

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

ASSESSMENT REPORT: NZ Forestry Partnership LP

Date	5 September 2023	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference (Report reference)	202300293 (BRF 24-115)	Deadline	19 September 2023

Purpose

LINZ seeks your decision on an application for consent to acquire an interest in sensitive land under the Overseas Investment Act 2005 (**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 3.

Assessment timeframe requirements

LINZ's assessment timeframe required a decision by 19 September 2023 (having been extended to 100 working days due to consultation with the Department of Conservation). The Applicant's requested decision date was 28 July 2023.

Toitū Te Whenua Land Information New Zealand Contacts

Name	Position	Contact	First contact
Anneke Turton	Manager Applications	s9(2)(g)(ii)	<input checked="" type="checkbox"/>
s9(2)(g)(ii)	Senior Advisor	s9(2)(g)(ii)	<input type="checkbox"/>

A. Summary

4. The Applicant is NZ Forestry Partnership LP (**Applicant**), a New Zealand entity which is ultimately beneficially owned by two high net-worth overseas persons, both of whom hold New Zealand permanent resident visas (though they do not currently reside here).
5. The Applicant is a new investor which is seeking to invest in New Zealand forestry assets. The Applicant has recently been granted consent to an application under the Special Forestry Test¹ and also has another farm to forestry conversion application under the Benefit to New Zealand test which is currently being assessed by LINZ². These are the first applications by this investor under the Act.
6. The relevant land for this application is a medium to steep hill country sheep and beef farm located in the Wairarapa known as “Kainga Farm”, which comprises approximately 256ha of freehold land (being entirely LUC classes 6 and 7) (**the Land**). The Land includes approximately 11ha of existing pre-1990 forest and 39ha of exotic and indigenous trees (around 20% of the Land).
7. The Applicant intends to plant most (around 193ha) of the unplanted Land into *pinus radiata* commercial forest, with a small area of around 7.5ha including a dwelling to be subdivided off.
8. LINZ considers the proposed investment will likely benefit New Zealand economically through a greater number of jobs and increased revenue off the Land. LINZ also considers the proposed investment will likely provide various environmental and public access benefits, and may advance a number of significant government policies.
9. Whether the benefits to New Zealand are sufficient to meet the benefit to New Zealand test is a matter for Ministers to determine. Ministers must take a proportionate approach to whether the benefit to New Zealand test is met.
10. For the reasons set out in this report, LINZ considers the investor test has been met.

Key information

Applicant	NZ Forestry Partnership LP (United Kingdom (100%))
Vendors	RH & Y Alloway Trust (New Zealand (100%))
Land	Approximately 256ha of land located at 411 Cannock Road, South Wairarapa, known as “Kainga Farm”
Consideration	\$3,500,000
Sensitivity	Is more than 5ha of non-urban land
Relevant tests	Investor test: s16(1)(a) & 18A Benefit to NZ test: s16(1)(c)(ii) & s16A(1A), forestry activities test (s 16A(2)) Farm land offer criterion (s 16(1)(f)) National interest test: s16(1)(g)

¹ Case 202300020 (granted consent on 14 June 2023) for 369ha at 1285 Dipton Castlerock Road

² Case 202300336 s9(2)(b)(ii)

Timing

11. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days. This application was extended by 30 working days (due to consultation with the Department of Conservation) in accordance with clause 7, schedule 5 of the Overseas Investment Regulations 2005.
12. This application is currently on day 89, and requires a decision by 19 September 2023 in order to enable us to communicate a decision to the Applicant within the assessment timeframe.

B. Decision

Core tests

13. I determine that:

13.1 The 'relevant overseas person' (ROP) is (collectively):

ROP	Role
NZ Forestry Partnership LP	Applicant and acquiring entity
NZ Forestry GP Limited (GP)	General Partner of the Applicant
Dawson PTC Limited (Dawson)	Underlying controlling entity of the Applicant
[s 9(2)(a)]	Underlying beneficial owners

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

IWC	Role
Robert Hart Fearis	Director of Dawson and GP
Christopher Ainslie Campbell Miller	Directors of GP
Samuel William Nelson	
Louise Anne Griffin	
Robert George Shepherd	Directors of Dawson
Graham Michael Harrison	
James Grant Wilson	

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

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

Hon Damien O'Connor

Agree

Disagree



Hon Barbara Edmonds

Agree

Disagree



15. I am satisfied, in relation to the benefit to New Zealand test, that:

- 15.1 the criteria for consent in sections 16 and 16A have been met;
- 15.2 the farm land benefit test does not apply;
- 15.3 the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
- 15.4 the benefit is proportionate to the sensitivity of the land and the nature of the transaction;

Hon Damien O'Connor

Agree

Disagree



Hon Barbara Edmonds

Agree

Disagree



Farm land advertising criteria

16. I am satisfied that the farm land or section 12 interest has been offered for acquisition on the open market to persons who are not overseas persons as required by the regulations

Hon Damien O'Connor

Agree

Disagree



Hon Barbara Edmonds

Agree

Disagree



National interest assessment

17. I note that the overseas investment in sensitive land is not a transaction of national interest under section 20A of the Act and the Minister of Finance has not notified it is a transaction of national interest under section 20B of the Act.

Hon Damien O'Connor

Noted



Hon Barbara Edmonds

Noted



Decision about whether to grant or decline consent

18. My ultimate decision is to:

Hon Damien O'Connor

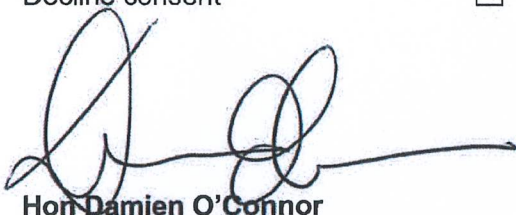
Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**



Grant consent with amended conditions provided on:

☐

Decline consent

☐

Hon Damien O'Connor

Date:

18/9/25

Hon Barbara Edmonds

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**

☐

Grant consent with amended conditions provided on:

☐

Decline consent

☐

Hon Barbara Edmonds

Date:

/ /

Timing

11. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days. This application was extended by 30 working days (due to consultation with the Department of Conservation) in accordance with clause 7, schedule 5 of the Overseas Investment Regulations 2005.
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B. Decision

Core tests

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IWC	Role
Robert Hart Fearis	Director of Dawson and GP
Christopher Ainslie Campbell Miller	
Samuel William Nelson	Directors of GP
Louise Anne Griffin	
Robert George Shepherd	Directors of Dawson
Graham Michael Harrison	
James Grant Wilson	

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

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

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

☐

Agree

☒

Disagree

☐

Disagree

☐

15. I am satisfied, in relation to the benefit to New Zealand test, that:

- 15.1 the criteria for consent in sections 16 and 16A have been met;
- 15.2 the farm land benefit test does not apply;
- 15.3 the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
- 15.4 the benefit is proportionate to the sensitivity of the land and the nature of the transaction;

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

☐

Agree

☒

Disagree

☐

Disagree

☐

Farm land advertising criteria

16. I am satisfied that the farm land or section 12 interest has been offered for acquisition on the open market to persons who are not overseas persons as required by the regulations

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

☐

Agree

☒

Disagree

☐

Disagree

☐

National interest assessment

17. I note that the overseas investment in sensitive land is not a transaction of national interest under section 20A of the Act and the Minister of Finance has not notified it is a transaction of national interest under section 20B of the Act.

Hon Damien O'Connor

Hon Barbara Edmonds

Noted

☐

Noted

☒

Decision about whether to grant or decline consent

18. My ultimate decision is to:

Hon Damien O'Connor

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**

☐

Grant consent with amended conditions provided on:

☐

Decline consent

☐

Hon Barbara Edmonds

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**

☒

Grant consent with amended conditions provided on:

☐

Decline consent

☐

Hon Damien O'Connor

Date: / /

Hon Barbara Edmonds

Date: 17 / 9 / 23

Released under the Official Information Act 1982

C. Background and proposed transaction

Land

19. The Land is currently a 256ha medium to steep hill country sheep and beef farm located in the Wairarapa.
20. The Land includes 11ha of existing pre-1990 forest and 39ha of exotic and indigenous trees (around 20% of the Land).
21. Over the last three years, the farm has run an average of 1,347 sheep stock units and 319 cattle stock units.
22. The Land is comprised in Record of Title WN40A/962 and is outlined in purple in the photo below:



23. The Land does not include residential land, and there are no qualifying fresh or seawater areas. Two small streams run through the land, but neither has an average width over 3m.
24. There is a dwelling on the Land which the Applicant intends to subdivide off, along with some other farm structures and a small area of land (7ha).
25. The Land classification is a mixture of:
 - LUC 6 (158ha), and
 - LUC 7 (97ha).
26. Around 2/3rd of the Land is Moderate Erosion risk, with the other 1/3rd being High Erosion risk. Maps of the LUC and erosion classes are attached as **Attachment 6**.
27. There is some commercial forestry in the area, however, the Land appears to be surrounded by farm land.
28. The roads leading to the Land are sealed, in good condition and are suitable for heavy vehicles, and the forest manager is not aware that logging trucks that have used the roads previously during harvest of nearby forests have caused damage to the roads.
29. A wider location map and a map of nearby forests can be found in **Attachment 4**.

Transaction and Vendor

30. The Land is currently owned by the RH and Y Alloway Trust (**Vendor**), which is a family trust beneficially owned by New Zealanders.
31. The Vendor is selling the Land for personal reasons.

D. Application of the Act

32. The Land is sensitive because it is non-urban land over 5ha in size,³ so consent is required.⁴ The following criteria for an investment in sensitive land apply to this application:⁵
 - The investor test must be met.⁶
 - The benefit to New Zealand test must be met.⁷
 - Where the land is farm land it must have been offered for sale on the open market,⁸ unless exempt.⁹
 - You must also note whether the investment is a transaction of national interest and, if so, whether the Minister of Finance has decided that the investment is contrary to New Zealand's national interest.¹⁰
33. In order to satisfy the benefit to New Zealand test, the decision-maker must determine that the overseas investment will, or is likely to, benefit New Zealand.¹¹
34. LINZ assesses the investor test in **Part E**, the Investment Plan and benefit to New Zealand test in **Part F**, the farm land advertising requirements in **Part G**, and discusses national interest matters in **Part H**.

E. Applicant and investor test

35. This section describes the Applicant and assesses whether the investor test is met.
36. The Applicant is an overseas person under the Act as it is solely owned by overseas individuals.

Ownership

37. NZ Forestry Partnership LP (**Applicant**) is a New Zealand limited partnership¹².
38. Its general partner is New Zealand company NZ Forestry GP Limited (**GP**)¹³. Given the control which it will exert (as further detailed below), LINZ considers the GP to be part of the ROP.
39. The sole limited partner is Lesing NZ Forestry Limited, a Guernsey registered company.
40. Both the limited partner and the GP are owned by Lesing Nineteen Limited (Guernsey) which in turn is owned by Dawson PTC Limited (**Dawson** - Guernsey).

³ Table 1, Part 1, Schedule 1 of the Act.

⁴ Under sections 10(1)(a) and 12(a)(i) of the Act.

⁵ Set out in section 16(1) of the Act.

⁶ Section 18A / 16(1)(a) of the Act.

⁷ Sections 16(1)(c)(ii), 16A(1), 16A(1A) and 16A(2).

⁸ Section 16(1)(f) of the Act.

⁹ Section 20(1)(a) or (b) of the Act.

¹⁰ Section 16(1)(g) of the Act.

¹¹ Section 16A(1)(a) and 16A(2) of the Act.

¹² Registered in October 2022 under the Limited Partnerships Act 2008.

¹³ Also registered in October 2022.

41. Dawson acts as trustee for MS Guernsey Discretionary Will Trust One (Trust)¹⁴. The beneficiaries of the Trust (and ultimate underlying owners) are [s 9(2)(a)] together with their descendants. Given they are the underlying owners, LINZ considers both to be part of the ROP.
42. A diagram of the intended ownership structure is set out in **Attachment 2**.

Business Activities

43. The Applicant is ultimately owned by two high net-worth individuals who are part of the [s 9(2)(a)] consisting of [s 9(2)(a)] [s 9(2)(a)] It is [s 9(2)(a)] who are the ultimate underlying beneficial owners of the Applicant.
44. [s 9(2)(a)] in the United Kingdom in the 1980s which became very successful. Having sold the chain, the Family invested the proceeds in a number of successful ventures over the next three decades. The Family now appears regularly in the *Sunday Times* Rich List.
45. Around 5 years ago, the [s 9(2)(a)] became interested in New Zealand and all four members subsequently obtained residence visas under the Investor 1 category visa programme in February 2019. [s 9(2)(a)] now both have permanent residence class visas, but they don't reside here.
46. As part of their Investor 1 applications, [s 9(2)(a)] both invested in New Zealand ([s 9(2)(a)] through Craigmore Permanent Crop Partnership) and [s 9(2)(a)] and her husband through AF Capital Private Credit Fund (which primarily provides first mortgage residential loans across New Zealand to occupiers and investors). In addition, [s 9(2)(a)] has also invested in 17 apartments in Queenstown.
47. The purchase of the Land is the continuation of investment into New Zealand over the past 5 years by the [s 9(2)(a)] both through their Investor Plus visa applications and independent investments by the [s 9(2)(a)] The [s 9(2)(a)] including [s 9(2)(a)] submit that they hold a long-term commitment to spend time in, and invest, in New Zealand.

Control

48. Dawson has ultimate decision making control over the Investment. In practice the decisions Dawson will make are major decisions (such as decisions to acquire, dispose or make further capital investment) rather than day to day decisions. Day to day control of the investment will be by the directors of the GP, acting on behalf of the Applicant.
49. Although [s 9(2)(a)] (as beneficiaries of the Trust) will be the ultimate beneficial owners of the Land, they exercise no control over the Trust and have no role in decision making concerning the Investment.
50. LINZ considers the directors of GP and Dawson to be the IWC for the purposes of this investment.

¹⁴ Formed in March 2022.

Relevant overseas person and individuals with control

51. LINZ recommends that the ROP is (collectively):

ROP	Role
NZ Forestry Partnership LP	Applicant and acquiring entity
NZ Forestry GP Limited (GP)	General Partner of the Applicant
Dawson PTC Limited (Dawson)	Underlying controlling entity of the Applicant
s 9(2)(a) [REDACTED]	Underlying beneficial owners
[REDACTED]	

52. LINZ recommends that the IWC¹⁵ are:

IWC	Role
Robert Hart Fearis	Director of Dawson and GP
Christopher Ainslie Campbell Miller	Directors of GP
Samuel William Nelson	
Louise Anne Griffin	
Robert George Shepherd	Directors of Dawson
Graham Michael Harrison	
James Grant Wilson	

Summary of investor test

53. The ROP and IWC established none of the factors contained in section 18A(4) of the Act, therefore LINZ's conclusion is that the investor test has been met.

F. Investment plan and benefit to NZ test

54. This section describes the proposed investment and LINZ's assessment of whether it is likely to meet the benefit criteria in the Act.

Current state (counterfactual)

55. The Land is currently a freehold 256ha sheep and beef farm (running around 1,666 stock units).
56. The Land includes 11ha of existing pre-1990 forest and 39ha of exotic and indigenous trees (**Existing Trees**), around 20% of the Land. The NZUs in relation to the 11ha will be retained by the Vendor, and the Vendor is partway through registering the 39ha.
57. The Vendor advises that 1.5 full time equivalent jobs (**FTEs**) are currently required to run the farm (most being the Vendor's own direct working hours) together with a small amount of contractor labour during shearing (which has been assessed by the Vendor at 3 days per year for a 5-person shearing gang).

¹⁵ Section 15.

Current revenue from the Land

58. Compass Agribusiness (**Compass**), by modelling information provided by the Vendor (together with Beef and Lamb NZ data to determine carcass weight equivalents) concludes that the farm currently produces just under \$199k in export earnings per annum (from beef, lamb, mutton and wool).¹⁶ Over 30 years, the export earnings equate to approximately \$5.9m. Further revenue is also earned from meat and wool provided to domestic processors (around 13% of beef, 6% of sheep meat and 8% of the wool).
59. The Applicant has provided the following table showing actual revenue off the Land for the last three years from the Vendor's trading accounts – though this includes trading revenue off both the Land and a nearby finishing property owned by the Vendor:

Trading year	Sheep (\$)	Beef (\$)	Total (\$)
2020	207,000	41,000	248,000
2021	163,000	25,000	187,000
2022	203,000	37,000	240,000

60. The Applicant submits that the size, topography and LUC classification of the Land reflects the modest stock carrying capacity, production output and earnings realised.
61. There are no known outstanding features on the Land including no historic heritage, wāhi tapu or archaeological sites.
62. The Vendor has confirmed that they have applied 30 tonnes of super phosphate to the Land in 2012 and then in 2018, 2020 and 2021¹⁷.

Investment plan

63. The Applicant intends to convert most of the unplanted Land into a commercial plantation forest (**the Forest**) under the management of Roger Dickie (N.Z.) Limited (**RDL**). RDL is one of the 15 largest forest managers in New Zealand, with around 31,000ha under management as at December 2021.
64. The Applicant's investment plan has been assessed and planned in detail by RDL. In addition, PF Olsen (another leading forestry company) has also provided a report confirming the feasibility of the proposed conversion.
65. RDL will contract Forest Management (NZ) Limited (**FMNZ** - a related company of RDL) to perform a range of operational services for the Applicant, including forest establishment, silviculture, ongoing operational management of the Forest, ETS administration and sales.
66. The current and proposed use of the Land is set out in the table at **Attachment 7**.

Planting and silviculture plans

67. The Applicant will undertake a framing regime (one that does not require pruning) with initial stocking at 1,000 stems per hectare, and thinning to 550sph at age 11-12.
68. The new pine plantable area is estimated at around 188ha, which is expected to be established over the 2023 and 2024 seasons (subject to settlement timing). An additional 5.3ha of cutover (recently harvested) land will also be planted, taking the total immediate planting area to around 193ha.

¹⁶ Modelling provided by the Applicant.

¹⁷ . It was not economically viable for the vendor to fund the application of fertiliser every year.

69. Existing areas of exotic and indigenous plantation developed by the Vendor primarily for erosion control will be retained as follows:

- 11ha of pre-1990 forest area comprising willow and kanuka planting (which the Vendor will retain in terms of carbon NZUs);
- 39ha of poplar planting and small areas of native planting.

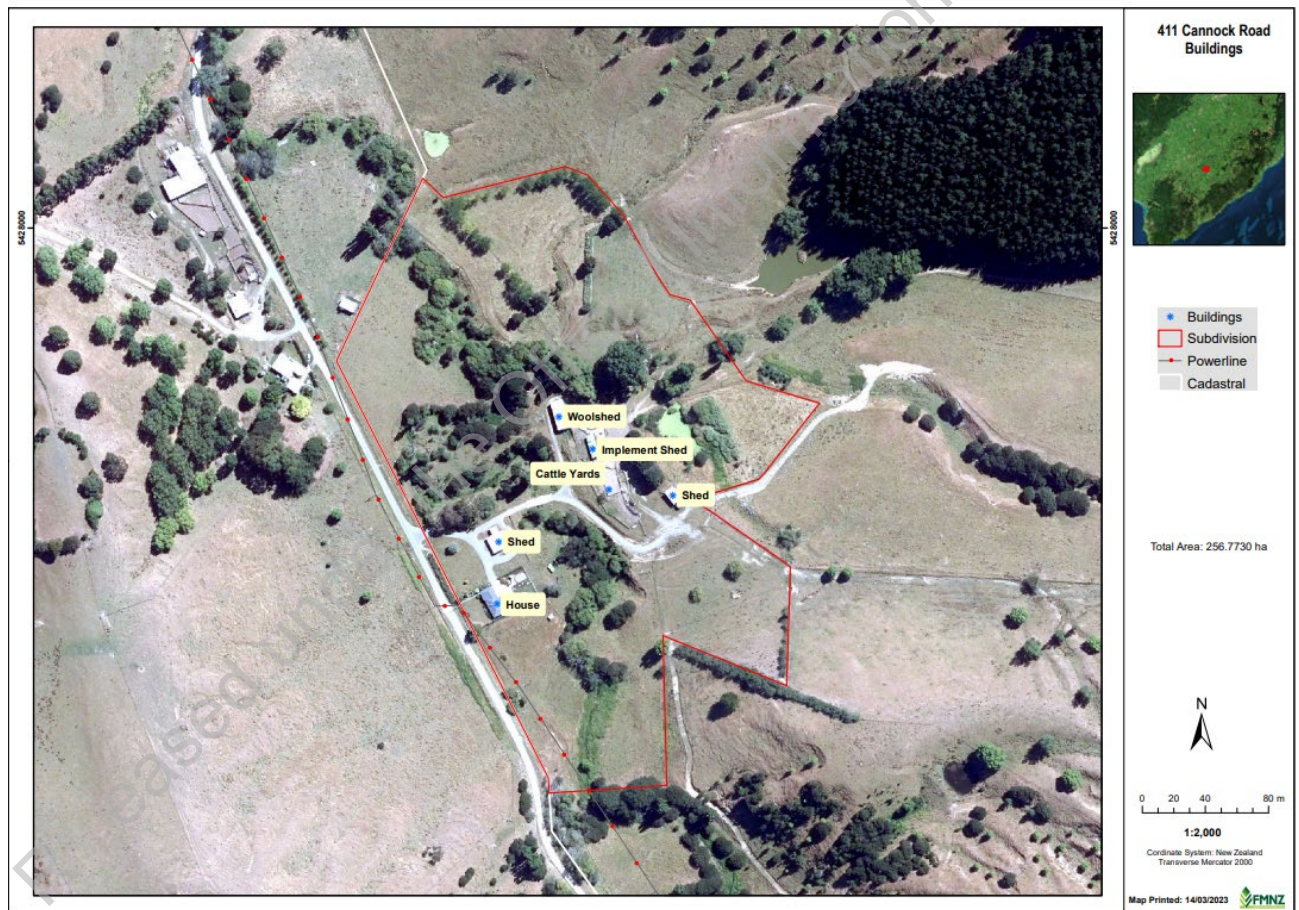
70. The proposed planting plan is shown in **Attachment 8**.

Harvesting

71. The Applicant intends to harvest the Forest at year 27. The Applicant expects to export most of the timber through CentrePort which is located 94 kilometres from the Land.

Subdivision

72. The Applicant intends to subdivide off approximately 7.5ha of the Land shown on the following aerial photo:



73. This subdivided land includes a 4-bedroom house, sheds, woolshed and yards and associated farm buildings.

74. It is anticipated that the subdivision will be completed and sold by 2025.

BENEFITS

Farm land benefit test does not apply

75. This investment involves the acquisition of farm land exceeding 5ha to which the modified farm land benefit test would normally apply. In this case, the Applicant relies on section 16A(2) of the Act which states the modified farmland benefit test does not apply if the relevant Ministers are satisfied that:
- the farm land will, or is likely to, be used exclusively, or nearly exclusively, for forestry activities; and
 - whenever a crop of trees is harvested on the farm land, a new crop will be, or is likely to be, established on the farm land to replace the crop that is harvested; and
 - the non-occupation outcome will, or is likely to, occur in relation to the farm land.¹⁸
76. LINZ considers that all three of these requirements are met in this case.

Introduction to Benefits

77. In applying the benefit to New Zealand criteria, you are required to consider each of the benefit factors, decide which of them are relevant and determine the relative importance of those relevant factors.
78. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker. This report sets out LINZ's assessment to guide your consideration, however it is not determinative.
79. LINZ consulted with DOC and its feedback is discussed below. LINZ deals with the proposed conditions and their rationale after discussing the benefit claims.
80. Factors that LINZ considered were either not relevant to the investment, or the benefit to New Zealand was not sufficient to be relied on, are noted in **Attachment 3**. In this case, the factors were the Historic Heritage, New Zealand participation factor and the Consequential benefit factor

Economic Benefits

81. The major economic benefit resulting from the changed land use from farming to forestry is the likely increase in both jobs and revenue earned off the Land.
82. However, in terms of monetary calculations in particular, LINZ considers that these are estimations which are subject to uncertainty, given forestry revenue from timber will not be generated until harvest in around 30 years. In addition, both forestry and farming primary commodity prices can be subject to significant change year by year.

Employment

83. The pay scales for jobs required for the Forest reflect the skilled nature of the jobs that are prevalent in the forestry sector, and likely to exceed average farm labouring jobs. By analysing average earnings and incomes for the Masterton district against the market pay for forestry jobs, the Applicant submits that the quality and skill of the jobs produced and supported by the forestry sector is higher¹⁹.
84. The Applicant has also submitted data from Informetric²⁰ that demonstrates that the Masterton district has lower than average wages in comparison to the rest of New

¹⁸ Where that outcome in clause 17(3) to (5) of Schedule 2 applies with necessary modifications as if the reference to residential land were a reference to the farm land.

¹⁹ The Forne Report sets out a detailed breakdown of pay rates for each job. For example, planters can earn up to \$60 per hour and most management roles (forest and harvest) earn up to \$70 per hour on a fulltime equivalent basis.

²⁰ <https://ecoprofile.infometrics.co.nz/Masterton%20District/StandardOfLiving/Earnings>

Zealand. The Applicant submits that to grow real wages, industries that offer higher skilled or specialised jobs with higher wages need to be encouraged and supported.

85. The Applicant has also provided a letter in support from Mount Heslington Contracting Limited (**MHCL**). MHCL is a Masterton based harvesting contractor directly employing up to 23 FTEs and supporting other downstream businesses that service and support MHCL. MHCL notes that it provides jobs for skilled workers operating large scale harvest machinery, and that the continued growth of the forestry industry in the Wairarapa region is vital to supporting the skilled services that have developed to support this industry.

Expected revenue – timber sales and carbon receipts

86. Subject to domestic demand processing capacity in the Wairarapa region (which is currently constrained though may change by the time the Forest is ready for harvest) and market conditions at the time, the Applicant may sell a portion of logs to the domestic market. At this time though, the Applicant is unable to commit to supplying a domestic processor.

Projected timber export receipts

87. The Applicant has therefore calculated estimated revenue in terms of likely export timber receipts. Gross revenue (excluding carbon NZU sales) is estimated at \$17.6m over the life of the Forest.²¹ If averaged out over 30 years, this equates to approximately \$586k per year.
88. RDL's assessment is that most of the timber will be exported through CentrePort (located 94km away) with likely markets based on current forecast future demand being China, India, and South Korea.

Additional carbon revenue

89. In addition, expected revenue received from NZU carbon sales is estimated at this time as \$6.8m²² though LINZ considers that the potential carbon price is highly speculative over the longer term.

Total expected revenue

90. The combined revenue received from timber and NZU sales provides a gross estimated revenue produced from the Forest of \$24.4m – averaging approximately \$813k per annum over 30 years.

Development and operating expenditure

91. Total development investment and operating expenditure over the life of the Forest (which includes replanting costs) is expected to be \$13.9m - averaging \$463k per annum.
92. The Applicant submits that this expenditure is substantial and will provide a tangible economic benefit to the Wairarapa region.
93. By way of comparison, Compass applies an industry average of annual expenditure for East Coast hard hill country farms of \$87 per stock unit to the farm, resulting in an estimate of \$133k per annum in farm expenses. Extrapolating these expenses over the 30-year period of the Applicant's forecast expenditure gives a total farm expenditure from 188ha of around \$4m for the same period.

²¹ The export revenue figure is based upon an independent assessment of the forecast recoverable log volumes in the PF Olsen Report and applying a 5% assumed attrition rate, which forecasts a total recovered volume of 114,966 tonnes at year 27.

²² derived using PF Olsen independent analysis of carbon under carbon averaging on 98% of plantable area (= 185 hectares) @ \$70 per tonne, together with NZU sales for existing 39ha of hardwood and indigenous of \$858,221

Carbon sequestration

94. Carbon sequestration will grow over the life of the Forest, and PF Olsen has calculated the amount of carbon sequestration over 185ha of new plantings. Overall, by year 27, the forest is expected to store over 167,000 tonnes of carbon.
95. It is unclear to LINZ how significant carbon sequestration is in the context of the Government's climate change objectives and obligations, and LINZ considers these questions call for Ministerial judgment. LINZ notes that there is uncertainty whether the investment will result in net reduction of CO₂ in NZ. Given the Applicant plans to register the land in the ETS, the carbon reductions may be on-sold to other emitters, meaning the total net carbon emissions in NZ may not decrease.
96. The Applicant also submits that the removal of stock from the Land will result in a reduction of greenhouse gases from the Land. Compass has assessed total farm emissions for the Land (using the Beef + Lamb Greenhouse Gas Calculator) at 631 tonnes per annum. This is an approximate figure which does not offset the existing sequestration provided by the Vendor's small exotic and indigenous plantations. LINZ notes that there is a possibility that the current stock could be grazed elsewhere.

Environment Benefits

Erosion management

97. The planting of trees is likely to help better manage erosion, given the Land is either high or moderate erosion susceptibility classification.
98. The Applicant has also claimed that the retention of the existing small areas of native bush and erosion control poplars will provide a benefit – but LINZ considers that these areas will likely remain if the proposed investment does not proceed and therefore this doesn't represent a true benefit for the purposes of this benefit factor.

Slash damage control

99. Given there are no significant waterways located in or near the Land, LINZ considers the risk of slash mobilisation into waterways is negligible in this case.
100. A resource consent will be required for the harvest of the Forest and the Applicant has stated it will comply with the conditions of that consent as well as the rules under the National Environmental Standards for Plantation Forestry. Specifically, the key to prevention of slash mobilisation is to ensure slash is stored safely on landings/pads.
101. A consent condition will also require the Applicant to consult with the local authority regarding its recommended slash control measures.

Pest control

102. The Applicant will fund ongoing pest control on the Land (goat, deer and possum), estimated to cost \$33,750 during the life of the forest. A condition of consent will require the pest control programme to be approved by DOC.

Fertilizer and stock effluent

103. Most recently, the Vendor applied 30 tonnes of super phosphate on the Land two years ago²³. LINZ considers that the cessation of farm fertilizing will likely reduce the future risk of nitrogen leaching etc. The removal of stock from the Land will also eliminate the risk of future animal effluent issues.

²³ The vendor has confirmed that they have applied 30 tonnes of super phosphate to the Land in 2012 and then in 2018, 2020 and 2021

Consultation with DOC

104. LINZ consulted with DOC which recommended that, amongst other things:

- the Applicant engage a qualified consultant to undertake an ecological appraisal of the Land (and in particular of Southern Bell frogs which inhabit nearby land);
- the Applicant consider formally protecting the small areas of native bush and create setbacks from the bush and poplars on the Land, and keep these free of debris;
- with regard to two small streams running through the Land, the Applicant consider riparian plantings, setbacks, ensure that the National Environmental Standards for Freshwater Regulations 2020 be adhered to, and work with local community group to protect the streams;
- the Applicant consider a public access recreational permit system.

105. The Applicant has agreed to all of these proposals, and consent conditions will require their implementation.

Public Access

106. There is currently no public access on the Land. The Applicant consulted with Herenga ā Nuku/Walking Access Commission which confirmed that it had no recommendations with regard to new access.

107. However, DOC signalled that it supported a public access permit system, and the Applicant subsequently agreed to put a standard permit system in place.

Significant Government Policy

108. The Applicant has submitted that the proposed conversion will give effect to or advance a number of significant Government policies, which are set out in the Benefits Table below.

Summary assessment: benefit to NZ test

109. This table assesses the benefits to NZ likely to result from the investment and the relative weight to be given to each.
110. LINZ notes that in the case of carbon and climate benefits, this falls within all of the economic, environmental, and government policy benefits. LINZ also notes that this will be common to all farm to forestry conversion applications. LINZ has therefore created a separate sub-table for carbon and climate change benefits.

ECONOMIC BENEFITS		
Strength	Moderate	
	<p>LINZ considers that this factor should be given a Moderate weighting given there will likely be an increase in revenue off the Land (and in export receipts in particular), an increase in jobs, and greater investment in the Land as a result of the investment. LINZ considers that this contributes to a Moderate weighting for the overall Economic Benefit.</p> <p>LINZ notes though that, in terms of economic returns, it is very difficult to compare potential timber with farming revenues given the long term nature of the investment and the volatility of primary commodity markets²⁴.</p>	
Creation of jobs		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>Forestry jobs over the 193ha of new forest will fluctuate over the life of forest but are estimated to be equivalent to around 2.8 direct annual FTE (approximately 1.4 per 100ha).</p> <p>The new jobs are likely to be better paying than the existing jobs.</p> <p>There will also likely be more indirect jobs as a result of afforestation, a conclusion which is supported by the PWC Report²⁵</p>	<p>The farming area of 188ha currently supports 1.5 direct annual farming FTE (approximately 0.7 per 100ha)</p> <p>The Land also supports a small amount of contractor labour during shearing which has been assessed by the Vendor at 3 days per year for a 5-person shearing gang.</p>	<p>LINZ considers that there is likely to be a small net increase of approximately 1.3 annual direct FTE (approximately 0.7 FTE per 100 ha).</p> <p>LINZ also considers the types of jobs created are likely to be better paying than existing farm labouring positions.</p>

²⁴ However, LINZ notes that the PWC model suggests that the "Value-add (\$m)" for forestry from a 1,000ha block is estimated at 1.7, compared to 0.7 for sheep and beef (more than double).

²⁵ The Applicant has assessed these as 3.9 indirect and 1.9 induced jobs compared to an approximate 1.2 and 0.8 for a farm this size using the PWC model.

Increased revenue		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>Gross timber revenue (likely to be mostly exports) from the new forest area of 193ha is expected to be around \$17.6m. If averaged out over 30 years, this equates to approximately \$586k per year (\$303k per 100ha).</p> <p>In addition, an additional \$6.8m of carbon revenue is expected.</p> <p>Combined, the total new revenue is expected to be \$24.4m. If averaged out over 30 years, this equates to \$813k per year (\$421k per 100ha).</p>	<p>Current farm revenue from 188ha of farming land (based upon the most profitable of the last three years - \$247k) is estimated at around \$7.4m over 30 years - which equates to around \$131k per 100ha (noting though that this also includes an associated finishing block, so the actual amount is likely to be less).</p> <p>It is also likely that the Existing Trees may generate some additional revenue.</p>	<p>LINZ considers there is likely to be a significant increase in revenue and export receipts generated from the Land.</p> <p>In terms of net increase in total revenue per 100ha, this will be approximately \$290k per year though potential earnings from the Existing Trees may narrow this gap further.</p>
Development and operating expenditure		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>The Applicant expects to spend at least \$13.9m developing, maintaining, harvesting and replanting the new forest. If averaged out over 30 years, this equates to approximately \$463k per year (\$240k per 100ha).</p>	<p>The Compass Report estimates that around \$4m would likely be spent on the farm over 30 years. If averaged out over 30 years, this equates to \$133k (approximately \$71k per 100ha).</p>	<p>LINZ considers the cost of establishing and operating the new forest will likely require considerably more investment compared to the farming operation over the same period. In terms of net increase in expenditure per 100ha, this will be approximately \$169k per year.</p>
Special conditions	<p>Special Condition 1 - 5 will require forestry activities to be carried out on the Land, creating the economic benefits above.</p> <p>Special Condition 8 will prevent the Applicant from registering any crop of new or replacement trees as "permanent forestry" in the ETS scheme.</p>	

CARBON AND CLIMATE CHANGE BENEFITS		
Strength	Moderate	
	The sequestration of carbon is likely to benefit New Zealand environmentally and economically. It is also likely to advance significant Government policies. While this benefit is likely to be moderate relative to the sensitivity of the land being acquired, the amount of carbon sequestered is unlikely to significantly advance the Government policies.	
Environmental – reduction of emissions and carbon sequestration		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The cessation of farming and the planting of additional trees results in climate change benefits through the reduction of harmful livestock emissions (estimated at 631 tonnes per year) and the sequestration of carbon (estimated at 167,000 tonnes of carbon by year 27) through additional trees.	The Land is mostly used for sheep and cattle farming, which produce farm emissions (estimated at 631 tonnes per year), and the existing trees sequester little carbon at this time.	LINZ considers conversion to forestry will lead to an increase in the amount of carbon stored and a likely reduction in farm emissions (though there is a possibility that stock may be moved elsewhere).
Economic		
Applicant's claims: what they intend to do	Current state	LINZ analysis
Carbon revenue is expected to be around \$6.8m.	There may be a small amount of carbon revenue from the Existing Trees.	Carbon revenue is likely to add to the increased revenue from the Land. It is likely that this carbon revenue will provide additional tax receipts.
Government Policies – climate change ²⁶		
Different applicants have cited different government climate policies which are supported by afforestation. As these are the same for all applications, we have included the following policies (LINZ is mindful that there may be others which have not been identified by the Applicant)		
There is uncertainty whether the investment will result in net reduction of CO ₂ in New Zealand. Given the Applicant plans to register the land in the ETS, the carbon reductions may be on-sold to other emitters, meaning the total net carbon emissions in New Zealand may not decrease. There is also a possibility the livestock on the Land could be moved to another farm.		

²⁶ LINZ notes that there are likely to be other policies which have not been claimed by the Applicant (such as environmental policies relating to freshwater etc) which are likely to be supported through afforestation and the removal of stock from the Land.

Government Emissions Reduction Plan – 2022²⁷

This Plan seeks to implement the Climate Change Response (Zero Carbon) Amendment Act 2019 which sets a target for New Zealand to reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050.

Applicant's claims	Current state	LINZ analysis
The Land will store additional carbon (estimated at 167,000 tonnes of stored carbon by the time the trees are harvested at age 27) and reduce harmful livestock emissions (estimated at 631 tonnes per annum).	The Land is currently grazed by emission producing livestock and there are far fewer trees to store carbon.	LINZ considers that Ministers are best placed to determine the weight to be given to this policy. LINZ notes that the Plan states <i>"Careful planning of the right forests, in the right place, is required to ensure the benefits of forestry and the full supply chain are realised"</i> .
One Billion Trees programme²⁸ This 2019 programme also forms a part of the Government's goal to move towards a low emissions economy. LINZ notes though that this programme also stresses the need for the right tree, in the right place, for the right purpose (paragraph 8).		
Applicant's claims	Current state	LINZ analysis
The Applicant intends to plant an additional 193ha of new trees (approximately 193,800 seedlings) on the Land. Erosion control is also an objective of the programme ²⁹ and the Applicant submits that the planting of additional trees will assist with this.	There are existing trees on the Land but the number will increase significantly	LINZ considers that it is up to Ministers to decide whether a new forest is in "the right place" for the purposes of the programme. LINZ considers that the planting of the new trees would likely advance this programme if they are in the right place.
Special conditions	Special Conditions 1-5 will require the Applicant to carry out forestry activities on the Land which will likely lead to the reduction of emissions and the sequestration of greater amounts of carbon.	

²⁷ The relevant chapter within the Plan relating to forestry is Chapter 14 - <https://environment.govt.nz/publications/aotearoa-new-zealands-first-emissions-reduction-plan/forestry/>.

²⁸ <https://www.mpi.govt.nz/dmsdocument/30942-The-One-Billion-Trees-programme-Cabinet-paper>

²⁹ part of the funding for the Programme has been reallocated from the Hill Country Erosion Programme

ENVIRONMENTAL BENEFITS

Note that carbon and climate environmental benefits are incorporated within the Government Policy benefit factor above.

Strength	Weak	
	LINZ considers that there will likely be environmental benefits through the removal of stock effluent and the cessation of fertilizer applications onto the Land. In addition, DOC has recommended a number of new protective measures (in particular for the protection of native bush, waterways and Southern Bell frogs which may inhabit the Land).	
New measures		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The Applicant has agreed to engage an ecological consultant to undertake an assessment of the Land and to implement a number of recommendations from DOC to protect native bush and waterways.	There is no existing protection of the native bush and waterways or threatened wildlife on the Land.	LINZ considers that it is likely that there will be a number of new beneficial protective ecological mechanisms on the Land.
Reduction of fertilizer and animal effluent		
Applicant's claims: what they intend to do	Current state	LINZ analysis
Ending farming on the Land will likely remove the risk of animal effluent issues and end the application of fertilizers ³⁰ (which may lead to nitrogen leaching etc).	The Land is mostly used for sheep and cattle farming which produce effluent.	LINZ considers conversion to forestry will likely reduce the risk of animal effluent issues and end the application of fertilizers (which may lead to nitrogen leaching etc).
Erosion, pest and slash control		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The planting of trees will help better manage erosion. The Applicant will spend at least \$33k on DOC approved pest control during the life of the forest.	The Land is either high or moderate erosion susceptibility classification.	LINZ agrees that the new tree plantings will likely assist with reducing erosion risk. There are no waterways near the Land so the risk of slash damage from

³⁰ The vendor has confirmed that they have applied 30 tonnes of super phosphate to the Land in 2012 and then in 2018, 2020 and 2021

		<p>additional harvested trees is reduced.</p> <p>LINZ also notes that many of the pests which will need controlling will likely only arise from afforestation.</p>
Special conditions	<p>Special Condition 11 will require the Applicant to comply with the National Environmental Standards for Plantation Forestry in respect of the Land.</p> <p>Special Condition 12 will require the Applicant to undertake a number of recommendations made by DOC, including the engagement of an ecological consultant and the implementation of a pest-control programme approved by DOC (requiring the expenditure of a minimum of \$33k).</p> <p>Special Condition 14 will require the Applicant to consult with the local authority regarding its recommended slash control measures.</p>	

PUBLIC ACCESS		
Strength	Weak	
Applicant's claims: what they intend to do	Current state	LINZ analysis
The Applicant will implement a public access permit system to allow recreational access for members of the public.	There is no public access over the Land.	LINZ considers that there might be some benefit as DOC supports a new permit system. However, it is unknown how much public use will be made of the Land.
Special conditions	Special Condition 14 will require the Applicant to create a new standard public access permit system over the Land.	

ADVANCING SIGNIFICANT GOVERNMENT POLICY		
Strength	Weak	
	While the Investment is likely to align with the “Fit for a Better World” Government policy, any advancement of this policy is likely to be minor.	
Fit for a Better World – Accelerating Our Economic Potential Roadmap – 2020³¹ This is the Government’s roadmap (released by MPI) for accelerating the economic potential of the primary sector primarily through building exports, reducing biogenic methane and enhancing freshwater, and growing employment in the primary sector.		
Applicant’s claims	Current state	LINZ analysis
The Investment advances the Roadmap by: <ul style="list-style-type: none">• increasing export earnings;• creating employment;• removing livestock emissions.	The Land currently produces fewer export earnings and employs fewer persons. The Land also produces livestock emissions and has fewer trees to store carbon.	LINZ considers that it is likely that the investment will advance the Roadmap for the reasons set out in the Applicant’s claims
Special conditions	Special Conditions 1-5 will require the Applicant to carry out forestry activities on the Land.	

Consultation and submissions about the investment

111. No third-party submissions were sought or received in relation to this application.
112. In undertaking our assessment, LINZ consulted with the Department of Conservation (DOC). A summary of the DOC advice appears above under the Environmental benefits.

Proposed conditions and rationale

113. The Applicant’s afforestation proposal is the primary action from which all the specific benefit claims flow.
114. In addition to using the Land for forestry activities (including planting, maintaining, harvesting and replanting a crop of trees), the draft conditions of consent also:
 - require the Applicant to subdivide off and sell the dwelling and associated land;
 - prohibit the Applicant and related persons from occupying the Land for residential purposes;
 - allow temporary grazing of the Land, and use of the dwelling, until planting and subdivision is completed;

³¹ <https://www.mpi.govt.nz/dmsdocument/41031-Fit-for-a-Better-World-Accelerating-our-economic-potential>. The importance of the forestry industry to realising the Government’s aim in the Roadmap was confirmed by then Forestry Minister Stuart Nash in the new vision for forestry reflected in the Future of Forestry booklet <https://www.mpi.govt.nz/dmsdocument/44905-Future-of-Forestry>

- require the Applicant to comply with the National Environmental Standards for Plantation Forestry, giving LINZ the ability to take action against the Applicant for breaches of legislated minimum forest practice standards;
- prohibit registering the crop of trees as permanent forestry under the ETS (whilst allowing native forestry, such as riparian margins, to be registered as permanent forestry if they qualify);
- require implementation of various ecological recommendations from DOC, including the engagement of an ecological consultant to undertake an ecological assessment of the Land, and a DOC approved pest control programme;
- require the Applicant to consult with the local authority as to its recommended slash control measures;
- require new access to the Land for members of the public through a new permit system.

Conclusion – benefit to NZ test

115. The benefit to New Zealand test is met if the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders) having regard for the factors in s 17.
116. The Act requires you to consider all the factors in s 17(1) to determine which factor or factors are relevant to the overseas investment and whether the benefit to New Zealand test is met having regard to those relevant factors. Finally you must determine the relative importance to be given to each relevant factor or particular benefit arising under a factor. 'Importance' is essentially your assessment of the importance of that benefit factor while the weight you give the benefit is likely to depend on its scale, importance and certainty.

Proportionality

117. The Act requires a proportionate approach to whether the benefit test is met, by taking into account whether the benefit that is likely to occur is proportionate to:
- the sensitivity of the land (for example, the importance to New Zealand of the purpose for which the land is used, the size and value of the land, any sensitive features associated with the land, and the level of interest that the public have in the land);
 - the nature of the overseas investment transaction (for example, the estate or interest being acquired, whether the estate or interest is temporary or permanent, and the degree of overseas ownership or control of the land or of the estate or interest in land).
118. Matters relevant to the sensitivity of the Land are likely to include:
- matters indicating diminished sensitivity:
 - the relatively small size of the Land;
 - the Land is entirely LUC 6 and 7;
 - approximately 20% of the Land is already planted in forest;
 - the Land is sensitive only because it is non-urban land larger than 5ha.
 - matters indicating increased sensitivity:
 - the Land is farm land;
 - public interest in the use and conversion of farm land.

119. Matters relevant to the nature of the overseas investment transaction include:
- the Applicant is acquiring a freehold interest;
 - the Applicant is entirely overseas owned (though LINZ notes that the underlying owners hold New Zealand permanent resident visas);
 - the Land will be converted to an alternative (non-farming) use.
120. LINZ considers that the Land is at the lower end of the spectrum of “sensitivity” for farm land and is likely to have limited public interest for the following reasons:
- as a farm, the Land is unlikely to have strong economic viability due to the limitations presented by its size, topography, and LUC class.
 - there are no special features of the Land such as significant waterways, historic heritage or places, indigenous forest or wāhi tapu areas;
 - the dwelling will remain available for community members to inhabit;
 - there are already large forestry estates in the Hinakura district (though LINZ notes that these are more out towards the coast – the Land is surrounded by farm land for quite some distance in all directions).
121. The Applicant submits that, given the limitations with the Land as a farm, forestry is the only other feasible land use that can produce benefits to New Zealand.

Conclusion

122. Ministerial judgement is required to determine the importance and weighting that should be given to the benefits likely to occur as a result of this investment and whether they are proportionate to the land being acquired.
123. However, LINZ notes that the Land is a relatively small area of mostly hill country (of which 20% is already planted in trees) which has no distinguishing features of public interest. LINZ also considers that it is likely that the conversion to forestry will result in greater economic returns from the Land, along with environmental and access benefits as well.

G. Farm land advertising

124. Because the Land is farm land,³² LINZ notes that it was advertised for sale by tender on the open market with the required information for a period of at least 30 working days as follows:
- Internet – Realestate.co.nz, You Tube, Facebook and Trade Me websites³³.
 - Print – “Wairarapa Times Age”³⁴.
125. Three road signs were also installed on the Land.
126. Advertising commenced on 7 February with the tender period ending on 16 March – however, advertising continued for an additional week, ending 23 March.
127. The original parties entered into the purchase agreement on 15 August 2022 - many months after the tender date passed.
128. A copy of one of the Adverts is included as **Attachment 3**.
129. LINZ is therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.³⁵

³² Currently being used as a traditional sheep and beef breeding farm (see the definition of farm land in s 6 of the Act).

³³ From 7 February 2022 to 23 March 2022 being a total of 32 working days..

³⁴ For the first time on 9 February 2022 and then on 16 and 23 February and 2 March,

H. Not a transaction of national interest

130. The investment does not involve a transaction of national interest under the mandatory criteria of the Act.³⁶ This is because the investment does not involve a non-NZ government investor, or an investment in a strategically important business (as defined in the Act).
131. 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.³⁷ He has therefore not declined consent to the transaction.
132. LINZ is directed³⁸ that the starting point is the assumption that overseas investment is in New Zealand's national interest and that LINZ should only seek the Minister of Finance to exercise his discretion for a national interest assessment if the proposed investment:
- 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 10% 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;
 - relates to a site of national significance (e.g. significant historic heritage).
133. LINZ does not consider that this investment engages any of these risk factors.

I. Conclusion

134. After considering the application, LINZ's view is that:
- the investor test has been met; and
 - the farm land offer test has been met;
 - the transaction is not considered to be a transaction of national interest; and
 - whether the benefit to New Zealand test is met is a matter requiring Ministerial judgement.
135. The nature of the Applicant's claims require the decision makers to exercise discretion and balance the importance of significant government policies against each other. Consequently, LINZ leaves the decision to grant or decline consent to the decision makers.

³⁵ Overseas Investment Regulations 2005, regulations 5 to 10.

³⁶ Under s 20A of the Act.

³⁷ Section 20B of the Act

³⁸ Ministerial Directive Letter (24 November 2021).

136. If you agree to grant consent, LINZ refers you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 3 of this Assessment Report to record your decision.



Anneke Turton
Manager, Applications
Overseas Investment - LINZ
Date: 5 September 2023

J. List of Attachments

1. Proposed Decision
2. Intended ownership structure
3. Other benefit factors
4. Location & nearby forests map
5. Advertisement example
6. LUC Map
7. Current and Proposed Use Table
8. Planting Map

ATTACHMENT 1 - PROPOSED DECISION

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 the land and/or be subject to fines or other penalties.

Consent

Decision date: 20 September 2023

The following people have been given the following consent:

Case	202300293
Consent	The Consent holder may acquire the Land subject to the Conditions set out below.
Consent holder	NZ Forestry Partnership LP (CN 50125672) We will also refer the Consent holder as you .
Land	A freehold Interest in approximately 256 hectares of land located at 411 Cannock Road, Hinakura, South Wairarapa, contained in Record of Title WN40A/962.
Timeframe	You have until 20 September 2024 to acquire the Land.

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 you may be subject to fines or other penalties, and you may also be required to dispose of the Land.

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.

Crop of trees means:

- the **new crop of trees** that will be established under special condition 1,
- any **existing crop of trees** already established on the Land;
- any **replanted crop of trees** replanted in accordance with special condition 5,

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.

DOC means Department of Conservation.

Dwelling means the house and associated buildings and land identified in the proposed subdivision map in **Appendix A**.

Existing Trees means the commercial trees planted on the Land at the time of acquisition by the Consent Holder.

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

Forestry Land means the parts of the Land which you intend to use exclusively, or nearly exclusively, for Forestry Activities (which, for the avoidance of doubt, may include areas of native bush, and reasonable allowances for roads, setbacks, buffer areas, riparian planting and other land reasonably deemed "non-productive").

LINZ means Land Information New Zealand.

NES-PF means the National Environmental Standards for Plantation Forestry.

New Trees means the pinus radiata trees to be planted by the Applicant which are not the Existing Trees.

Other Land means Land that is not Forestry Land (which for the avoidance of doubt, comprises approximately 7.5ha containing the Dwelling and associated farm buildings to be subdivided and sole. See **Appendix A**).

Regulations means the Overseas Investment Regulations 2005.

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.

Special conditions

You must comply with the following **special conditions**. These apply specifically to this Consent and were considerations that particularly influenced us to give consent:

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

Details	Required date
Special condition 1: Land must be planted with trees	
You must establish a new crop of trees on the Land covering at least 185 hectares.	By 31 August 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 2: Forestry Land must be used for forestry activities	
The Forestry Land must be used exclusively, or nearly	At all times

Details	Required date
exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 3: Minimum silvicultural practices	
The crop of trees must be maintained in accordance with minimum silvicultural practices. In particular, the crop of trees must be planted at approximately 1,000 stems per hectare and thinned to approximately 550 stems per hectare.	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 Land.	
Special Condition 4: Crop of trees must be harvested	
<p>You must ensure that no more than 5% (by area) of the crop of trees on the Land (which does not include Protected Areas under special condition 12) is older than the species age limit.</p> <p>For <u>pinus radiata</u>, species age limit is 35 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by LINZ.</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 Land.	
Special condition 5: Trees must be replanted after harvest	
<p>You must replace each crop of trees (Existing Trees and New Trees) which you harvest with a new crop of trees (Replant). 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"> 1. replant the Land with the same species of tree or use the same silvicultural regime; or 2. do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>This condition does not limit Special Condition 2 (Forestry Land must be used for forestry activities) or Special Condition 3 (Minimum silvicultural practices).</p>	Within 3 years of harvest (or as otherwise permitted by this condition).

Details	Required date
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 6: Confirm area of Forestry Land and Other Land	
<p>You must:</p> <ul style="list-style-type: none"> a) confirm to us in writing the area of Forestry Land and the area of Other Land; b) provide a map showing the extent of the Forestry Land and the Other Land. 	By 31 August 2025
Special condition 7: Subdivide and dispose of Other Land	
You must complete a subdivision so the Other Land can be disposed of.	By 31 August 2025
You must dispose of the Other Land.	By 31 August 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 8: ETS registration	
You must not register the crop of New Trees or any replacement 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
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 9: Non-occupation outcome	
<p>None of the following people may occupy the Land acquired under this consent for residential purposes or as otherwise permitted by Special Condition 10 (Permitted temporary activities):</p> <ul style="list-style-type: none"> a) You; b) Any overseas person with a more than 25% ownership or control interest in any of the people in (a); 	At all times

Details	Required date
<p>c) Any overseas person who occupies the Land other than on arm's length terms³⁹;</p> <p>d) Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land;</p> <p>e) If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion.</p> <p>This condition does not apply to the extent that accommodation is being provided for the purpose only of supporting forestry activities (as defined in section 16A(9)) being carried out on the Land</p>	
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p>Special condition 10: Permitted temporary activities</p>	
<p>The Land may be used temporarily for the following activities for transitional purposes:</p> <p>a) The Land may be grazed prior to being planted with a crop of trees in accordance with Special Condition 1 (Land must be planted with trees); and</p> <p>b) The Dwelling may be used for residential purposes.</p>	<p>a) Until 31 August 2026</p> <p>b) Until 31 August 2026</p>
<p>Special condition 11: Comply with NES-PF</p>	
<p>You must comply with the NES-PF in respect of the Land. In particular, you must create appropriate setbacks from the Protected Areas under special condition 12 and keep these free from forestry debris;</p>	<p>At all times</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p>Special condition 12 – Ecological condition</p>	
<p>You must engage a suitably qualified and experienced consultant approved by DOC (Ecological Consultant) to prepare an ecological report to assess biodiversity values for the Land (Ecological Plan).</p>	<p>By 31 August 2024</p>

³⁹ 'At arms length terms' has the meaning in clause 17, Part 5, Schedule 2 of the Act. In summary it means terms, for example under a lease (or other contract), that are on a reasonable commercial basis.

Details	Required date
In particular, this assessment should assess whether there are Southern Bell frogs on the Land and whether these or their habitat could be better protected.	
Contact the local Wainuioru Community River Care Group to discuss ways to protect and enhance the streams on the Land which feed into the Wainuioru River.	By 31 August 2024
You must implement any reasonable recommendations within the Ecological Plan (and as confirmed by DOC) which are not already achieved through compliance with the NES-PF (noting that a recommendation will not be reasonable if it cannot be reasonably accommodated by the Applicant in complying with other special conditions).	By 31 August 2026
<p>If recommended by the Ecological Consultant, you must:</p> <ul style="list-style-type: none"> • if Southern Bell frogs (<i>Ranoide raniformis</i>) are identified on the Land, implement any reasonably recommended protection or mitigation measures for the preservation or relocation provided that such recommendations can be reasonably accommodated by the Applicant when complying with the other special conditions.; • avoid planting or disturbing any areas of existing native bush or the approximate 39 hectares of existing poplars (Protected Areas); • if the land is eligible under the ETS, register the Protected Areas under the ETS scheme; • consult with the QE II Trust or local authority with regard to registering a suitable protective instrument (such as a QE II Covenant) for sensitive ecological areas including the native bush areas identified in the Investment Plan; • plant riparian margins (being no less than 3 metres from the banks) with native flaxes, grasses and larger trees and create setbacks from internal and adjoining waterways; • keep all setbacks clear of forestry debris; • collaborate with the Ecological Consultant to identify any research projects which could be implemented on the Land. You must implement any joint initiatives where these can be reasonably accommodated in the management of a production forest. 	By 31 August 2026
You must establish/create a pest and weed management plan, to be reviewed (and approved) by DOC (that may include the control of wilding pines), spending at least \$33,000 on pest control on the	To be approved by 30 June 2024 and implemented by 31

Details	Required date
Land by a suitably qualified operator.	August 2052
You must provide a copy of the Ecological Report to DOC for review and comment as to any recommendations made as per above.	By 31 August 2025
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 13: Permit system	
<p>1. You must establish and maintain a public permit system for access to the Land. For the avoidance of doubt access permits may be refused or be subject to reasonable limitations, for reasons including but not limited to:</p> <ul style="list-style-type: none"> (a) prohibiting or limiting access for operational reasons (like during planting and harvest or to manage the risk of fire), (b) defining the times and frequency of access, entry and exit points, routes, and activities undertaken on the Land, (c) rules to manage for health and safety and other risks (including communications, insurance requirements, and induction processes), (d) to ensure the access does not disturb or cause a nuisance to the vegetation and activities on the Land. <p>2. You must advertise this permit system by installing signage on the Land.</p> <p>3. You must advise the local DOC office of this permit system so that DOC is able to direct any enquiries to the correct place.</p>	<p>1) by 31 August 2025 and once established, at all times.</p> <p>2 and 3) by 31 August 2025</p>
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 14 – Slash control measures	
You must consult with the Wairarapa Regional Council and Masterton District Council with regard to the implementation of slash control on the Land and implement any reasonable slash control measures recommended by them.	By 31 August 2024

Details	Required date
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

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
Standard condition 1: Acquire the Land	
<p>You must acquire the Land:</p> <ol style="list-style-type: none"> 1. by the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Land; and 2. using the acquisition, ownership, and control structure you described in your application. <p>Note, only you – the named Consent Holder – may acquire the Land, not your subsidiary, trust, or other entity.</p>	As stated in the Consent
Standard condition 2: Tell us when you acquire the Land	
<p>You must tell us in writing when you have acquired the Land. Include details of:</p> <ol style="list-style-type: none"> 1. the date you acquired the Land (settlement); 2. consideration paid (plus GST if any); 3. the structure by which the acquisition was made and who acquired the Land; and 4. copies of any transfer documents and settlement statements. 	As soon as you can, and no later than two months after settlement
Standard condition 3: Allow us to inspect the Land	
<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"> 1. allow a person we appoint (Inspector) to: <ol style="list-style-type: none"> a. enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions 	At all times

<p>(Inspection);</p> <ul style="list-style-type: none"> b. remain there as long as is reasonably required to conduct the Inspection; c. gather information; d. conduct surveys, inquiries, tests, and measurements; e. take photographs and video records; and f. do all other things reasonably necessary to carry out the Inspection; and <p>2. take all reasonable steps to facilitate an Inspection including:</p> <ul style="list-style-type: none"> a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection; and 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. <p>3. During an Inspection:</p> <ul style="list-style-type: none"> 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; and 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. 	
Standard condition 4: Remain not unsuitable to invest in New Zealand	
<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 Individuals Who Control You are individuals who:</p> <ul style="list-style-type: none"> (a) are members of your governing body; (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 (c) are members of the governing body of the people referred to in paragraph (b) above. 	<p>At all times</p>

Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control	
<p>You must tell us in writing if any of the following events happen to the Consent Holder:</p> <ol style="list-style-type: none"> 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. 2. You cease to be an overseas person or dispose of all or any part of the Land. 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. 	At all times
Standard condition 6: Dispose of the Land if you do not comply with key special conditions	
<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> <p>We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p>	
Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.	Within six weeks of the date of our notice
Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.	Within six weeks of the date of our notice
Dispose of the Land: dispose of the Land to a third party who is not your associate.	Within six months of our notice
Offer without reserve: if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.	Within nine months of our notice
Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Land.	By the last day of every March, June, September and December after our notice or at any other time we require
<p>Report disposal to us: send us, in writing, evidence of the following:</p> <ol style="list-style-type: none"> 1. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as 	Within one month after the Land has been disposed of

registered proprietor); and	
2. that the purchaser is not your associate.	

Reporting conditions

We need information from you about how your investment plan is tracking so we can monitor your progress against the Conditions.

In addition to Settlement reporting (as set out in Standard Condition 2), you must provide LINZ with reports detailing the progress of the investment. The reports must:

1. be submitted via our [Webform](#) by these dates:
 - (a) 30 September 2024; and
 - (b) 30 September 2026.
1. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions),
 - b. the subdivision of the Other Land, and
 - c. your most current forecast or schedule for harvesting and replanting of various areas of the Land (including maps indicating the particular areas and likely schedules).
2. follow the format of the template annual report published on our website.
3. If requested in writing by LINZ, the Consent Holder(s) must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
 - a. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted, or
 - b. 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.

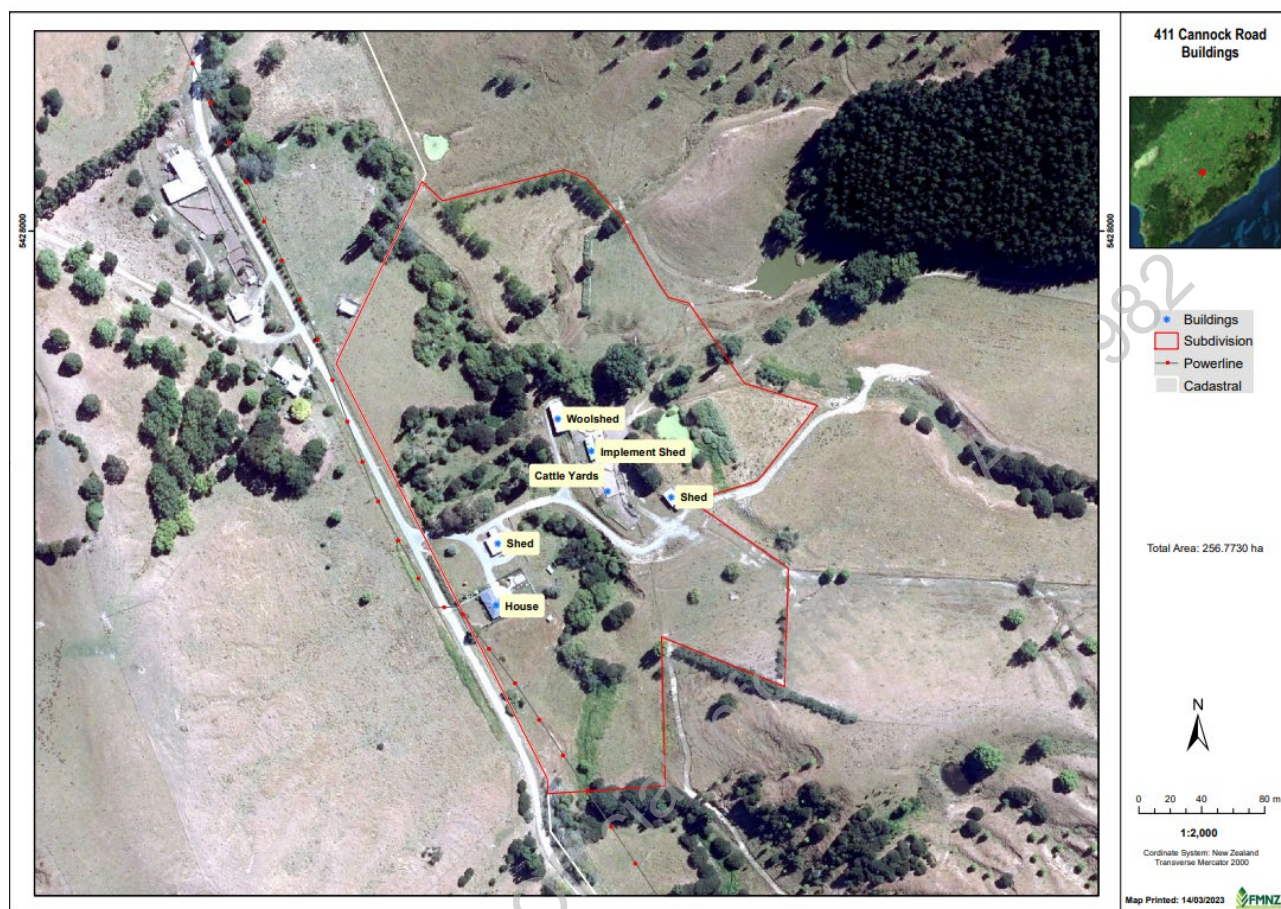
Power to narrow scope of reports

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

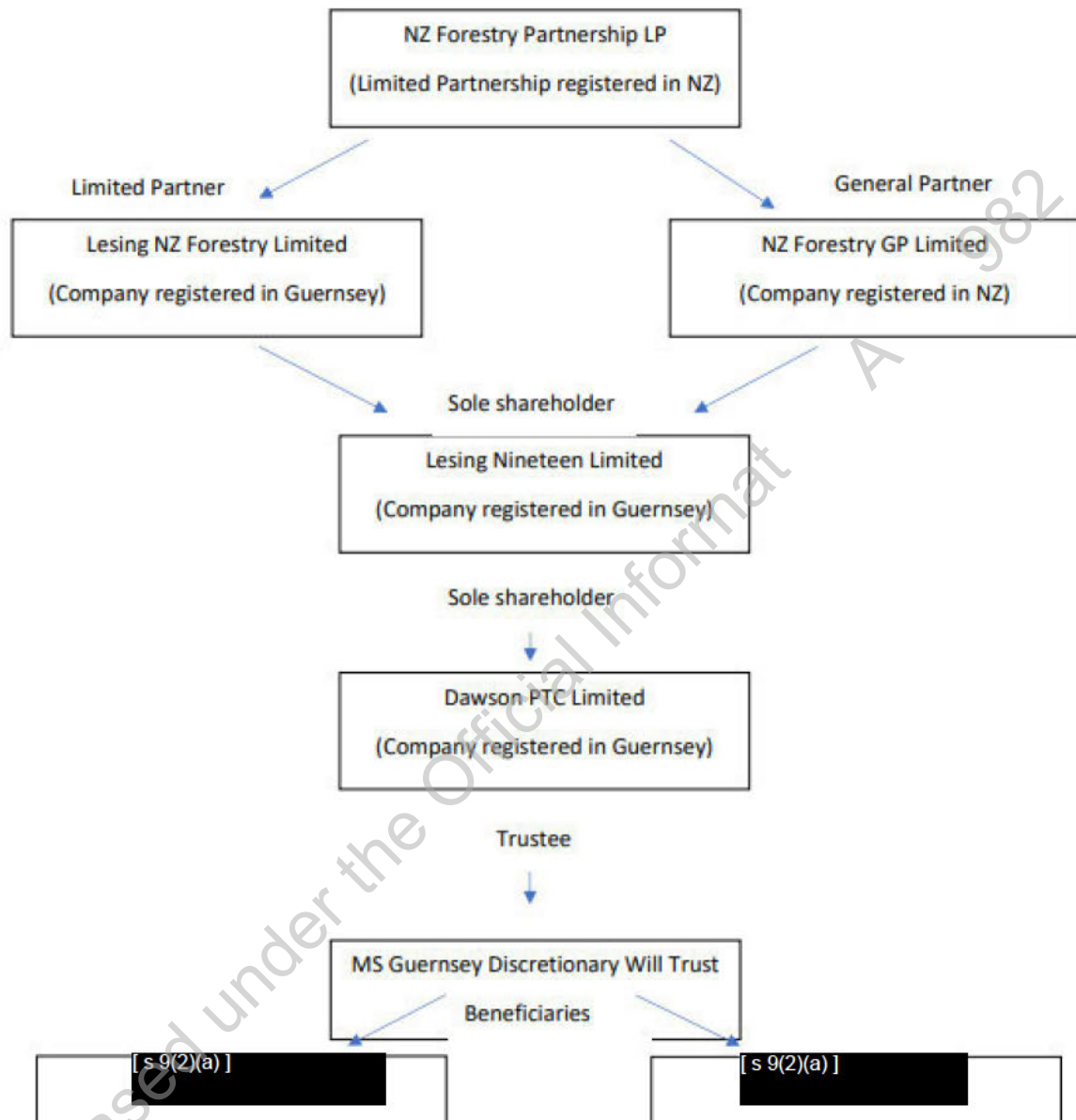
Power not to require further reporting

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

Appendix A



ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE



ATTACHMENT 3 – OTHER BENEFIT FACTORS

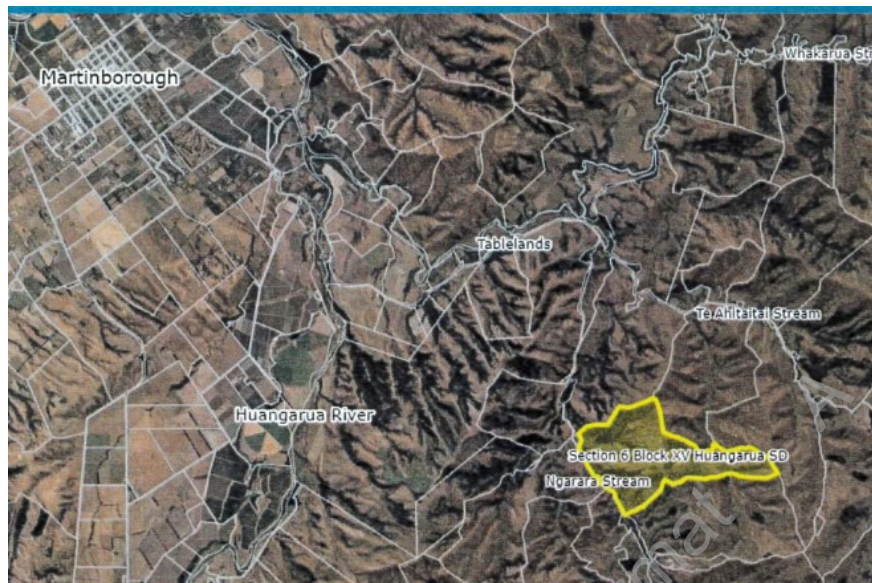
The table below lists other factors in the Act for assessing the benefit of overseas investments.

We considered that the factors below were either not relevant to the investment, or the benefit to New Zealand was not likely or sufficient to be relied on for the purposes of our assessment.

Factor	Reason not relevant or insufficient
Historic heritage	There are no places of historic heritage and wāhi tapu located on the Property
Oversight or participation by New Zealanders	Not relevant as the Land is already owned by New Zealanders
Consequential benefit	<p><i>Continued community use of the dwelling</i></p> <p>The Applicant claimed this benefit on the basis that the homestead would continue to be available for occupation by community members and that the [s 9(2)(a)] had (and will continue) to make valuable investments into New Zealand. However, LINZ considers that the homestead would likely to remain available without the investment and that future beneficial investments are too uncertain at this time to be given any weight.</p> <p><i>Current and Future Investments</i></p> <p>The Applicant also submits that the [s 9(2)(a)] applies a portion of their capital to impact investments which provide a benefit for the communities in which the [s 9(2)(a)] undertakes business.</p> <p>In New Zealand, this was evidenced by their investment [s9(2)(b)(ii)]</p> <p>[REDACTED]</p> <p>The Applicant submits that the [s 9(2)(a)] retains a strong desire to continue to invest in New Zealand, both for commercial return and for social impact. A grant of consent will cement the [s 9(2)(a)] long-term commitment to New Zealand and pave the way for further future investments.</p> <p>However, LINZ considers that it is too uncertain at this time for future potential investments to be taken into account, and those which have already occurred are unaffected by the proposed investment.</p>

ATTACHMENT 4 – LOCATION & NEARBY FORESTS MAP


Location map – 14km east of Martinborough, Wairarapa



Nearby existing forestry map



ATTACHMENT 5 - ADVERTISING EXAMPLE



"KAINGA" - A GREAT STARTER/STEPPING STONE OR ADD ON - WITH POTENTIAL
411 Cannock Road, Hinakura, Martinborough

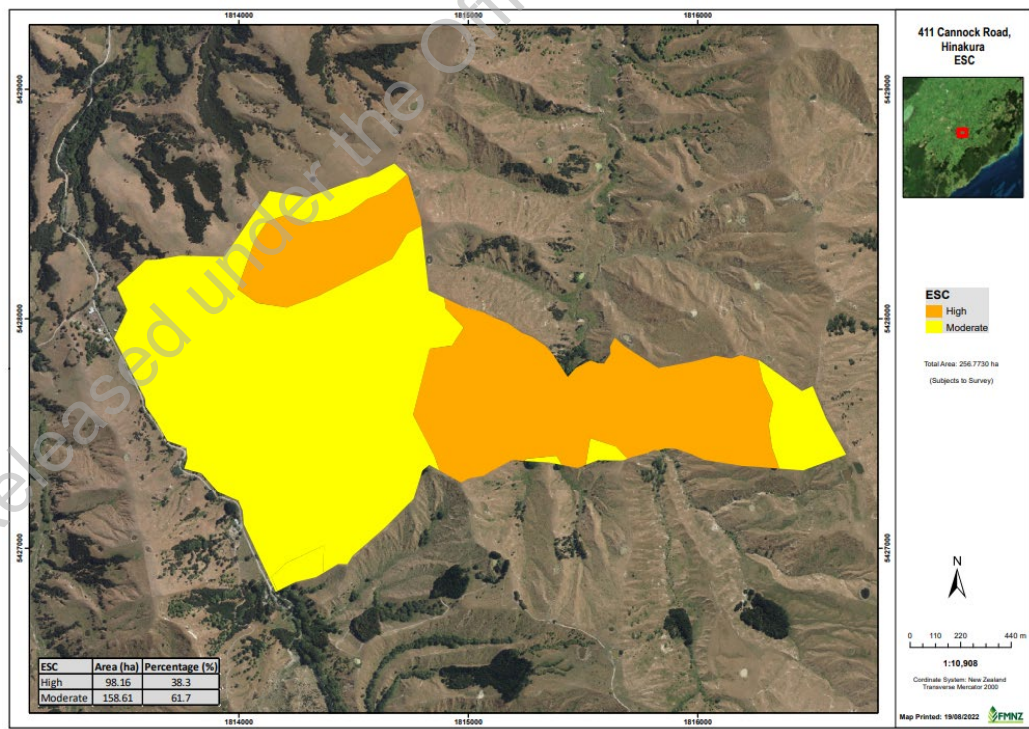
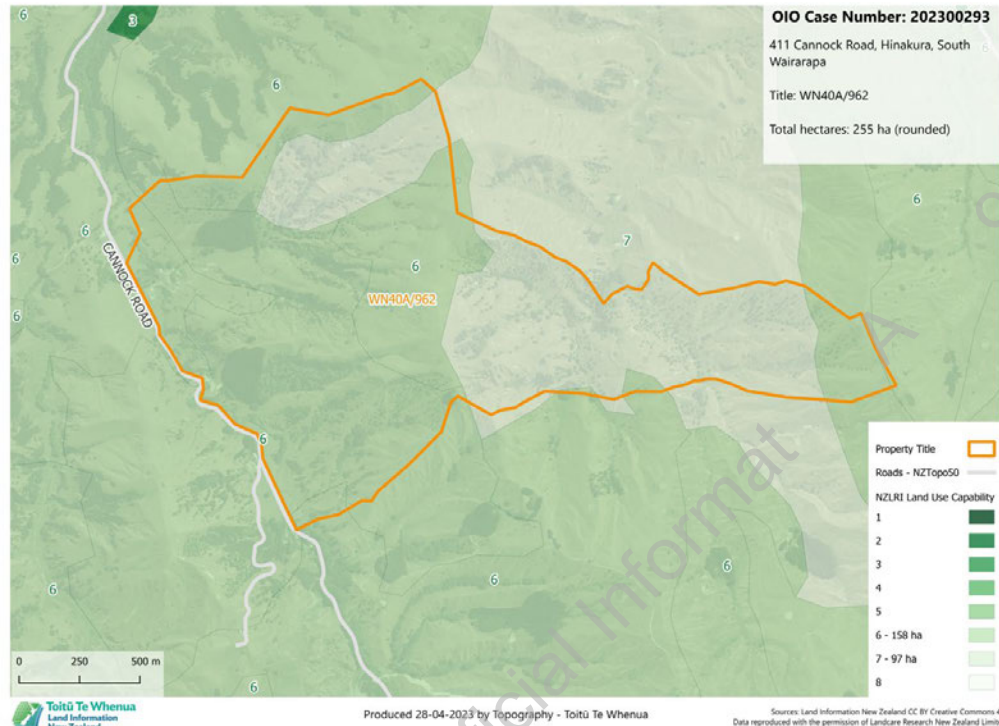
Kainga comes to the market for the first time in 70 years and is situated in the well proven Hinakura farming area of the Southern Wairarapa, a short drive East of Martinborough. This 256ha property would make an ideal first or stepping stone farm or as an adjunct to a larger farming business. The land has good road frontage to Cannock Road and narrows towards the eastern boundary. The property is located just 14km East of Martinborough and is within commuting distance to Wellington and in easy reach of the other main townships in the Wairarapa Valley. The majority of the farm consists of medium hill country with some steeper faces, most of land area is effective grazing. The vendors have continued an active conservation pole planting programme for many years adding to the aesthetics of the farm. Improvements to the land include a very tidy four-bedroom plus office home, with carport, separate garaging and attached studio unit. Other facilities consist of a multi-use implement shed complex, 3 stand woolshed, hay shed, main sheep yards with covered double race, cattle yards and set of satellite sheep yards. Kainga provides that rare mix of location and accessible scale with potential to build on a well-established property in a strong and proven farming location.

256 hectares
Tender
nzt.rn.z/RX3134457

Dave Hutchison
027 286 9034 | dave@nzt.rn.z
Blair Stevens AREINZ
027 527 7007 | blair@nzt.rn.z
NZR Real Estate Limited | Licensed REAA 2008

Tender Closes 4pm, Wed 16th March 2022. Address for Offers; NZR, Level 1, 16 Perry Street, Masterton 5810 or via email by arrangement.

ATTACHMENT 6 – LUC & EROSION MAPS



ATTACHMENT 7 – CURRENT AND PROPOSED USE TABLE

Kainga Farm – 411 Cannock Road, Hinakura, South Wairarapa		
Land use	Current (ha)	Proposed (ha)
Farm land (total)	188.5 ha	0 ha
New planting / afforestation – at 1000 stems per ha	N/A	193.8 ha
Poplar and Natives (post 89 land)	39.6 ha	39.6
Pre-1990 land	11 ha	11 ha
Infrastructure – dwelling, sheds, yards roads, tracks	12.4 ha	4.9 ha
Cutover	5.3 ha	N/A
Land to be divested/subdivided and sold (total)	N/A	7.5 ha
Total land use	256.8 ha	256.8 ha

ATTACHMENT 8 – PLANTING PLAN

