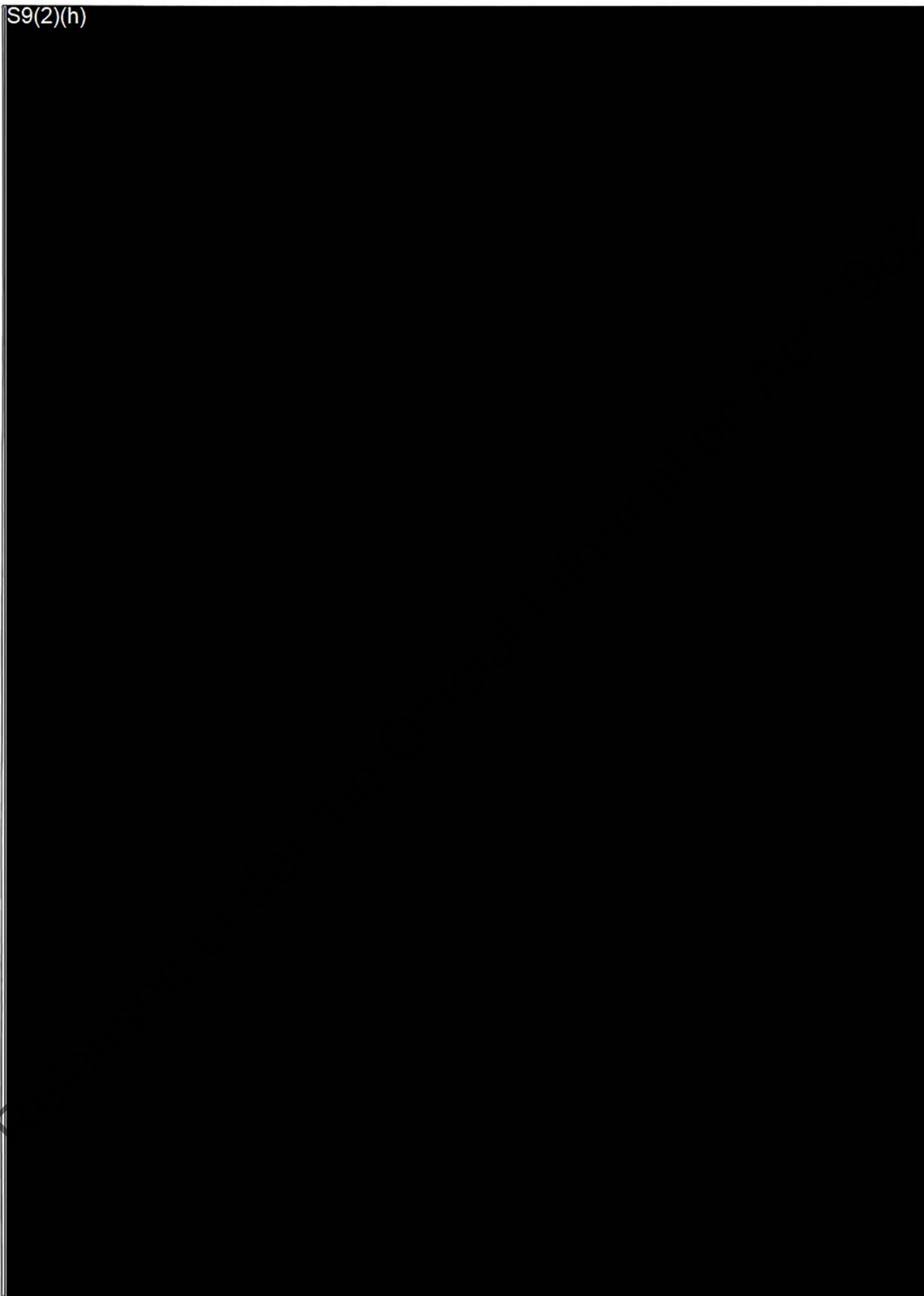
**I. Residual discretion to decline a standing consent**

145. There is a residual discretion to decline to grant a standing consent, even if the criteria for consent are otherwise met.

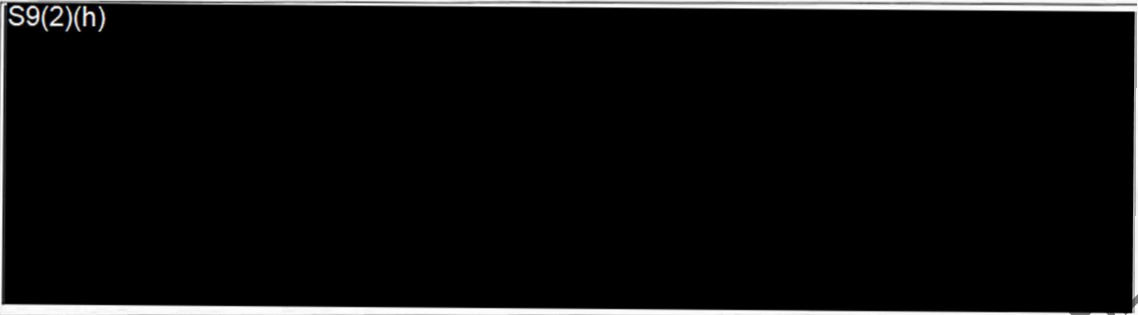
S9(2)(h)



S9(2)(h)



S9(2)(h)



## J. Not a transaction of national interest

160. The investment does not involve a transaction of national interest under the mandatory criteria of s20A of the Act. This is because the standing consent itself does not involve a transaction as such, nor does this consent involve a non-NZ government investor or an investment in a strategically important business (as defined in section 20A).
161. LINZ has not referred this transaction to the Minister of Finance for him to call it in for a national interest assessment on a discretionary basis. He has therefore not declined consent to the transaction.
162. LINZ is directed that the starting point is the assumption that overseas investment is in New Zealand's national interest, and that we should only recommend the Minister of Finance exercise his discretion for a national interest assessment if the proposed investment:<sup>21</sup>
- could pose risks to New Zealand's national security or public order
  - would grant an investor significant market power within an industry or result in vertical integration of a supply chain
  - has foreign government or associated involvement that was below the more than 25 per cent ownership or control interest threshold for automatic application of the national interest test, but granted that government (and/or its associates) disproportionate levels of access to or control of sensitive New Zealand assets
  - would have outcomes that were significantly inconsistent with or would hinder the delivery of other Government objectives
  - raises significant Treaty of Waitangi issues, or
  - relates to a site of national significance (e.g. significant historic heritage).
163. LINZ does not consider that this investment engages any of these risk factors.

<sup>21</sup> Ministerial Directive Letter (24 November 2021) at 46 and Annex at 11.

## K. Conclusion and recommendation

164. After considering the Application, LINZ's view is that:


- (a) the investor test has been met, and
- (b) all other requirements for a forestry standing consent have been met:
  - (i) the conditions imposed on the consent are likely to be met
  - (ii) the Applicant has adequate processes in place for meeting requirements of the Special Forestry Test in the regulations, and
  - (iii) the Applicant has a strong record of compliance with the Act.

165. LINZ's recommendation is therefore to:

- (a) grant the standing consent
- (b) exclude land in the Gisborne Region and Wairoa District
- (c) exclude farm land, and
- (d) impose the limits that you deem appropriate.

166. If you agree, LINZ refers you to **Attachment 1** to review the Proposed Decision (including consent conditions), and to **paragraphs 10-14** of this Assessment Report to record your decision.

S9(2)(a)



Pedro Morgan

Lead Advisor Overseas Investment

Date: 28 August 2023

## L. List of Attachments

<b>Attachment 1</b>	Proposed decision
<b>Attachment 2</b>	Compliance with conditions of consent
<b>Attachment 3</b>	Previous Forestry standing consents
<b>Appendix A</b>	Graphs

## Attachment 1: Proposed decision

### Standing Consent for Overseas Person to Acquire Sensitive New Zealand Land

Read this consent carefully - you must comply with all the conditions. If you do not, you may be required to dispose of land acquired under this consent and/or be subject to fines or other penalties. We may also vary or revoke this standing consent.

#### Consent

Decision date: **[THIS APPLICATION HAS NOT BEEN DECIDED]**

The following people have been given the following consent:

<b>Case</b>	202200212
<b>Consent type</b>	Standing Consent (forestry activities) for overseas investments in sensitive land.
<b>Consent</b>	The Consent Holder may give effect to overseas investments in sensitive land, subject to the limits and conditions set out below.
<b>Consent Holder/s</b>	Pan Pac Forests Products New Zealand Limited (company number 501694) ( <b>You</b> or the <b>Consent Holder</b> )
<b>Limits</b>	<p><u>Limits on all transactions</u></p> <p>(a) This Standing Consent <b>cannot</b> be used to make an investment in a strategically important business as described in s 20A(1)(c) or (d) of the Act.</p> <p><u>Conversion of Crown forest licences to forestry licences</u></p> <p>(b) You may acquire forestry rights over up to 23,709 hectares of land in the Hawkes Bay Region over which you have a Crown forestry licence on the decision date.</p> <p><u>Acquisition of other interests</u></p> <p>(c) You may complete no more than <b>25</b> overseas investment transactions.</p> <p>(d) You may acquire interests in no more than to be <b>20,000</b> hectares of sensitive land.</p> <p>(e) The sensitive land must already be used exclusively or nearly exclusively for Forestry Activities, and must not include Farm Land or residential land.</p> <p>(f) the maximum land area <b>per transaction</b> is <b>20,000</b> hectares.</p> <p>(g) You may only acquire interests in land located in:</p> <ul style="list-style-type: none"><li>(i) Taranaki Region,</li><li>(ii) Manawatu-Whanganui Region,</li><li>(iii) Bay of Plenty Region,</li></ul>

	(iv) Taupo District, (v) Rotorua District, (vi) Hawkes Bay Region (excluding Wairoa District), (vii) Wellington Region, (viii) Canterbury Region (excluding Hurunui District and Kaikoura District), (ix) Otago Region, and (x) Southland Region.
<b>Entry Date</b>	<b>[date]</b> being three years from the Consent date
<b>Completion Date</b>	<b>[date]</b> being 12 months from the Entry date

### Conditions

Your Consent is subject to the special conditions, standard conditions and reporting conditions (**Conditions**) set out below. You must comply with them all. Be aware that if you do not comply with the Conditions the Consent may be revoked or varied, you may be subject to fines or other penalties, and you may also be required to dispose of land acquired under this Consent.

We may vary the Conditions after you notify us of a transaction to record any existing arrangements, conditions of consent, or log supply obligations you must comply with. We may also vary the conditions for other purposes with your agreement. We may do so by adding schedules to this consent (one for each investment transaction requiring variation).

In the Consent and the conditions, we refer to Toitū Te Whenua Land Information New Zealand as LINZ, us or we.

### Definitions

**Act** means the Overseas Investment Act 2005.

A transaction is **complete** when:

- you become the registered owner of an interest in land
- an unregistered interest in land commences
- you are recorded in the issuer's security register as the holder of securities, or
- you have substantially paid the purchase price and are treated by the vendor as the owner of assets other than those described above.

**Crop of trees** means

- any **new crop of trees** that will be established on the land;
- any **existing crop of trees** that had already been established on the land; and
- any **replanted crop of trees** replanted in accordance with Special Condition 7;

but for the avoidance of doubt excludes trees that were not planted with the intention of being harvested to provide wood, such as native species planted in riparian margins.

**Forestry Activities** has the same meaning as in the Act and for the avoidance of doubt excludes permanent forestry.

**Fresh or Seawater Areas** has the same meaning as in the Act.

**Grouped Transaction** means the acquisition of multiple parcels of land within the same forest from one or more registered owners where each sale and purchase agreement (**SPA**) is conditional on the completion of all other SPAs and is a single transaction for the purposes of the Act.

**Land** means the relevant land in relation to an overseas investment in sensitive land acquired under this Standing Consent.

**Legal Review** means a review by either a New Zealand lawyer who has experience with the Act or by the Consent Holder's in-house legal department, to confirm a Transaction is covered by this Consent and what the Consent Holder must do to comply with the Conditions.

**Notification Template** means the notification template for Transactions settled under a standing consent published on our website and updated from time to time.

**Regulations** means Overseas Investment Regulations 2005.

**Relevant investment** means, in respect of a failure to comply with a condition, all of the assets acquired in the same transaction as the interest in land in respect of which the condition was not complied with.

**Sensitive Land Certificate** means a certificate for the purposes of Schedule 1 of the Overseas Investment Act 2005 (as published on our website and updated from time to time) completed by a land professional or lawyer experienced in providing such certificates.

**Standing Consent Checklist** means the pre-investment checklist for standing consents published on our website and updated from time to time.

**Termination Period** means the period during which the Consent Holders may terminate a Transaction, on grounds which include that the Transaction is not covered by the Consent or the Consent Holders cannot comply with the Conditions.

**Transaction** has the same meaning as in the Act and for the avoidance of doubt includes a Grouped Transaction.

**WAAN** means water areas acquisition notice.

**Worker Accommodation** means forestry worker accommodation that complies with section 16A(4)(c) of the Act.

Any term or expression that is defined in the Act or Regulations and used, but not defined, in this consent has the same meaning as in the Act or Regulations.

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### Special Conditions

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You must comply with the following **Special Conditions**. These apply specifically to this Consent and include conditions that we must impose under the Act.

Details	Required date
<b>Automatic Condition: Fresh and Seawater Areas</b>	
You must, in relation to the Fresh or Seawater Area(s), comply with all provisions of <a href="#">Schedule 5</a> of the Act.	By the times set out in schedule 5.



Details	Required date
You must provide a draft WAAN to <a href="mailto:FSApplications@linz.govt.nz">FSApplications@linz.govt.nz</a> .	At least 15 working days before settlement of any transaction entered into under this consent.
You must lodge the WAAN on the title.	Immediately following the transfer and before registering any other interests on the title of Land acquired pursuant to this consent.
<b>Special Condition 1: when transactions may be entered into and completed</b>	
You may enter into transactions.	Until the Entry Date.
You may complete transactions.	Until the Completion Date.
<b>Special Condition 2: due diligence</b>	
<p>You must do the following for each Transaction:</p> <ol style="list-style-type: none"> <li>1. complete a Standing Consent Checklist (if we have published one);</li> <li>2. obtain a Sensitive Land Certificate;</li> <li>3. obtain confirmation from the Vendor as to whether there are any requirements that must be met under regulation 29(2) (e.g. any existing arrangements, conditions of consent, or log supply obligations); and</li> <li>4. obtain a Legal Review.</li> </ol>	Before entering into a Transaction or during the Termination Period.
You must <b>not</b> settle a Transaction in reliance on this Standing Consent unless that Transaction is covered by this Standing Consent and you can comply with the Conditions.	At all times.
<p>If you do not comply with this condition,</p> <ul style="list-style-type: none"> <li>• this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions; and</li> <li>• Standard Condition 6 will apply and we may require you to dispose of the relevant investment.</li> </ul>	
<b>Special Condition 3: notice of individual acquisitions</b>	
You must notify us of each Transaction settled under this Standing Consent using LINZ's Notification Template ( <b>Notification</b> ).	As soon as you can, and no later than 2 months after you complete the transaction.

Details	Required date
<b>Special Condition 4: land must be used for Forestry Activities</b>	
The Land must be used exclusively, or nearly exclusively, for Forestry Activities.	At all times.
<p>You must ensure that no more than 5% (by area) of each crop of trees on the land is older than the species age limit.</p> <p>For <u>Pinus Radiata</u>, the species age limit is 35 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by the regulator.</p>	At all times.
<p>You must replace each crop of trees you harvest on the Land with a new crop of trees (<b>Replant</b>). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <ol style="list-style-type: none"> <li>1. replant with the same species of tree or use the same silvicultural regime, or</li> <li>2. replant land held under a forestry right that expires upon the completion of harvesting or within two years of harvesting.</li> </ol>	Within 2 years of harvest, unless an alternative period or arrangement is agreed in writing with LINZ.
You must comply with the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017 (as amended), or any replacement to the regulations.	At all times.
You must not register more than 5% (by area) of the crop of trees on the Land as "permanent forestry" (or in any category similar to permanent forestry) in the Emissions Trading Scheme established under the Climate Change Response Act 2002 (or any replacement for that scheme or enactment).	At all times
For the avoidance of doubt, this condition does not require you to do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law.	
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the relevant investment. If we require you to dispose of the relevant investment, this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions.	

Details	Required date
<b>Special Condition 5: residential use restrictions</b>	
The Land must not be used, or held for future use, for any residential purposes except for Worker Accommodation.	At all times.
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the relevant investment. If we require you to dispose of the relevant investment, this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions.	
<b>Special Condition 6: existing arrangements, consent conditions, and log supply obligations</b>	
<p>You must ensure all requirements set out in regulation 29(2) are met, including:</p> <ol style="list-style-type: none"> <li>specific obligations identified in a Notification and included in a schedule to this Consent; and</li> <li>obligations that are not identified in a Notification.</li> </ol> <p>In summary, the above requirements are to:</p> <ol style="list-style-type: none"> <li>maintain and implement any existing arrangements for specified purposes;</li> <li>to do, or not do, things as required by any existing conditions of consent that are for a specified purpose; and</li> <li>supply logs as required by any existing log supply obligations.</li> </ol> <p>(together, the <b>Obligations</b>).</p>	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the relevant investment. If we require you to dispose of the relevant investment, this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions.	

### Standard Conditions

You must also comply with the **Standard Conditions** set out below. These apply to all overseas people who are given consent to acquire sensitive New Zealand land, including you:

Details	Required date
<b>Standard Condition 1: acquire the interest in Land</b>	
If you acquire an interest in land under this Consent, you must do so by the Completion Date stated in the Consent, using the acquisition, ownership and control structure you described in your application.	As stated in the Consent.

Details	Required date
Note, only you – the named Consent Holder - may acquire the interest in Land, not your subsidiary, trust or other entity.	
<b>Standard Condition 2: Tell us when you acquire the Land</b>	
<p>You must tell us in writing when you have acquired the land. Include details of:</p> <ol style="list-style-type: none"> <li>1. the date you acquired the land (<b>Settlement</b>),</li> <li>2. consideration paid (plus GST if any),</li> <li>3. the structure by which the acquisition was made and who acquired the land, and</li> <li>4. copies of any transfer documents and Settlement statements.</li> </ol>	As soon as you can, and no later than two months after Settlement
Details	Required date
<b>Standard Condition 3: allow us to inspect the Land</b>	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions.</p> <p>We will give you at least two weeks' written notice if we want to do this.</p> <p>You must then:</p> <ol style="list-style-type: none"> <li>1. Allow a person we appoint (<b>Inspector</b>) to: <ol style="list-style-type: none"> <li>(a) enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (<b>Inspection</b>),</li> <li>(b) remain there as long as is reasonably required to conduct the inspection,</li> <li>(c) gather information,</li> <li>(d) conduct surveys, inquiries, tests and measurements,</li> <li>(e) take photographs and video records, and</li> <li>(f) do all other things reasonably necessary to carry out the Inspection.</li> </ol> </li> <li>2. Take all reasonable steps to facilitate an Inspection including: <ol style="list-style-type: none"> <li>(a) directing your employees, agents, tenants or other occupiers to permit an Inspector to conduct an Inspection,</li> <li>(b) being available, or requiring your employees, agents, tenants or other occupiers to be available, at all reasonable times during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required.</li> </ol> </li> </ol>	At all times.

Details	Required date
<p>3. During an Inspection:</p> <ul style="list-style-type: none"> <li>(a) we will not compel you and your employees, agents, tenants or other occupiers to answer our questions or to let us look at, copy or take away documents,</li> <li>(b) our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection.</li> </ul>	
<b>Standard Condition 4: remain not unsuitable to Invest in New Zealand</b>	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the Assets in accordance with section 18A(1) of the Act.</p> <p>The <b>Individuals Who Control You</b> are individuals who:</p> <ul style="list-style-type: none"> <li>(a) are members of your governing body,</li> <li>(b) directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you, and/or</li> <li>(c) are members of the governing body of the people referred to in paragraph (b) above.</li> </ul>	At all times.
<b>Standard Condition 5: tell us about changes that affect you, the people who control you, or people you control</b>	
<p>You must tell us in writing if any of the following events happens to any of the Consent Holders:</p> <ol style="list-style-type: none"> <li>1. You become aware that you and/or any Individual Who Controls you establishes any of the investor test factors listed in section 18A(4) of the Act.</li> <li>2. You cease to be an overseas person or dispose of all or any part of the interest in Land.</li> <li>3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you.</li> </ol>	Within 20 working days after the change.
<b>Standard Condition 6: dispose of the interest(s) in Land if you do not comply with Special Conditions</b>	
<p>Some of the special conditions were key to the decision to give consent. If we consider you have failed to comply with one of those Special conditions in a material way we may require you to dispose of the Land.</p> <p>If all or part of this Standard Condition 6 applies to a Special Condition, we have said so in that condition.</p>	

Details	Required date
We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:	
<b>Value the interest in Land:</b> obtain and send us a copy of a market valuation of the relevant interest in Land from a New Zealand registered valuer.	Within six weeks of the date of our notice.
<b>Market the Land:</b> instruct a licensed real estate agent to actively market the relevant interest in Land for sale on the open market.	Within six weeks of the date of our notice.
<b>Dispose of the Land:</b> dispose of the relevant interest in Land to a third party who is not your associate.	Within six months of our notice.
<b>Offer without reserve:</b> if you have not disposed of the relevant interest in Land within six months of our notice, offer the interest in Land for sale by auction or tender without a reserve price or minimum bid and dispose of the interest in Land.	Within nine months of our notice.
<b>Report to us about marketing:</b> tell us in writing about marketing activities undertaken and offers received for the relevant interest in Land.	By the last day of every March, June, September and December after our notice or at any other time we require.
<b>Report disposal to us:</b> send us, in writing, evidence: <ul style="list-style-type: none"> <li>(a) that you have disposed of the relevant interest in Land,</li> <li>(b) of disposal (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor),</li> <li>(c) the purchaser is not your associate.</li> </ul>	Within one month after the Land has been disposed of.

### Reporting Conditions

We need information from you so we can monitor your progress against the Conditions.

You must notify us of **each Transaction** settled under this Standing Consent as set out in Special Condition 3.

In addition, you must lodge an **annual report** by **1 April each year** until LINZ confirms in writing that annual reporting is no longer required.

Each annual report must:

1. be sent to [oiomonitoring@linz.govt.nz](mailto:oiomonitoring@linz.govt.nz) (or otherwise submitted using LINZ's webform);
2. contain information about your progress in implementing the Special Conditions, including those set out in a schedule to this Standing Consent; and
3. follow the format of, and provide any additional information required by, the relevant annual report template published on our website.

If requested in writing by LINZ, the Consent Holder must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:

1. the representations and plans made or submitted in support of the application (or related transactions) and notified by the regulator as having been taken into account when the Consent was granted; or
2. the Conditions of this Consent.

**Power to vary reporting date**

The dates on which reports are due to be provided may be changed by agreement between the regulator and the consent holder, provided that this power may not be used to give a time extension for an individual report.

**Power to narrow scope of reports**

The regulator may temporarily or permanently waive the requirement to report on a particular matter.

**Power not to require further reporting**

The regulator may waive the requirement to submit a report and may waive the requirement for future reporting.

Released under the Official Information Act 1982

## Attachment 2: Compliance with conditions of consent

Requirement	LINZ Analysis
<p><b>Forestry activities</b></p> <p>The land will be, or will likely be, used exclusively, or nearly exclusively, for forestry activities (section 16A(4)(a))</p>	<p>LINZ is <b>satisfied</b> that this condition is likely to be met.</p> <p>Pan Pac's business philosophy is centred on growing, processing and delivering sustainable and quality radiata pine products to its markets.</p> <p>The scope of the standing consent will not cover the acquisition of farm land.</p> <p><b>Special Condition 4</b> will require any land to be used exclusively, or nearly exclusively, for forestry activities.</p>
<p><b>Residential land</b></p> <p>Any residential land adjoins non-residential land that also forms part of the relevant land (section 16A(4)(b))</p>	<p>LINZ is <b>satisfied</b> that this condition is likely to be met.</p> <p>Pan Pac has not asked that the standing extend to residential land, and so LINZ recommends that the standing consent exclude such land.</p> <p>Pan Pac will obtain a Sensitive Land Certificate as part of its pre-acquisition legal review confirming whether the land contains residential land and will not proceed with a transaction if the certificate indicates the land contains residential land.</p> <p><b>Special Condition 2</b> requires Pan Pac to undertake various due diligence steps which will identify any residential land.</p>
<p><b>Residential purposes</b></p> <p>Relevant land will not be used, or held for future use, for any residential purposes other than for a permitted purpose (i.e. worker accommodation supporting forestry activities on the relevant land) (section 16A(4)(c))</p>	<p>LINZ is <b>satisfied</b> that this condition is likely to be met having regard to:</p> <ul style="list-style-type: none"> <li>• Pan Pac's track record of compliance; and</li> <li>• Pan Pac's due diligence process.</li> </ul> <p>The Pre-acquisition Legal Review will help ensure that the applicant does not proceed with a transaction if due diligence indicates that any accommodation on the Land will be used for, or held for future use, for any residential purposes other than a permitted purpose under the Act (i.e., worker accommodation supporting forestry activities on the relevant land).</p> <p><b>Special Condition 5</b> provides that the land must not be used for residential purposes except for forestry worker accommodation.</p>
<p><b>Regulations</b></p> <p>Requirements set out in Regulations will be, or are likely to be, met (section 16A(4)(d)). In summary - continuing existing arrangements, existing consent conditions, and log supply obligations.</p>	<p>LINZ is <b>satisfied</b> that this condition is likely to be met having regard to:</p> <ul style="list-style-type: none"> <li>• Pan Pac's track record of compliance;</li> <li>• the pre-acquisition Legal Review; and</li> <li>• Pan Pac's due diligence process.</li> </ul> <p><b>Special Condition 2</b> requires Pan Pac to undertake various due diligence steps which will identify existing arrangements, existing consent conditions, and log supply obligations.</p> <p><b>Special Condition 6</b> requires Pan Pac's existing arrangements, consent conditions, and log supply obligations to continue.</p>
<p><b>Replanting</b></p> <p>Crops of trees will be, or will likely be, replaced with a new crop of trees after harvest (section 16A(4)(e))</p>	<p>LINZ is <b>satisfied</b> that this condition is likely to be met having regards to Pan Pac's track record of compliance.</p> <p>Pan Pac is committed to long term investment in the New Zealand forestry industry.</p> <p>After harvesting each section of Land, Pan Pac will (and the Forest Management Plan will record that it will) replant those areas with</p>



Requirement	LINZ Analysis
	<p>radiata pine (some alternative species (e.g. Redwoods) may be planted in high environmental risk areas).</p> <p><b>Special Condition 4</b> requires trees to be replanted after harvest.</p> <p>As permitted by section 3(5) of Schedule 4 of the Act, the conditions that provide that the requirement in section 16A(4)(e) does not have to be met in relation to a crop of trees that is harvested under the forestry right if the forestry right expires on completion of the harvesting or after a short period following the completion of the harvesting.</p>
<p><b>Fresh and Seawater Area(s)</b> Any fresh or seawater area(s) to be notified to the LINZ in accordance with the Regulations prior to a transaction being entered into or before a transaction is settled and section 25D to be complied with.</p>	<p>LINZ is <b>satisfied</b> that this condition is likely to be met having regard to Pan Pac's track record of compliance and:</p> <ul style="list-style-type: none"> <li>• the due diligence processes set up by Pan Pac;</li> <li>• the Sensitive Land Certificate confirming whether the land contains fresh or seawater area(s);</li> <li>• by requiring Pan Pac to comply with the provisions of Schedule 5 of the Act and lodge a water areas acquisition notice immediately on receiving the title to the land acquired. A separate decision whether to acquire the fresh or seawater area(s) will be made subsequently by decision-making Ministers.</li> </ul> <p><b>Special condition 2</b> requires Pan Pac to undertake various due diligence steps which will identify any Fresh and Seawater areas.</p> <p><b>An Automatic Condition</b> requires Pan Pac to comply with the provisions of Schedule 5 of the Act.</p>
<p><b>Farm land advertising</b> Farm land to be offered for acquisition on the open market to non-overseas persons in accordance with the Regulations (clause 3(3)(b) of Schedule 4, and section 16(1)(f)).</p>	<p>This condition is <b>not applicable</b> as the scope of the standing consent will not cover the acquisition of farm land.</p>
<p><b>Notification conditions</b> The regulator will be, or will likely be, notified of each transaction entered into under the standing consent in accordance with the requirements of the consent (clause 3(3)(c) of Schedule 4)</p>	<p>LINZ is <b>satisfied</b> that this condition is likely to be met having regard to Pan Pac's record of compliance.</p> <p>Pan Pac's acquisitions team and legal advisors will be aware of the notification requirements and will ensure that they form part of their legal due diligence work plan.</p> <p><b>Special Condition 3</b> requires Pan Pac to notify LINZ of each transaction settled under the standing consent using the notification template published on our website.</p>
<p><b>Other conditions</b> Additional conditions, including conditions limiting the scope of the standing consent, will be, or are likely to be, complied with (clause 3(4) of Schedule 4).</p>	<p>The proposed standing consent is subject to several limits and other conditions.</p> <p>The Pre-acquisition Legal Review will help ensure that Pan Pac identifies each transaction entered into under the standing consent. The Forest Management Plan will record any conditions of an ongoing nature relating to the Land.</p> <p>LINZ is <b>satisfied</b> that these conditions are likely to be met having regard to Pan Pac's track record of compliance and the pre-acquisition Legal Review.</p>

### Attachment 3: Forestry standing consents

	<b>Pan Pac Forest Products</b>	<b>NZ Redwood Company</b>	<b>Nelson Forests</b>	<b>Oji Fibre Solutions</b>	<b>Matariki Forests</b>	<b>Kauri Forestry LP</b>
<b>Granted</b>	September 2019	October 2019	September 2020	September 2020	March 2021	March 2021
<b>Maximum total land area granted (compared with max area requested by Applicant)</b>	20,000 ha granted <i>(requested 30,000 ha)</i>	4,000 ha granted <i>(requested 4,000 ha)</i>	15,000 ha granted <i>(requested 67,303 ha)</i>	15,000 ha granted <i>(requested 30,000 ha)</i>	10,000 ha granted <i>(requested 20,000 ha)</i>	6,000 ha granted <i>(same as requested)</i>
<b>Maximum number of transactions</b>	25	10	25	25	12	20
<b>Maximum land area per transaction (compared with area requested by Applicant)</b>	10,000 ha granted <i>(requested 25,000 ha)</i>	2,000 ha granted <i>(requested 2,000 ha)</i>	- 2,500 ha for land already used for forestry; and - 500 ha for non-forest land (e.g. farm conversions).			
<b>Duration of standing consent granted (compared with duration requested by Applicant)</b>	3 years granted <i>(same as requested)</i>	4 years granted <i>(9 years requested)</i>	3 years granted <i>(3 or 5 years requested)</i>	3 years granted <i>(same as requested)</i>		
<b>Any regional limitations imposed</b>	Nationwide	Manawatu-Wanganui	Nationwide	Central North Island area -shown in map	North Auckland, South Auckland, Hawkes Bay, Gisborne, Wellington, Canterbury, Westland, Otago and Southland Land Registration Districts.	Nationwide

## SCHEDULE OF LIMITS: Pan Pac Forestry Products Limited

The standing consent granted to Pan Pac Forestry Products Limited is granted subject to the following limits under schedule 5, clause 3(4) of the Act:

For land over which the consent holder has a Crown forestry licence on the decision date, and over which a forestry right is to be acquired:

<b>Land types</b>	Land already used exclusively or nearly exclusively for forestry activities
<b>Interest types</b>	Forestry rights
<b>Location</b>	Hawkes Bay Region
<b>Number of transactions</b>	No limit
<b>Total area</b>	No more than 23,709 ha
<b>Area per transaction</b>	No limit
<b>Entry Date</b>	Three years from the Consent date
<b>Completion Date</b>	12 months from the Entry date
<b>Other limits</b>	Forestry right to be on materially the same terms as the Crown Forest Licence (for example: for no greater area and no greater duration)

For all other land:

<b>Land types</b>	Land already used exclusively or nearly exclusively for forestry activities
<b>Interest types</b>	Freehold, leasehold and forestry rights
<b>Location</b>	Taranaki Region, Manawatu-Whanganui Region, Bay of Plenty Region, Taupo District, Rotorua District, Hawkes Bay Region (excluding Wairoa District), Wellington Region, Canterbury Region (excluding Hurunui District and Kaikoura District), Otago Region, and Southland Region.
<b>Number of transactions</b>	No more than 25 transactions
<b>Total area</b>	No more than 10,000 ha of sensitive land
<b>Area per transaction</b>	No more than 2,500 ha per transaction



<b>Entry Date</b>	Three years from the Consent date
<b>Completion Date</b>	12 months from the Entry date

**Hon Damien O'Connor**

Date: 2/10/23

**Hon Barbara Edmonds**

Date: 9/10/23

Released under the Official Information Act 1982