

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

ASSESSMENT REPORT: **Salm-Salm Timber Luxembourg S.à.r.l.**

Date	13 September 2023	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference (Report reference)	202300284 (BRF 24-124)	Deadline	11 October 2023 (being 20 working days from the date of this report)

Purpose

We seek 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

4. LINZ's assessment timeframe requires a decision by 16 August 2023 however this timeframe was unable to be met due to the complexity of the application. The Applicant requires a decision by 16 November 2023 to meet its contractual deadline.

Toitū Te Whenua Land Information New Zealand Contacts

Name	Position	Contact	First contact
Anneke Turton	Manager Applications	+64 4 830 2513	<input checked="" type="checkbox"/>
Emma Kelly	Principal Advisor	+64 4 462 4469	<input type="checkbox"/>

A. Summary

5. Salm-Salm Timber Luxembourg S.à.r.l. (**Applicant**) is a Luxembourg based company, established for the purpose of making forestry investments primarily in the United States of America and New Zealand.
6. The Applicant seeks consent to acquire a freehold interest in approximately s9(2)(b)(ii) hectares of land located at s9(2)(b)(ii), Hawke's Bay (**Land**). The Applicant intends to convert approximately 622 hectares of the Land into pinus radiata commercial forest, and will subdivide and sell approximately 57 hectares containing sheds and dwellings. The subdivided land is mostly LUC 4.
7. The Land is currently used as a sheep and beef finishing farm over approximately 850 hectares. The Land is described as easy to rolling hill country with a mixture of LUC 4 (s9(2)(b)(ii) hectares, 15%), LUC 6 (s9(2)(b)(ii) hectares, 62%), and LUC 7 (s9(2)(b)(ii) hectares, 23%). The Land includes approximately 12 hectares of recently planted Redwoods and 161 hectares of QEII covenanted area.
8. Toitū Te Whenua Land Information New Zealand (LINZ) considers the proposed investment will likely benefit New Zealand economically through a greater number of jobs and increased revenue off the Land through exporting sawlogs. LINZ also considers the proposed investment will likely provide some limited 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	Salm-Salm Timber Luxembourg S.à.r.l. Germany 88%; Luxembourg 12%
Vendors	s9(2)(b)(ii) New Zealand 100%
Land	Approximately s9(2)(b)(ii) hectares of land located at s9(2)(b)(ii) Hawke's Bay, contained in Records of Title s9(2)(b)(ii)
Consideration	s9(2)(b)(ii)
Sensitivity	Is more than 5 hectares of non-urban land Includes the bed of a river
Relevant tests	Investor test: s16(1)(a) & 18A Benefit to New Zealand 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)

Timing

11. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days however this timeframe was unable to be met due to

the complexity of the application. The Applicant requires a decision no later than 16 November 2023 to meet its contractual deadline.

12. We seek a decision by 11 October 2023, which is 20 working days from the date of this report.

B. Decision

Core tests

13. I determine that:

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

Relevant overseas person	Role
Salm-Salm Timber Luxembourg S.à.r.l. (Applicant)	Applicant
s9(2)(b)(ii)	
Salm Global Timber GmbH (Salm Global)	s9(2)(b)(ii)

- The 'individuals with control of the relevant overseas person' are:

Individuals with control	Role
s9(2)(a)	

- None of the relevant overseas persons and individuals with control of the relevant overseas person 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:

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

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 Damien O'Connor

Date: 18/9/23

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: 29 / 09 / 23

Released under the Official Information Act 1982

C. Background and proposed transaction

19. The Applicant seeks consent to acquire the Land to develop a pinus radiata production forest. The Applicant intends to use the land as follows:
- Plant 622.7 hectares in pinus radiata at a rate of 1,000 stems per hectare;
 - Retain 12 hectares of existing Redwood forest;
 - Retain 161 hectares of QEII covenanted native bush area;
 - Subdivide 57.41 hectares for sale; and
 - Leave 264.78 hectares unplanted to allow for buffer land, setbacks, gullies, and infrastructure (roads and tracks).
20. The planting is likely to take place in winter 2024 and is expected to be complete in one season. The subdivided land is mostly LUC 4, however the majority of the LUC 4 land will be retained by the Applicant and planted with trees.

Land

21. The Land comprises approximately s9(2)(b)(ii) hectares of farm land s9(2)(b)(ii) as shown in Figure 1 below.



Figure 1: Land Boundary Lines

22. The Land is currently used as a sheep and beef finishing farm across 850 hectares. s9(2)(b)(ii)
23. The Land has a Beef and Lamb Classification of class 4 North Island Hill Country. It is described as easy rolling hill country with some steeper sidings and gorges running

through the Land. The Land is 45km from the nearest port in Napier.¹ Forestry is common in the Hawke's Bay area and there are large neighbouring forests along the boundary of the Land on almost all sides. Forests in the area are owned a range of New Zealanders and overseas persons.

24. The following Land Use Capability (LUC) class information² provides general context as to the productive capacity and physical limitations of the land:
- LUC 4 (168 hectares);
 - LUC 6 (691 hectares); and
 - LUC 7 (259 hectares).
25. A LUC map of the Land can be found in **Attachment 4**.

Transaction and Vendor

26. The Land is currently owned by s9(2)(b)(ii) [REDACTED]

D. Application of the Act

27. The Land is sensitive because it is non-urban land over 5 hectares 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
 - The farm land must have been offered for sale on the open market⁸, 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
28. 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 NZ,¹¹ and
 - As this transaction includes fresh or seawater interest(s), the automatic condition relating to fresh and seawater areas applies.¹² The Crown must acquire, and the owner of the Land must allow the Crown to acquire, the fresh and seawater

¹ The Applicant advises that there is limited domestic processing capacity available for unpruned logs in the Hawke's Bay region so it intends to export the logs via Napier Port.

² The LUC classification system is a system in which land is categorised into eight classes based on a broad assessment of the land's capability and versatility for different types of agricultural production. Generally speaking, lower numbered classes (classes 1-5) are more productive and lend themselves to a broader range of activities (e.g. quality and versatile soils for farming), whereas classes 6-8 have greater limitations on what they can support and may be more appropriate for forestry.

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 / 18(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) of the Act.

¹² Section 25D of the Act.

interest(s).¹³ However, the Crown need not acquire the fresh or seawater interest(s) if the owner is notified of a decision not to acquire.¹⁴

29. We assess the investor test in **Part E**, the benefit to New Zealand test in **Part F**, the farm land offer test in **Part G**, and discuss national interest matters in **Part H**.

E. Applicant and investor test

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

Business Activities

31. The Applicant is a Luxembourg based company, established for the purpose of making forestry investments. s9(2)(b)(ii)

32. s9(2)(b)(ii) was recently established by Salm Global Timber GmbH (**Salm Global**) for the purpose of investing in forestry primarily in the United States of America and New Zealand. Salm Global is an investment advisor which specialises in forestry. s9(2)(b)(ii)

Ownership

33. The Applicant is wholly owned by s9(2)(b)(ii). None of the limited partners have any federal, state, or local government involvement.
34. Salm Global is majority owned by German citizens, Constantin Carl Maria Prinz zu Salm-Salm and Clemes-Constantin Freiherr Von Wendt (74.9%).
35. A diagram of the intended ownership structure is in **Attachment 2**.

Control

36. Salm Global, s9(2)(b)(ii) will have day to day control over the Applicant and investment.

37. s9(2)(b)(ii)

¹³ Clause 3, Part 2, Schedule 5 of the Act.

¹⁴ This is accordance with Clause 4 or 5, Part 2, Schedule 5 of the Act.

¹⁵ s9(2)(b)(ii)

Relevant overseas person and individuals with control

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

Relevant overseas person	Role
Salm-Salm Timber Luxembourg S.à.r.l. (Applicant)	Applicant
s9(2)(b)(ii)	
Salm Global Timber GmbH (Salm Global)	s9(2)(b)(ii)

40. We recommend that the 'individuals with control of the relevant overseas person' (IWC)¹⁶ are:

Individuals with control	Role
s9(2)(a)	

Summary of investor test

41. The relevant overseas persons and individuals with control established none of the factors contained in section 18A(4) of the Act, therefore our conclusion is that **the investor test has been met.**

F. Investment plan and benefit to NZ test

42. This section describes the proposed investment and our assessment of whether it is likely to meet the benefit criteria in the Act.

¹⁶ Section 15.

Current state (counterfactual)

43. The Land is currently a freehold sheep and beef finishing farm across 850 hectares (running around s9(2)(b)(ii)). s9(2)(b)(ii)
44. The Vendor advises that the farming activities support 2 FTEs, including all contractors such as shearers. The average gross annual profit from farming activities over the last 3 years was s9(2)(b)(ii) and the average operating expenses were s9(2)(b)(ii). The Compass Agri Report estimates that export receipts generated by the Land from sheep and beef total approximately s9(2)(b)(ii)¹⁷
45. The Land includes 12 hectares of recently planted Redwood trees and approximately 161 hectares of QEII covenanted native bush area. The Vendor has introduced goats, pigs, deer, peacocks, turkeys and a range of native birds in common with the area. The habitat for these animals is primarily within the QEII area.
46. There are two fresh water areas on and adjoining the land, being the s9(2)(b)(ii) Stream and the s9(2)(b)(ii) Stream. These freshwater areas are largely located within the QEII covenanted area of the Land.
47. There are no wāhi tapu or heritage sites on the land. There are no public access arrangements however the Vendor has an unsigned agreement with a neighbouring forestry owner to allow access for harvesting the neighbouring land. The Applicant intends to honour and formalise this access agreement.
48. s9(2)(b)(ii) There were also several slips on the property however the Applicant's forestry advisors have confirmed that the slips should not impact the plantable area.

Investment plan

49. The Applicant intends to plant approximately 622 hectares of the Land in pinus radiata to establish a commercial plantation forest (**the Forest**) with the advice of Roger Dickie (N.Z.) Limited (**RDL**). RDL is one of the 15 largest forest managers in New Zealand, with around 31,000 hectares under management as at December 2021.
50. The Applicant's investment plan has been assessed and planned in detail by RDL who have also provided a report confirming the feasibility of the proposed conversion.
51. The Applicant and RDL have entered into a sub-advisory agreement to provide timber and forestry advisory as well as other ancillary services relating to the investment. These include forest establishment, silviculture, and ongoing operational management of the Forest.
52. The current and proposed use of the Land is set out in the table at **Attachment 5**.

Planting and silviculture plans

53. The Applicant will undertake a structural regime that does not require pruning with initial stocking at 1,000 stems per hectare and thinning to 550 stems per hectare at age 9. The Applicant's forestry advisors advise that the structural regime is the best silviculture regime for the Land as it will maximise the value of the forest through higher

¹⁷ s9(2)(b)(ii)

value wood products, higher timber volumes, and increased carbon storage compared to a pruned regime.

54. The Applicant will plant approximately 620 hectares of pinus radiata by the end of winter 2024. The remainder of the Land will be used as follows:

- 12 hectares of Redwood forest area;
- 161 hectares of QEII covenanted area;
- 264.78 hectares of unplanted area to allow for buffer land, setbacks, gullies, and infrastructure (roads and tracks); and
- 57.41 hectares will be subdivided and sold.

55. The proposed planting plan is shown in **Attachment 6**.

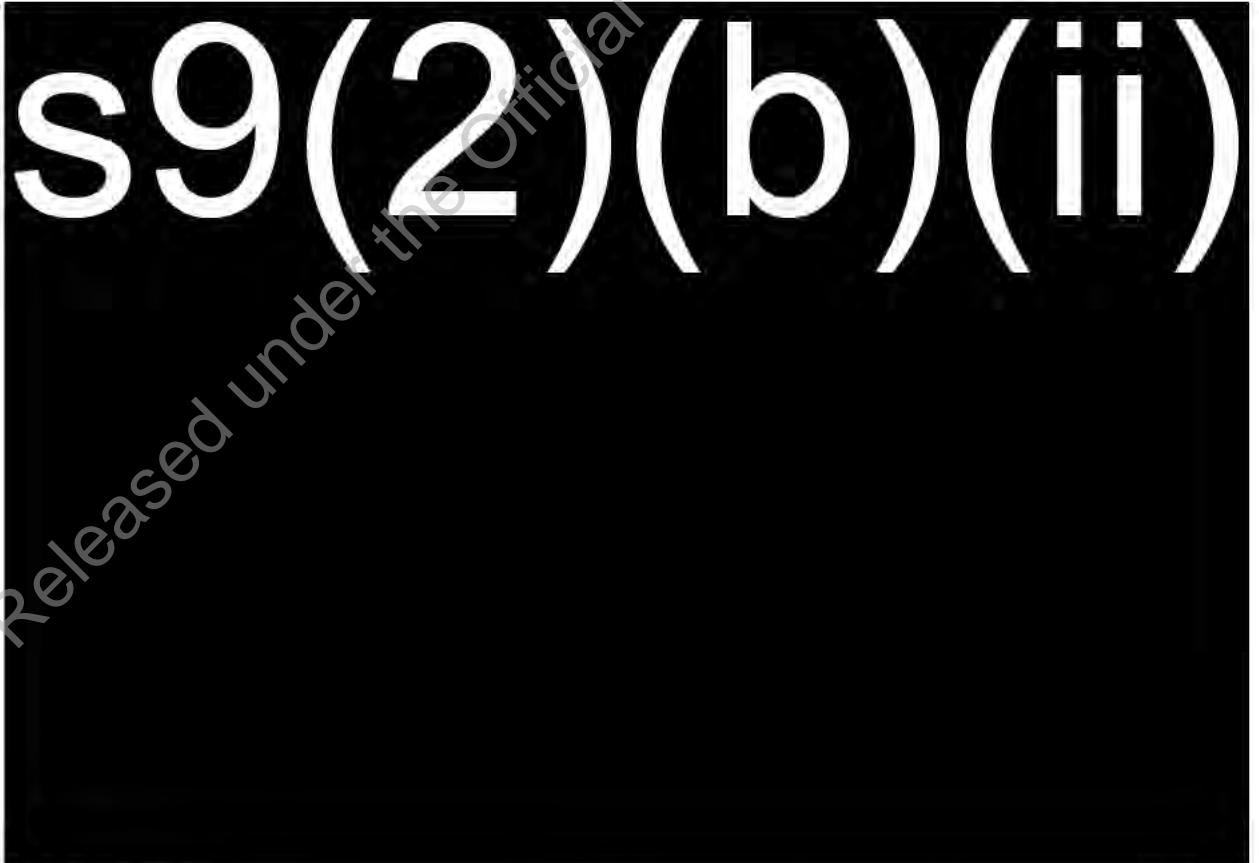
Harvesting

56. The Applicant intends to harvest the Forest in 2049 when the trees are 25 years old. Replanting will occur in the following year, being 2050, and will be complete by 2052. Each rotation will cover approximately 27 years.

57. The Applicant expects most of the trees will be sold to export markets given the limited domestic processing capacity in the Hawke's Bay region. Logs will be exported via the Napier Port which is 45km from the Land.

Subdivision

58. The Applicant intends to subdivide off approximately 57.41 hectares of the Land shown on the following aerial photo:



59. s9(2)(b)(ii)

60. It is anticipated that the subdivision will be completed and sold by 2025.¹⁸ The Applicant seeks conditions which permit temporary grazing of the Land by the Vendor until planting is complete, and temporary residential use of the dwellings until the subdivision and sale are complete.

Summary of benefits

61. 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.
62. 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. LINZ deals with the proposed conditions and their rationale after discussing the benefit claims.
63. 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.

Farm land benefit test does not apply

64. This investment involves the acquisition of farm land exceeding 5 hectares 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.¹⁹
65. LINZ considers that all three of these requirements are met in this case.

Economic Benefits

Increased jobs

66. The Applicant claims the investment will create jobs, the equivalent of approximately 170 FTEs²⁰ per rotation of trees which averages out to the equivalent of 5.6 FTE per annum.²¹ The current state of farming activities supports 2 FTE per annum so the Applicant is claiming an increase of 3.6 FTE per annum as a result of the investment.
67. Due to the nature of the investment, jobs will be spread over the lifetime of a rotation and will occur around planting, thinning, and harvesting. Despite the inherent uncertainty that comes with averaged estimates over such a long period, LINZ are satisfied that the investment will result in benefit to New Zealand through increased jobs.

Increased revenue and export receipts

¹⁸ Resource consent is expected by June 2024, advertisement will occur in September 2024, and new titles are expected by June 2025 allowing settlement to occur that same year.

¹⁹ 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.

²⁰ One FTE is a permanent job for at least 30 hours per week, on average, calculated over a year.

²¹ LINZ have previously consulted with MPI to confirm the accuracy of FTE estimates in relation to similar investments in farm land to forestry conversions. This estimate is consistent with those other investments.

68. The Applicant claims both an increase in revenue generated from the Land, as well as an increase in export receipts. These claims are assessed together given the inherent overlap in benefit from generation of revenue and export receipts.
69. The Applicant claims that the forestry activities will generate a total of s9(2)(b)(ii) in gross revenue over each rotation, or approximately s9(2)(b)(ii) per annum. This will come from the export of the sawlogs grown on the land in 2049-2050 s9(2)(b)(ii) as well as NZU sales²² from carbon sequestration s9(2)(b)(ii). The current gross revenue from farming activities over the same period of time is approximately s9(2)(b)(ii), or just under s9(2)(b)(ii) per annum. This represents an increase in gross revenue of s9(2)(b)(ii) per annum or s9(2)(b)(ii) over the term of the investment.
70. The Applicant claims that export receipts generated from the Land will be approximately s9(2)(b)(ii) over each rotation, taking into account the sawlog sales and port costs. The current farming activities on the Land contribute approximately s9(2)(b)(ii) in export receipts per annum which is approximately s9(2)(b)(ii) over the same time period. This represents an increase in export receipts of s9(2)(b)(ii), or just under s9(2)(b)(ii) more per annum.

Development and capital expenditure

71. The Applicant's total development and operating expenditure over the life of the Forest is expected to be s9(2)(b)(ii), or an average of s9(2)(b)(ii) per annum. This expenditure includes land preparation, planting, pest management, ETS management, silviculture activities and harvesting over each rotation.
72. The current farming activities on the Land have annual operating expenses on average of s9(2)(b)(ii). The Applicant therefore claims an increase in capital expenditure of approximately s9(2)(b)(ii) or s9(2)(b)(ii) per annum through the investment.
73. This increased expenditure is likely to bring benefit to the Hawke's Bay community as the majority will be paid to local suppliers of goods and services.

Environmental Benefits

Protection of vegetation and waterways

74. The Applicant claims the investment will bring environmental benefits through the protection of indigenous vegetation, improving water quality, erosion control, and a reduction of greenhouse gases.
75. The Land includes 161 hectares of QEII covenanted area, which is largely around the two waterways. The Applicant advises the QEII area will remain unaffected by the forestry conversion. In addition the Applicant claims it will undertake an ongoing pest control programme in the QEII area at a one off cost of s9(2)(b)(ii). The Applicant also claims the removal of stock and refraining from applying fertiliser to the Land will improve water quality.
76. LINZ accepts that there will be some environmental benefit in undertaking the pest control programme and improving water quality. This benefit is however limited in scale given the size of the Land and because the vegetation and waterways are already afforded significant protection through the obligations of the QEII covenant.

Erosion control

77. The Applicant advises that the Land has a mix of Erosion Susceptibility Classification (ESC) with 68% low, 8% medium, and 23% high. Some of the high ESC area is within

²² New Zealand Units are carbon credits which are granted to foresters in proportion to their carbon sequestration activities. These NZUs can be onsold to other emitters at market value. LINZ consider the market value of NZUs is highly speculative over the longer term.

the area to be subdivided. The Applicant claims that conversion to forestry will improve erosion control on the Land and has provided a Forest Owners Association Letter in support.

78. The Applicant has committed to abiding by the National Environmental Standards for Plantation Forestry and LINZ recommends this is a condition of consent.

Carbon reduction and sequestration

79. The Applicant claims that removal of farming activities on the Land will reduce carbon emissions by 3,868 tonnes per year, or approximately 104,000 tonnes over each rotation. In addition, the Forest will absorb approximately 693,000 tonnes of carbon over each rotation. The Applicant therefore claims that net carbon emissions will reduce by approximately 800,000 tonnes over each rotation as a result of the investment.
80. 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.

Public Access Benefits

81. There are no formal existing arrangements for public access on the Land. The Vendor has an informal access arrangement with a neighbouring forestry owner which the Applicant intends to formalise. This arrangement allows the neighbour access in order to harvest their own land.
82. The Applicant has pre-consulted with Herenga ā Nuku Aotearoa, Outdoor Access Commission (**OAC**), in relation to public access arrangements. OAC recommended the Applicant provide public access through registering an esplanade strip alongside the two waterways on the Land. OAC also recommended a number of measures to improve public access to the Land for community and local iwi through recreational biking and walking access. These recommendations are consistent with advice LINZ has received when consulting on similar investments with waterways and conditions to ensure such public access have previously been accepted and imposed.
83. The Applicant does not intend to adopt OAC's recommendations however it does intend to operate a limited permit access system. The permit system would allow members of the public to contact the forestry manager to obtain access for recreational activities via a permit.
84. LINZ accept that the permit system provides more public access than is currently available on the Land, but only because there is currently no public access. The limited permit system described by the Applicant is at the discretion of the forestry manager and is unlikely to bring any significant benefit to New Zealand.

Significant Government Policy Benefits

85. The Applicant submits 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

86. This table assesses the benefits to NZ likely to result from the investment and the relative weight to be given to each.
87. 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

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.

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 markets.

Creation of jobs

Applicant's claims: what they intend to do

Current state

LINZ analysis

Forestry jobs over the 622 hectares of new forest will fluctuate over the life of forest but are estimated to be equivalent to around 5.6 direct annual FTE (0.5 per 100 hectares).

The farming area of 850 hectares currently supports 2 direct annual farming FTE, including all contractors and shearers (0.2 per 100 hectares).

LINZ agree that there is likely to be a small net increase in annual direct FTE.

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Increased revenue and export receipts		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>Forestry activities will generate a total of s9(2)(b)(ii) in revenue over each rotation. This is made up of sawlog sales of s9(2)(b)(ii) and NZU sales of s9(2)(b)(ii). This equates to approximately s9(2)(b)(ii) in revenue per annum (s9(2)(b)(ii) per 100 hectares).</p> <p>The total export receipts from the sawlog sales, including port costs, will be approximately s9(2)(b)(ii) at harvest. This equates to approximately s9(2)(b)(ii) in total export receipts per annum (s9(2)(b)(ii) per 100 hectares).</p>	<p>Current farm revenue is just under s9(2)(b)(ii) per annum (s9(2)(b)(ii) per 100 hectares).</p> <p>The Land supports exports of approximately s9(2)(b)(ii) per annum (s9(2)(b)(ii) per 100 hectares).</p>	<p>LINZ considers there is likely to be a significant increase in revenue and export receipts generated from the Land.</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 s9(2)(b)(ii) developing, maintaining, harvesting and replanting the new forest. If averaged out over 27 years, this equates to approximately s9(2)(b)(ii) per year (s9(2)(b)(ii) per 100 hectares).</p>	<p>Current farm operating expenses are approximately s9(2)(b)(ii) over the same time period which is s9(2)(b)(ii) per annum (s9(2)(b)(ii) per 100 hectares).</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.</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 3,868 tonnes per year) and the sequestration of carbon (estimated at 693,000 tonnes of carbon by year 27) through additional trees.

The Land is mostly used for sheep and beef farming, which produce farm emissions (estimated at 3,868 tonnes per year), and the existing 12 hectares of trees and native bush 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 s9(2)(b)(ii).

No carbon revenue

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 change²³

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 CO₂ 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.

Government Emissions Reduction Plan – 2022²⁴

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 693,000 tonnes of stored carbon by the time the trees are harvested at age 27) and reduce harmful livestock emissions (estimated at 3,868 tonnes per annum).	The Land is currently grazed by emission producing livestock and there are far fewer trees to store carbon, although there is a significant QEII covenanted area of 161 hectares.	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 programme²⁵

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 622 hectares of new trees on the Land. Erosion control is also an objective of the programme ²⁶ and the Applicant submits that the planting of additional trees will assist with this.	There are some 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.

²³ 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.

²⁴ 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/>.

²⁵ <https://www.mpi.govt.nz/dmsdocument/30942-The-One-Billion-Trees-programme-Cabinet-paper>

²⁶ part of the funding for the Programme has been reallocated from the Hill Country Erosion Programme

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.
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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.
Protection of vegetation and waterways		
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 ²⁷ (which may lead to nitrogen leaching etc). The Applicant will undertake a pest control programme at a one off cost of s9(2)(b)(ii)	The Land is mostly used for sheep and cattle farming which produce effluent. The Land has a large 161 hectare area of QEII covenanted land which comes with obligations to protect vegetation.	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). This will bring benefit by improving water quality in the waterways.
Erosion control		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The planting of trees will help better manage erosion.	The Land is a mix of low medium and high erosion susceptibility classification and was affected by several slips due to Cyclone Gabrielle.	LINZ agrees that the new tree plantings will likely assist with reducing erosion risk.
Special conditions	Special Condition 11 will require the Applicant to comply with the National Environmental Standards for Plantation Forestry in respect of the Land.	


²⁷ 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

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 however, it is unknown how much public use will be made of the Land.
Special conditions	Special Condition 12 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.	
<p>Fit for a Better World – Accelerating Our Economic Potential Roadmap – 2020²⁸</p> <p>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.</p>		
Applicant's claims	Current state	LINZ analysis
<p>The Investment advances the Roadmap by:</p> <ul style="list-style-type: none"> • increasing export earnings; • creating employment; • removing livestock emissions. 	<p>The Land currently produces fewer export earnings and employs fewer persons.</p> <p>The Land also produces livestock emissions and has fewer trees to store carbon.</p>	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.	

²⁸ <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>

Consultation and submissions about the investment

88. No third-party submissions were sought or received in relation to this application. 
89. In undertaking our recent assessments of similar investments under this test, LINZ consulted with other agencies including MPI, OAC, DOC, Treasury and MfE. Where applicable, this consultation has been referred to throughout.

Proposed conditions and rationale

90. The Applicant's afforestation proposal is the primary action from which all the specific benefit claims flow.
91. 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 dwellings 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 dwellings, until planting and subdivision is completed;
 - 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 public access to the Land for members of the public through a new permit system.

Fresh or seawater areas

92. The investment includes fresh or seawater interests, being the AMF²⁹ right associated with the bed of the Kaiwaka Stream and the interior of the Otakowhai Stream. If the Applicant is granted consent for this investment, the Applicant will lodge a water areas acquisition notice³⁰ immediately on receiving the title to the Land. A separate decision will be made by decision-making Ministers subsequently. We have included the automatic condition that the Applicant must comply with the provisions of Schedule 5 of the Act.

Conclusion – benefit to NZ test

93. 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.
94. 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

²⁹ AMF stands for usque ad medium filum aquae, being a legal presumption that the owner of land with a movable boundary that bounds a non-tidal waterway is deemed to own out to the middle line of the waterway bed.

³⁰ The water areas acquisition notice records the Crown's right to acquire the fresh or seawater area and the Crown may acquire the fresh or seawater area at any point within the subsequent 10 years.

benefit factor while the weight you give the benefit is likely to depend on its scale, importance and certainty.

Proportionality

95. 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).
96. Matters relevant to the sensitivity of the Land are likely to include:
- the Land is farm land;
 - the relatively large size of the Land;
 - the Land is a mixture of LUC 4, 6 and 7 (although some of the LUC 4 land will be subdivided and not converted to forestry);
 - approximately 12 hectares of the Land is already planted in Redwood trees;
 - approximately 161 hectares of the Land is, and will remain, protected by a QEII covenant;
 - the Land is sensitive because it is non-urban land larger than 5 hectares and contains two freshwater areas.
 - public interest in the use and conversion of farm land.
97. Matters relevant to the nature of the overseas investment transaction include:
- the Applicant is acquiring a freehold interest;
 - the Applicant is entirely overseas owned;
 - the Land will be converted to an alternative (non-farming) use.
98. LINZ considers that the Land is medium on the spectrum of "sensitivity" for farm land for the following reasons:
- as a farm, the Land has good economic viability due to its size however it is limited by its topography, LUC class and erosion susceptibility;
 - there are some special features of the Land such as waterways and a large QEII covenanted area;
 - the dwellings will remain available for community members to inhabit;
 - there are already large forestry estates in the area and the Land is surrounded by forestry on 3 out of 4 sides.
99. The Applicant submits that, given the limitations with the Land, forestry is a more productive land use that can produce benefits to New Zealand.

Conclusion

100. 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.

101. However, LINZ notes that the Land is a relatively large area of mostly hill country which has some distinguishing features of including waterways and QEII covenanted area. LINZ considers that it is likely that the conversion to forestry will result in greater economic returns from the Land, along with some environmental and limited access benefits as well.

G. Farm land advertising

102. Because the Land is farm land,³¹ we note that it was advertised for sale on the open market with the required information for a period exceeding 30 working days³² on the Colliers, Realestate, and Trademe websites³³ and in print in newspaper Hawke's Bay Today, Farmer's Weekly, and Hawke's Bay Property Guide.³⁴

103. We are therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.³⁵

104. Excerpts from the advertisements are included at **Attachment 7**.

H. Not a transaction of national interest

105. 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).

106. We have 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.

107. We are directed³⁸ that the starting point is the assumption that overseas investment is in New Zealand's national interest and that we should only seek the Minister of Finance to exercise his discretion for a national interest assessment if the proposed investment:

108. 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 per cent 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).

109. We do not consider that this investment engages any of these risk factors.

³¹ Currently being used primarily for sheep and beef farming (see the definition of farm land in s 6 of the Act).

³² s9(2)(b)(ii)

³³ s9(2)(b)(ii)

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).

I. Conclusion

110. After considering the application, our view is that:
- the investor test has been met;
 - 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.
111. 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.
112. 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.

s9(2)(a)

Anneke Turton
Manager, Applications
Overseas Investment -LINZ

Date: 13 September 2023

J. List of Attachments

1. Proposed Decision
2. Ownership structure
3. Other benefit factors
4. LUC Map
5. Current and proposed use table
6. Planting Map
7. Advertising materials

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: [data]

The following people have been given the following consent:

Case	202300284
Consent	The Consent holder may acquire the Land subject to the Conditions set out below.
Consent holder/s	Salm-Salm Timber Luxembourg S.à.r.l. (Luxembourg company number B273384) We will also refer to each Consent holder and the Consent holders together as you .
Land	A freehold interest in approximately s9(2)(b)(ii) hectares of land located at s9(2)(b)(ii) [redacted] Hawke's Bay, s9(2)(b)(ii) [redacted]
Timeframe	You have until [data] 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**.

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.

Dwellings means the houses and associated buildings and land identified in the proposed subdivision map in **Appendix A**.

Existing Trees means the 12 hectares of Redwood 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").

Fresh or Seawater Areas means the **s9(2)(b)(ii)** Stream and the **s9(2)(b)(ii)** Stream.

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 54 hectares containing the Dwellings and associated farm buildings to be subdivided and sold. 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:

Details	Required date
Automatic condition: Fresh or Seawater Areas	
You must, in relation to the fresh or seawater area(s), comply with all provisions of Schedule 5 of the Act.	By the times set out in schedule 5.
You must provide a draft WAAN to FSAapplications@linz.govt.nz.	At least 15 working days before settlement.
You must lodge the WAAN on the title.	Immediately following the transfer and before registering any other interests on the title.
Special condition 1: Land must be planted with trees	
You must establish a new crop of trees on the Land covering at least 580 hectares.	By 31 October 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 2: Forestry Land must be used for forestry activities	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	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 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

Details	Required date
<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 4: Crop of trees must be harvested</p>	
<p>You must ensure that no more than 5% (by area) of the crop of trees on the Land 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>	<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 5: Trees must be replanted after harvest</p>	
<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> <ul style="list-style-type: none"> (a) replant the Land with the same species of tree or use the same silvicultural regime; or (b) 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>	<p>Within 3 years of harvest (or as otherwise permitted by this condition).</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 6: Confirm area of Forestry Land and Other Land</p>	
<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. 	

Details	Required date
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	
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): a) You; b) Any overseas person with a more than 25% ownership or control interest in any of the people in (a); c) Any overseas person who occupies the Land other than on arm’s length terms ³⁹ ; d) Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land; e) If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees’ discretion.	At all times

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
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	
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 10: Permitted temporary activities	
<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 Dwellings may be used for residential purposes.</p>	<p>a) Until 31 October 2025</p> <p>b) Until 31 August 2026</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 11: Comply with NES-PF	
You must comply with the NES-PF in respect of the Land.	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 12: 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> <p>(a) prohibiting or limiting access for operational reasons (like during planting and harvest or to manage the risk of fire),</p> <p>(b) defining the times and frequency of access, entry and exit points, routes, and activities undertaken on the Land,</p>	<p>1) by 31 August 2025 and once established, at all times.</p>

Details	Required date
<p>(c) rules to manage for health and safety and other risks (including communications, insurance requirements, and induction processes),</p> <p>(d) to ensure the access does not disturb or cause a nuisance to the vegetation and activities on the Land.</p> <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>2 and 3) by 31 August 2025</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>	

Released under the Official Information Act 1982

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 (Inspection); 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 	At all times

<p>f. do all other things reasonably necessary to carry out the Inspection; and</p> <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. 	
<p>Standard condition 4: Remain not unsuitable to invest in New Zealand</p>	
<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
Report disposal to us: send us, in writing, evidence of the following:	Within one month after the Land has been disposed of

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

s9(2)(b)(ii)

Released under the Official Information Act 1982

ATTACHMENT 2 – OWNERSHIP STRUCTURE

s9(2)(b)(ii)

Released under the Official Information Act 1982

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	Not relevant
Oversight or participation by New Zealanders	Not relevant – Ownership is reducing from 100% New Zealand to 100% overseas ownership
Consequential benefits	Insufficient benefit

Released under the Official Information Act 1982

s9(2)(b)(ii)

Released under the Official Information Act 1982

ATTACHMENT 5 – CURRENT AND PROPOSED LAND USE TABLE

Land use table

85. A breakdown of the current and proposed use of the Land is shown in the following table.

s9(2)(b)(ii)		
Land use	Current (ha)	Proposed (ha)
Forestry	0	622.7
- QEII Native Bush 161 hectares	s9(2)(b)	
- Redwoods (non-productive) 12 hectares		
Unplantable (other than farm land)		
- Buffer land, setbacks, gullies 261.78 hectares		
- Infrastructure – roads and tracks 3 hectares		
Farm land	s9(2)(b)(ii)	0
Land to be divested	0	s9(2)(b)(ii)
Total	s9(2)(b)(ii)	

Released under the Official Information Act 1982

ATTACHMENT 6 - PLANTING MAP

s9(2)(b)(ii)

Released under the Official Information Act 1982

ATTACHMENT 7 – ADVERTISING MATERIALS

s9(2)(b)(ii)

Released under the Official Information Act 1982

s9(2)(b)(ii)

Released under the Official Information Act 1982