

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

ASSESSMENT REPORT: Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited

Date	27 September 2023	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference	202300304 (BRF 24-146)	Deadline	13 October 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 requires a decision by 13 November 2023 (having been extended to 100 working days due to extensive consultation with third parties). The Applicant's requested decision date was 25 September 2023.

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"/>
Phillip Anderson	Senior Advisor	+64 4 471 6653	<input type="checkbox"/>

A. Summary

1. The Applicants are Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited (**Applicants**).
2. The Applicants are well-known repeat forestry investors, having made 17 forestry applications (for approximately 19,000ha) since 2021 – all under the Special Forestry Test to date. This is the Applicant's first application under the general Benefits Test (forestry) as it includes the conversion of some farm land into forestry.
3. The Applicants seek consent to acquire two adjoining freehold Taranaki properties located at Douglas North Road (the **Land**) comprising approximately 1,646ha. The Land is currently owned by two related New Zealand entities, both ultimately owned by the same underlying owners.
4. The Land is a mixture of farm land (just over a quarter - approximately 450ha) and existing forestry (just under a quarter - 365ha – **Existing Trees**). The remainder (just over half – 831ha) is native bush (including 400ha of mānuka¹) and other unplatable land.
5. Just under three quarters of the Land is **not** currently farm land and has not been cleared for grazing. The Land is mostly LUC 6 and 7, comprising a mix of:
 - LUC 4 (10ha);
 - LUC 6 (1,029ha);
 - LUC 7 (607ha).
6. The farm land is currently used to graze cattle (around 320 head) and sheep (around 600) and is currently operating at a loss. In the opinion of the Vendors, the current farming is "marginal at best and the country hard".
7. The Applicant intends to convert most of the farm land to forestry (**New Trees**) to create a combined commercial forest of approximately 790ha (including the Existing Trees). The Applicant intends to undertake three prunings of the trees.
8. The Applicant intends to provide an estimated 27% of all timber from the Land ⁽⁶⁹²⁾ for domestic processing, with the remaining 73% to be exported.
9. The Land includes two residential dwellings and five farm buildings, which the Applicants will either subdivide and sell off, remove, or use for forestry accommodation.
10. Around 106ha of the bush is protected by registered QE II covenants, and kiwi are known to inhabit the Land. There is also one identified archaeological site on the Land (being a flaking site).
11. LINZ consulted with the Department of Conservation (**DOC**), Herenga ā Nuku (the Outdoor Access Commission) and Heritage New Zealand to seek recommendations for the Land.
12. 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, public access, historical heritage and other possible consequential benefits.

¹ LINZ queried the mānuka with the Applicant, who confirmed that this was self-seeded after grazing ceased and is intended to be protected by a new QE II covenant. Although used for 100 beehives, the majority of the mānuka is mature with a declining yield of honey production as flowering will be less intensive. LINZ considers that any honey making by a third party resulting from the mānuka will be a minor ancillary use of the Land.

13. 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.
14. For the reasons set out in this report, LINZ considers the investor test has been met.

Key information

Applicants	Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited (Netherlands (100%))
Vendors	South Dakota Trust (New Zealand (100%)) Heao Road Limited (New Zealand (100%))
Land	a) approximately 721ha of freehold land located at Douglas North Road, Taranaki comprised in records of title TN112/152, TNA2/536, TN120/181, TN200/44 and TNF4/876 (owned by South Dakota Trust) b) approximately 921ha of freehold land located at Douglas North Road, Taranaki comprised in records of title TN266/20, TN181/86, TN172/49, TNE3/579, TNJ2/201, TNC1/1294 and TNE3/580 (owned by Heao Road)
Consideration	\$16,600,000
Sensitivity	Is more than 5 hectares of non-urban land Adjoins land that is over 0.4 hectares and is held for conservation purposes under the Conservation Act 1987
Relevant tests	Investor test: s18A 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

15. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days however this timeframe was extended to 100 working days due to consultation with third party entities.

B. Decision

Core tests

16. I determine that:

- The 'relevant overseas person' (ROP) are (collectively):

Relevant overseas person	Role
Ingka Investments Forest Assets NZ	Co-applicant - proposed purchaser of

Limited	the Land
Ingka Investments Management NZ Limited	Co-applicant - proposed Forestry Right Owner
Ingka Investments B.V.	100% shareholder of both Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited

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

Individuals with control	Role
Andriy Hrytsyuk	Director of the Applicants
Kelvin Meredith	Director of the Applicants and member of New Zealand forestry project team and New Zealand Forestland Country Manager for Ingka Investments
Juvenico Maeztu	Directors of Ingka Investments B.V.
Jesper Mattias Brodin	
Peter Alexander Van Der Poel	
Iulia-Andreea Simion	Legal Counsel of Ingka Investments and member of New Zealand forestry project team
Ray Raiesmaa	Portfolio Operations Manager of Ingka Investments and member of New Zealand forestry project team
Costel Nicolae Bucur	Portfolio Business Risk & Compliance Manager of Ingka Investments and member of New Zealand forestry project team
Gijs Johannes Maria Menting	Forestland Portfolio Acquisition Manager, Ingka Investment and member of New Zealand forestry project team

- These are the same ROP and IWC which have been selected in recent applications by the Applicants.
- None of the ROP and IWC have established any of the factors contained in section 18A(4) of the Act.

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

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

Agree

Disagree

Disagree

18. 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

19. 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

20. 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

21. 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:

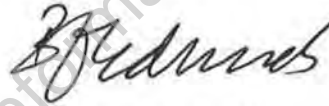


Decline consent



Hon Damien O'Connor

Date: 2/10/23



Hon Barbara Edmonds

Date: 9/10/23

+ include access to Q&A areas
for annual surveys of kin etc
agree!

Released under the Official Information Act 1982

C. Background and proposed transaction

23. The Applicants seek consent to purchase the Land to continue operating the Existing Trees as commercial production forest, and to plant the remaining plantable area with New Trees - to create an overall combined forest of approximately 790ha. The remaining area (over half) will continue to be QE II area, bush etc.
24. The Applicants operate a structure whereby one entity (Ingka Investments Forest Assets NZ Limited) acquires land and then grants a forestry right over the acquired land to the other entity (Ingka Investments Management NZ Limited). This business model has been used several times previously for land acquired under the Special Forestry Test.

Vendor and transaction

25. The Vendors are two related New Zealand owned entities, both ultimately owned by the same persons. The Vendors are selling the Land as it is surplus to their requirements.

Land

26. The Land comprises two adjoining properties operated together as a single farming/forestry operation.
27. The Land is held in 12 records of title and comprises approximately 1,647ha. The Land is shown outlined in yellow on the following aerial photo:



28. Much of the Land is surrounded by existing forest. Nearby roads are suitable for forestry purposes and the Land is in close proximity to Taranaki Port (75km) and Taranaki Pine Sawmill (69km).

29. Around 185ha of the Existing Trees are post-1989 and are ETS registered. The Applicants will receive all NZUs in relation to the Land.
30. The following Land Use Capability (LUC) class information² provides general context as to the productive capacity and physical limitations of the Land. The Land is predominantly LUC 6 & 7 classes with a very small area of LUC 4:
- LUC 4 (approximately 10ha);
 - LUC 6 (approximately 1,029ha);
 - LUC 7 (approximately 607ha).
31. **Attachment 6** provides a LINZ map showing the LUC areas of the Land.
32. The Land's erosion risk profile is mostly "Moderate" risk classification, with approximately 605ha of "High" risk land which is suitable for forestry operations and a very small area of "Low" risk. **Attachment 6** provides a LINZ map showing the erosion classification areas of the Land.
33. The Land does not include residential land. The Land does include two residential dwellings and a number of farm buildings, which will either be used for forestry workers or subdivided or otherwise removed from the Land.
34. There are two QE II Covenants registered over the Land, and the Vendor has stated that DOC is informally permitted onto the Land every three years to undertake a kiwi count³. *every year*
35. There are no fresh or sea water areas on the Land, though the Waitara River meanders through it (though separated on both sides by legal road), along with some small streams. There is also around 3ha of wetland protected by a QE II Covenant.
36. The Land is sensitive for being over 5ha of non-urban land, plus two of the titles adjoin two conservation areas (the Tuihu and Autawa Conservation areas). In addition, there is one identified archaeological site on the Land, being a "flaking site"⁴.
37. Currently, a honey keeper keeps around 100 beehives on the Land, whilst a neighbour farms the majority of the farm land (365ha out of 450ha), both subject to a monthly periodic lease.

D. Application of the Act

38. The Land is sensitive because it is non-urban land over 5 ha in size and adjoins Conservation areas,⁵ so consent is required.⁶ The following criteria for an investment in sensitive land apply to this application:⁷
- The investor test must be met.⁸
 - The benefit to New Zealand test must be met.⁹

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 DOC has indicated that it is not aware of this arrangement.

⁴ The Applicant states that there is also a gold mining site on the Land but Heritage NZ has been unable to locate any such site.

⁵ Table 1, Part 1, Schedule 1 of the Act.

⁶ Under sections 10(1)(a) and 12(a)(i) of the Act.

⁷ Set out in section 16(1) of the Act.

⁸ Section 18A / 16(1)(a) of the Act.

- The farm land must have been offered for sale on the open market¹⁰, unless exempt.¹¹
 - 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.¹²
39. 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.¹³
40. LINZ assesses the investor test in **Part E**, the benefit to New Zealand Test in **Part F**, the farm land offer requirements in **Part G**, and discusses national interest matters in **Part H**.

E. Applicants and investor test

41. This section describes the Applicants and assesses whether the investor test is met.
42. Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited are both limited liability companies, incorporated in New Zealand in December 2020¹⁴ for the purpose of investing in forestry.
43. The Applicants are 100% owned by Ingka Holding B.V. which is incorporated in the Netherlands and is an overseas person under the Act.
44. The Applicants are subsidiaries of **Ingka Group** as described further below. Ingka Group is based in the Netherlands and is the largest franchisee of Ikea stores internationally.

Business Activities

45. Ingka Investments BV (**Ingka Investments**) is the immediate parent of the Applicants and is the investment arm of Ingka Group. It currently owns approximately 270,000ha of forestry around the world. Ingka Investment's submits that its commitment is to be a responsible forest manager, balancing the environmental, economic and social aspects of forestry. Its forest management view is for long term, and it works every day to preserve and increase the forest quality for generations to come. All Ingka forestry is FSC certified.
46. Ingka Group does **not** use its forests for carbon offsetting. Ingka Investments forestry portfolio's business model is based on timber sales. Its forests will not be "plant and leave" forests and it has confirmed that it does not expect to earn any carbon revenue from the New Trees (see further below under carbon benefits section).
47. Since 2021, the Applicants have received 12 consents for farm to forestry conversions under the special forestry test – equating to approximately 19,000ha. These prior consents are set out in **Appendix 8**,
48. Three other applications for forests in Taranaki under the Special Forestry Test have also recently been granted consent during the processing of this application, being

⁹ Sections 16(1)(c)(ii), 16A(1), 16A(1A) and 16A(2).

¹⁰ Section 16(1)(f) of the Act.

¹¹ Section 20(1)(a) or (b) of the Act.

¹² Section 16(1)(g) of the Act.

¹³ Section 16A(1)(a) of the Act.

¹⁴ Company numbers 8148262 & 8148260.

Purangi Forest¹⁵ (application 202300331 – 161ha), Malau Forest¹⁶ (application 202300360 – 279ha) and Hawera Forest¹⁷ (application 202300367 – 1,319ha).

49. s9(2)(b)(ii)

Ownership

50. The Applicants are both 100% owned by Ingka Investments. Ingka Investments is the investment arm of Ingka Group.
51. A diagram of the Applicants' ownership structure is in **Attachment 2**.

Ingka Group

52. Ingka Group is a large multinational corporation which had a total revenue of EUR 39.78 billion in the 2021 financial year. As of 2022, it has over 177,000 employees.
53. Ingka Group is the largest franchisee of IKEA stores internationally. Ingka Group has three business areas, each with its own management and corporate structure, which sit under the Ingka Group corporate structure.
54. The three business areas of Ingka Group are:
- *Ingka Investments Business* - the investment arm of Ingka Group. This is the relevant part of the Group for the proposed Investment and is described in more detail below.
 - *IKEA Retail Business* - Ingka Group's core business is IKEA Retail, which is the world's largest home furnishing retailer, operating 392 IKEA stores in 32 countries under franchise agreements.
 - *Ingka Centres Business* - develops shopping centres, with each anchored by an IKEA retail store. Currently there are 47 shopping centres across 16 countries.

Stichting Ingka Foundation

55. The ultimate parent of the Ingka Group is Stichting Ingka Foundation (**Ingka Foundation**), also registered in the Netherlands. Ingka Foundation cannot have any shareholders or other types of legal owners, but holds its assets only on its own behalf. It has a charitable purpose which is achieved by making funds available to Ingka Holding B.V.
56. The Applicants have provided a translation of the "Articles" of Ingka Foundation. The "Articles" define the Foundation's objects as (in summary), "without any pursuance of profits, a better living for the many people, exclusively by making available financial support for the promotion and support of activities, as well as the realisation of projects, and only in connection with..." certain defined aims. These aims include innovation in architecture and interior design, healthcare, the environment, education, support of people hit by a natural catastrophe, scientific research, and the realisation of design achievements and innovation in these fields.

Ingka Investments

57. Ingka Investments was incorporated in the Netherlands in 2014. The Applicants submit that it makes responsible investments in people and businesses that make a positive difference to people and the planet, in order to secure long-term growth for Ingka Group.

¹⁵ Granted consent on 15 August 2023

¹⁶ Granted consent on 4 September 2023

¹⁷ Granted consent on 22 August 2023

58. Ingka Investments' strategy is to invest in forestry in countries relevant for the IKEA supply chain. The Applicants have stated that planning is underway for the Ingka Group to bring IKEA stores to New Zealand in the near future. In April 2022 LINZ granted consent to IKEA New Zealand Limited for an investment in significant business assets, being the establishment of an IKEA store and distribution business, to be located in Auckland, with an opening date in December 2024¹⁸.

Control

59. Formal decision-making delegations are in place in relation to the governance of the Applicants. This includes Ingka Group's *'Rule on Forestland Investments'* which sets out the decision-making and delegation structure for Ingka Investments.
60. Decisions on purchases of forestry land in New Zealand are made by the Applicants, with Ingka Investments approving certain more substantial investment decisions. The Applicants are also responsible for the day to day management of the forests.
61. Ingka Investments has a New Zealand forestry project team that is responsible for advising the board of the Applicants on the investment, ongoing day-to-day oversight, and any recommendation to dispose of the investment. The New Zealand forestry project team is made up of in-house forestry experts with significant experience in forestry transactions and operational management.

Relevant overseas person and individuals with control

62. For these reasons, LINZ recommends that the ROP is (collectively):

Relevant overseas person	Role
Ingka Investments Forest Assets NZ Limited	Co-applicant and proposed purchaser of the Land
Ingka Investments Management NZ Limited	Co-applicant and proposed Forestry Right Owner
Ingka Investments B.V.	100% shareholder of both Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited

63. LINZ recommends that the IWC¹⁹ are:

Individuals with control	Role
Andriy Hrytsyuk	Director of the Applicants
Kelvin Meredith	Director of the Applicants and member of New Zealand forestry project team and New Zealand Forestland Country Manager for Ingka Investments
Juvenico Maeztu	Directors of Ingka Investments B.V.
Jesper Mattias Brodin	
Peter Alexander Van Der Poel	

¹⁸ Case number 202200041

¹⁹ Section 15.

Iulia-Andreea Simion	Legal Counsel of Ingka Investments and member of New Zealand forestry project team
Ray Raiesmaa	Portfolio Operations Manager of Ingka Investments and member of New Zealand forestry project team
Costel Nicolae Bucur	Portfolio Business Risk & Compliance Manager of Ingka Investments and member of New Zealand forestry project team
Gijs Johannes Maria Menting	Forestland Portfolio Acquisition Manager, Ingka Investment and member of New Zealand forestry project team s

64. These are the same ROP and IWC which have been selected and screened in recent applications by the Applicants.

Summary of investor test

65. 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

66. 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)

67. The Land currently comprises a mix of farm land (just over a quarter - approximately 450ha), the Existing Trees (just under a quarter - approximately 365ha) and bush and other unusable areas (just over half - approximately 831ha).
68. The Applicants submit that the predominant current use of the Land is forestry, as the majority of the Land has been used by the vendor as regenerative or planted forest to grow trees, not cleared for grazing.
69. The Applicant submits that this is because the land is generally not suited for farming. The area currently used as farm land is not easy to maintain and not very productive (see further details below).
70. The Land includes two residential dwellings and five farm buildings, which the Applicants will either subdivide and sell off, remove, or use for forestry accommodation.
71. Around 106ha of the bush is protected by registered QE II covenants, and kiwi are known to inhabit the Land. There is also one identified archaeological site on the Land (being a flaking site).
72. The Vendors have confirmed that they do not intend to invest any further capital into the Land for development purposes. The Vendors have also confirmed that they have no intention of converting the remaining farm land to forestry. The Vendors have also not been fertilizing the Land in recent times.

Farming operation

73. In the opinion of the Vendors, the farming is "*marginal at best and the country hard*".
74. The Vendors have made an overall loss over the last three years – as no revenue has been generated from the Existing Trees during this time (though some could be expected in the near future given a significant area is now ready for harvest).

75. The non-forestry revenue and expenditure over each of the last three years is set out in the following table:

	2020 (\$)	2021 (\$)	2022 (\$)
Vendor's farming	119k	76k	94k
Farm lease	34k	34k	34k
Honey lease	15k	26k	27k
TOTAL income	168k	136k	155k
Expenditure	197k	137k	242k
Net loss	- 29k	- 1k	- 87k

76. Based on the above, the average farming income is \$153k per annum with expenses averaging \$192k.
77. The Vendors themselves graze cattle on around 85ha of the Land, comprising 150 heifers and 50 mixed aged cattle.
78. However, most of the farm land (365ha out of 450ha) was until recently leased to a neighbour to graze around 600 sheep and 120 cattle off season - for a combined total of around 320 cattle and 600 sheep. This fixed term grazing lease to the neighbour expired on 31 May 2023 and a current new lease is currently covering a smaller area (which operates on a periodic, month-to-month basis).
79. The Vendors employ 1.25 FTE for their farming operation and it is expected that the neighbour and the bee keeper must have used FTEs relating to their operations on the Land²⁰. The Vendors use forestry contractors to carry out operations with the Existing Trees²¹.

Bee hives

80. There is a lease in place with a third party who keeps approximately 100 beehives on the Land. This agreement expired on 31 May 2023 and is currently continuing on a periodic, month-to-month basis.

Existing trees

81. The type and age of the Existing Trees (363ha) are shown in the following table:

Tree type	Age	Area (ha)	Tree type	Age	Area (ha)
<i>Pinus radiata</i>	1977	7.9	<i>Pinus radiata</i>	2009	58.8
<i>Pinus radiata</i>	1987	7.9	<i>Pinus radiata</i>	2010	116.8
<i>Pinus radiata</i>	1993	16.7	<i>Pinus radiata</i>	2013	5.4
<i>Pinus radiata</i>	1995	60.3	<i>Pinus radiata</i>	2015	3.6

²⁰ The Applicant was unable to provide a figure for the neighbour, and this grazing arrangement has now ended and has been replaced by a shorter term arrangement for a smaller area. Even so, LINZ considers that somebody would likely farm the entire farming area if the investment does not proceed.

²¹ By way of comparison, the well-known 2020 Price Waterhouse Report <https://www.nzfoa.org.nz/resources/file-libraries-resources/discussion-papers/848-economic-impacts-of-forestry-pwc-report/file> (PWC Report) commissioned by the Ministry for Primary Industries calculates that a 450ha sheep and beef farm would likely produce around 3 direct FTE.

<i>Pinus radiata</i>	1997	0.4	<i>Pinus radiata</i>	2019	13.3
<i>Pinus radiata</i>	2000	1.0	<i>Pinus radiata</i>	?	1.5
<i>Pinus radiata</i>	2008	63.6	Sequoia	2013	6.4

Investment plan

82. The Applicants intend to continue the existing forestry operations in the planted areas, and to convert most of the existing farm land to commercial rotational plantation forest (in accordance with Ingka Investments' forestry portfolio's overall business model, which is based on timber sales. The Land will **not** be a "plant-and-leave" forest).
83. Once conversion is completed, approximately 790ha of the Land will be used for commercial rotational plantation forestry. The balance of the Land (being approximately 856ha) will remain in native bush, mānuka, unusable areas and infrastructure.
84. No resource consents are currently required for forestry activities on the Land.

Forest management and work safety

85. The Applicants have engaged Forest360, a specialist forestry manager and advisor with over 30 years of New Zealand experience, to ensure that the Land is managed in accordance with best practice. The Applicants have also engaged NZ Forest Advisory Limited to oversee and report on the performance of Forest360 in its role as the forest manager.
86. The Applicants will also be engaging ThinkSafe to oversee their work safe program. ThinkSafe engage a number of health and safety professionals who have the expertise and experience to help the Applicants assess their health and safety risks.

Planting and harvesting plans and silvicultural

87. The Applicants intend to apply best standard silvicultural practices to the trees on the Land, which will include pruning and thinning regimes between years 5-11 for *Pinus radiata*.
88. The Applicants have recently engaged with Scion to explore other plantation tree species in addition to *radiata* to enhance biodiversity. If Scion recommends other species, the Applicants may look to plant these.
89. Planting of the New Trees is intended to commence in 2024 at an initial stocking rate of 1,000 stems per hectare. The final crop stocking is likely to be between 330 and 350 stems per hectare, with the expected timeframe for harvesting at age 27 to 32 years.
90. Once harvested, the Applicants would likely sell the timber with priority given to the domestic market and then to the export market. The Applicants intend for a proportion of the timber to be processed by the nearby Taranaki Sawmill. The harvesting techniques will be a combination of ground base on the easier contour land and hauler-based harvest on the steeper land, with a focus on minimising soil disturbance.
91. Around 91ha of the Existing Trees are expected to be harvested in the near future (around 21ha in 2024, 10ha in 2025 and 60ha in 2026). These areas will then be replanted within 3 years.

BENEFITS

Summary of Benefits

92. 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.
93. 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.
94. LINZ consulted with three other government agencies and their feedback is discussed below.
95. 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 4**. In this case, the only factor was the New Zealand participation factor.

Farm land benefit test does not apply

96. This investment involves the acquisition of farm land exceeding 5ha to which the modified farm land benefit test would normally apply²². 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;
 - 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;
 - the non-occupation outcome will, or is likely to, occur in relation to the farm land.²³
97. LINZ considers that all three of these requirements are met in this case.

Economic Benefits

98. 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.
99. 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.
100. The Applicant has provided separate estimates for revenues from the New Trees and the Existing Trees²⁴.
101. Almost half of the final afforested area consists of the Existing Trees which have already been planted – approximately 365 out of 790ha. LINZ considers that the income and job opportunities generated from these Existing Trees would likely occur without the investment.

²² Section 16A(1C-1E)

²³ 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.

²⁴ It is noted that the revenue from the Existing Trees exceeds that of the New Trees despite being smaller in area – this is because some of the Existing Trees are about to be harvested and then replanted, and have been counted twice during the calculation period.

Increased jobs

102. Over the entire forested area, the Applicants expect to generate 134 FTEs in total, at an average of 4 FTE per year, with around 69 (around 2 annual FTE) of these attributed to the New Trees²⁵. The current state of farming activities supports 1.25 FTE per annum, so the Applicants are claiming an increase of 0.75 FTE per annum as a result of the investment.
103. The Applicants intend to commence planting of the farm land in 2024. Labour requirements are intensive around planting, and the Applicants anticipate that there will be full time employment for a 10-person crew for approximately 5 months over the initial planting season of 2024. This involves spot spraying and planting of both *Pinus radiata*, and mānuka in riparian margins.
104. In years 5-10 there will be a further four months' full time work for a 10-person crew each year in years five, seven, and nine to undertake three pruning lifts. Most of these contractors will be from the local Taranaki region, and the Applicants intend to enter long term agreements with these workers, to provide stability to regional workers. The Applicants submit that this will have a ripple effect on the local community by injecting more disposable income into the local community and improving the overall economy.
105. In the case of current farming jobs, these are likely to be mostly relatively low paying (around \$24/hour). By way of contrast, pay for a silviculture crew is approximately \$28 per hour and the average wage for a harvesting crew is approximately \$35 per hour²⁶.

Increased Revenue

106. The forest manager (as verified by AgriFax) has estimated the value of the New Trees at s9(2)(b)(ii) (based upon forecast wood prices over a 5-year average and indexed for inflation²⁷), which it submits will increase revenue off the converted area by approximately s9(2)(b)(ii).
107. The Applicants have based the increase on the average farming income earned over the last three years (\$153k) which over 35 years equates to around \$5.3m. However, no figure has been provided for the neighbour who also grazes the farm land (and has been paying an annual rental has been \$34k – and would presumably expect to earn more than this in return to make it worthwhile).
108. Even so, although LINZ considers it is not possible to be certain exactly how much timber revenue will be generated from the New Trees in around 30 years' time given uncertainties over long term commodity prices, and although it is not clear how much revenue is currently earned off the farm land given no revenue is credited to the neighbour, it is reasonable to conclude that there will likely be a substantial increase in revenue off the converted land.
109. In terms of the Existing Trees, LINZ considers that most of this revenue (estimated to be s9(2)(b)(ii)) would likely be created in the absence of the investment by whoever harvests those trees, and is therefore not relevant to the proposed investment.

²⁵ This appears to be a conservative estimate. By way of comparison, the PWC Report calculates that a 790ha forest would likely produce around 8.8 jobs – of which just under half (around 4.4) would be expected from the New Trees.

²⁶ LINZ notes that some applicants have assessed the forestry payrates as more than this.

²⁷ Note that it is only this 5 year period which is indexed for inflation to produce a current real average. The estimated harvest returns have not been indexed for inflation.

No carbon revenue

110. LINZ sought details from the Applicants as to any carbon revenue expected off the Land.
111. The Applicant responded that it will register within the ETS as a means to determine verifiable carbon sequestration, but has not modelled any carbon income because the Applicants do not intend to sell NZUs to generate any revenue²⁸.
112. As such, the Applicants do not expect to earn any carbon revenue from the Land.

Development and capital expenditure

113. The average operating expenditure of the Vendors over the last s9(2)(b)(ii) has been s9(2)(b)(ii) for the farming operation. Over a s9(2)(b)(ii) period, this farming expenditure would amount to s9(2)(b)(ii).
114. The total cost of forestry activities in relation to the New Trees is expected to exceed s9(2)(b)(ii) over s9(2)(b)(ii) (averaging s9(2)(b)(ii)), with the greatest costs being:
- s9(2)(b)(ii)
 - s9(2)(b)(ii)
 - s9(2)(b)(ii)
 - s9(2)(b)(ii)
 - s9(2)(b)(ii)
115. The Applicants therefore expect to spend an average of approximately s9(2)(b)(ii) on the area of converted farm land over the life of the forest.

Existing Trees

116. The Vendors have advised that they do not have any intention of investing further capital into the forestry activities (other than what would be required to maintain and harvest the existing forest).
117. In relation to the Existing Trees, the Applicants intend to spend approximately s9(2)(b)(ii) over the next s9(2)(b)(ii).
118. It is difficult to know how this would compare to what would occur anyway, given harvesting is likely to occur and this represents by far the single greatest expense in a forestry operation. However, it is not certain whether the harvested trees would then be replanted or what tending regime (if any) would be applied to them. LINZ notes that the replacement trees planted by the Applicants will be subject to an intense tending regime (including three lots of pruning) which may not otherwise be the case.

Increased domestic processing and exports

119. LINZ considers that conversion will likely result in an increase in both export and domestic processing receipts from the Land.
120. The majority (73%) of revenue from the New Trees is expected to be from export receipts, with the remaining 27% of timber to be provided to s9(2)(b)(ii) for domestic processing. LINZ considers that, at this time, it is not possible to be certain how much demand there will be for domestic supply in 30 years.
121. In terms of the Existing Trees, the Applicants also intend to provide approximately 27% to s9(2)(b)(ii). s9(2)(b)(ii)

²⁸ The Applicants submit that they are not carbon traders and do not wish to support emitters through carbon offsetting.

s9(2)(b)(ii)

122. It is not possible to know how much domestic supply an alternative harvester of the Existing Trees might provide.

Environmental Benefit

123. The Land includes approximately 816ha of bush, scrub and mānuka, and some kiwi are found within the bush. There may also be redfin bully and brown trout in some of the nearby waterways.
124. Approximately 106ha of the Land is covered by two registered QE II Covenants. The QE II covenants prohibit the owner from doing anything that would materially alter the appearance or condition of the covenant areas.
125. The Land includes around 400ha of mānuka which the Applicants intend to further protect through a new QE II Covenant. Over time the mānuka will be taken over by other regenerative native species. The Applicants have already engaged with QE II with a view to identifying any additional land for similar protection and whether the existing covenants could be enhanced²⁹.
126. Due to the significant positive impact that bees have on local flora and the environment, the Applicants request that they may continue some kind of beekeeping arrangement (there are currently 100 hives). LINZ considers any beekeeping by a third party will be an ancillary use to the primary forestry use and recommends that this be permitted.
127. The Applicants are committed to protecting areas of indigenous flora and fauna. Specifically, the Applicants will:
- be required to commission new ecological assessments of the Land and implement any reasonable recommendations;
 - put in place intensive fire, pest, and weed control programmes. The Applicants will commit approximately s9(2)(b)(ii) over the lifespan of the forest;
 - obtain FSC certification in relation to the Land, which will ensure the protection of indigenous flora and fauna;
 - design a High Conservation Value Area plan for kiwi found on the Land.
128. Currently, the Vendors do not have any practices in place for protection of the areas of indigenous flora and fauna other than some pest shooting, locking the gates, and operating on a low stocking rate and minimal inputs system.

New ecological protections for kiwi

129. The Vendors are not currently doing anything to protect the kiwi population other than giving DOC access to the Land to conduct kiwi counts³⁰. The Applicants submit that they will be much more involved in proactively protecting kiwi habitats and promoting kiwi restoration projects on the Land.
130. The proposed forestry right also requires the Applicants to apply rigorous standards with regard to the environment, which the Applicants believe will help kiwi thrive, along

²⁹ QE II responded that it was keen to engage but this has not taken place at this time.

³⁰ This arrangement is not known locally to be held with DOC as noted in the application, but likely to be with another entity undertaking kiwi conservation projects

with measures to enhance their habitats (such as the planting of kiwi friendly tree types).

131. In addition, the Applicants have identified three kiwi conservation projects in the area which it could support. These include the Taranaki Kiwi Trust which offers site assessments, species monitoring, and training for landowners, which the Applicants intend to engage for a site assessment and to discuss a potential partnership or support for the Land. The Applicants also intend to contact the Royal Forest and Bird Protection Society of New Zealand and the Taranaki Regional Council to investigate the possibility of protecting the native habitat on the property through its Key Native Ecosystem programme (which is often run in conjunction with a QE II covenant).

Carbon sequestration and reduction of current emissions

132. It is likely that the conversion of the existing farm land will result in the storage of additional carbon on the Land, along with a reduction in harmful livestock emissions.
133. It is estimated that the farm land currently emits roughly 799 tonnes of CO₂-equivalent emissions per year³¹ which will end once livestock are removed from the Land.
134. In addition it is estimated that the New Trees will absorb 16,002 tonnes of CO₂-equivalent emissions per year³².

Erosion control and slash management

135. The Applicants are global forestry owners and they submit that their forest management view is for the long term, and they are particularly focused on preserving and increasing the forest quality for generations to come.
136. The Applicants submit that planting trees on a greater area of the Land will likely lower the long-term erosion rates, given most of the Land has either a "Moderate" or "High" erosion risk.
137. Following the extensive Cyclone Gabrielle slash damage, the Applicants recognise the importance of continuing to mitigate forestry slash, and propose extra mechanisms to do so, by:
- implementing slash management practices such as pulling back slash from any unstable edges around landing sides and ensuring that waterways are cleared of any significant slash accumulations;
 - using the latest fully mechanised harvesting technology incorporating steep-slope harvesting and tethered machines. This will optimise the harvesting process and help to reduce damage from harvesting on the natural environment;
 - conducting compartment harvesting, in which blocks of the Land are harvested at different times so that slash does not affect all areas at once;
 - planting wider than required permanent riparian margins in mānuka along all waterways within the Land. Most will be approximately 20 metres wide but some may be up to 50 metres wide. This will help to protect the waterways from slash and silt;

³¹ This is based on the Ministry for the Environment's calculator (<https://environment.govt.nz/what-you-can-do/agricultural-emissions-calculator/>) entering 600 sheep and 320 beef cattle, with no fertiliser used.

³² This is based on the Ministry for the Environment's calculator (<https://environment.govt.nz/what-you-can-do/agricultural-emissions-calculator/>)

Consultation with DOC

138. LINZ consulted with DOC which made several recommendations. These can be summarised as:

- obtaining ecological assessments (to be reviewed by DOC) of significant flora (threatened species in particular) and fauna (kiwi in particular), and freshwater areas within the Land in order to identify further areas and measures (including riparian plantings, setbacks, weed, pest and dog control) for protection;
- various improved access recommendations, including enhanced recognition of "paper roads" by confirming their location, avoiding planting on them and creating appropriate setbacks;
- consultation with Heritage NZ and Iwi regarding archaeological sites (and waterways in the case of Iwi).

139. Most of the DOC recommendations have been incorporated within the recommended consent conditions, and the Applicants have committed to spend up to \$25k for new ecological measures.

Public Access Benefit

140. Currently, there are a number of unformed "paper roads" running through the Land which are not maintained by local authorities.

141. One neighbour uses these to access its land, whilst the Vendors informally allow local hiking and riding groups to pass through the Land.

Consultation with Herenga ā Nuku (Outdoor Access Commission)

142. LINZ consulted with Herenga ā Nuku which made two main recommendations, whilst DOC made similar access recommendations. These can be summarised as:

- identifying and keeping "paper roads" free of plantings and debris and any other obstructions to public access;
- creation of setbacks along various waterways, "paper roads" etc;
- creation of new legal access for anglers to a stream running through the Land and new access for other recreational users (such as horse riders, hikers and hunters);
- creation of new legal access (in particular to fill in gaps within existing "paper roads" and provision of better access to Conservation and heritage areas).

143. Herenga ā Nuku's preferred approach is to work with the Applicants post-consent (including engaging with Iwi and other local organisations) which will be required by a condition of consent. The Applicants have stated that they will consult with Herenga ā Nuku as requested and will continue to allow current users to access the Land, subject to health and safety requirements,

144. The Applicants have also committed to spend up to \$25k to formalise and improve access arrangements (including by constructing signs and maintaining tracks).

Historic Heritage Benefit

145. The Applicants have identified two historical sites on the Land:

- a gold mine listed on the "Historic Iwi Artefacts Inventory" for Stratford District within Title TNA2/536³³;
- a flaking site identified as Q20/31 on the local District Plan.

³³ Heritage NZ has been unable to locate this gold mine from its records at this time.

146. The Vendors have advised that they currently have no protections in place in respect of these sites.

Consultation with HNZ

147. LINZ consulted with Heritage New Zealand Pouhere Taonga (HNZ) which advised that *"At this stage we have no concerns about the applicant's proposal, given they are aware of the archaeological authority requirement and understand the need for mana whenua consultation. We welcome further engagement from the applicant should they acquire the land"*.

148. A condition of consent will require the Applicants to consult with HNZ and Iwi over historic heritage (and other matters in the case of Iwi).

149. The Applicants have committed to spend up to \$15k for engaging with HNZ and Iwi, which could include creating access to historic areas of interest.

Government Policy Benefit

150. The Applicants have submitted that the proposed conversion will give effect to or advance a number of significant Government environmental policies, which are summarised in the Benefits Table below.

151. As these policies are common to all farm to forestry conversions, and will likely be the same for the majority of applications for consent for conversions, LINZ considers that the weighting of this factor is one which Ministers are best placed to determine.

Consequential Benefit

152. The Applicants will be using the latest fully mechanised harvesting technology incorporating steep-slope harvested and tethered machines. This will help optimise the harvesting process and help to reduce damage from harvesting on the natural environment. This may be beneficial for New Zealand as the Applicants will be training workers in using this technology, effectively upskilling them.

153. The Applicants also claim that there will be consequential benefits in terms of jobs, providing timber to domestic processors and promoting historic heritage values – however, these have already been counted under other factors. In addition, the Applicants state the environmental initiatives may "increase the reach" of certain community groups, but at this time it is not certain that these groups will participate. However, LINZ recognises that the Applicants fully intend to engage and support these groups.

Summary assessment: benefit to NZ test

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

155. 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 a significant increase in revenue off the Land (including export receipts), a small increase in jobs, a commitment to provide up to 25% of the timber to domestic processing and expenditure increases on the

	Land. 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 ³⁴ .	
Creation of jobs		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>Forestry jobs over the 425ha of New Trees will fluctuate over the life of forest but are estimated by the Applicant to be the equivalent of 2 direct FTE per year (0.4 per 100ha).</p> <p>Forestry jobs are likely to be better paying than farming jobs which tend to be lower paying.</p>	<p>It is difficult to know how many existing jobs are supported by the Land. The Vendor employs 1.25 FTE for the area it farms (85ha out of the 450ha of farm land), but a greater area is farmed by a neighbour for whom no jobs have been given. Furthermore, the small bee operation will likely support a small amount of employment.</p>	<p>LINZ considers that there is likely to be a small increase in direct and indirect jobs³⁵ but it is difficult to know how big an increase.</p> <p>LINZ also considers that forestry jobs on the Land will likely be better paying than the current farming jobs.</p>
Revenue receipts		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>s9(2)(b)(ii)</p> <p>A small honey revenue may also continue.</p> <p>The Applicants do not expect to earn any carbon revenue from the Land.</p>	<p>Cattle and sheep are run on the farming area of 450ha.</p> <p>The Applicant has estimated that the Vendor's receipts based upon its current farming operation would generate around \$4.5m over 30 years (being \$153k per year being around \$34k per 100ha).</p> <p>However, no amount has been given for the neighbour who farms three times as much of the Land and pays an annual rental of \$34k (presumably they expect to earn more than this as a result) and there may be a small honey revenue.</p> <p>The existing trees will generate income upon harvest</p>	<p>LINZ considers there is likely to be a significant increase in revenue and export receipts generated from the Land.</p> <p>However, it is difficult to know how much this is likely to be given the volatility of commodity prices and various unknowns such as whether third parties would continue to graze the Land if the investment does not proceed.</p>

³⁴ We note that the PWC Report 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).

³⁵ We note that the PWC Report model would suggest a 790ha forest of this size would create around double the number of FTEs which the Applicants have estimated.

Increased Expenditure		
Applicant's claims: what they intend to do	Current state	LINZ analysis
s9(2)(b)(ii) [REDACTED]	Current farm operating expenditure estimated at \$5.7m over 30 years on 450ha of farm land at an average of around \$192k per year (\$42k per 100ha).	LINZ considers the cost of establishing and operating the New Trees will likely require considerably more investment compared to the farming operation over the same period.
Domestic processing		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The Applicant has committed to provide at least 25% of the timber to domestic processors.	Cattle and sheep are run on the Land which likely contributes to processing in New Zealand.	It is difficult to compare timber domestic processing with livestock processing, and LINZ considers that it is not possible to be certain as to the amount of future processing given this will be dependent on market conditions etc at the time (however, we note that 25% is a significant commitment from the Applicant)
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 7 will prevent the Applicant from registering any crop of new or replacement trees as "permanent forestry" in the ETS scheme.</p> <p>Special Condition 14 will require the Applicant to provide at least 25% of all timber produced to domestic processors subject to market conditions at that time.</p>	

CARBON AND CLIMATE CHANGE BENEFITS		
Strength	Moderate	
	<p>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.</p> <p>The Applicants do not expect to earn revenue off carbon units as they have no intention of selling these to emitters.</p>	
Environmental – reduction of emissions and carbon sequestration		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>The cessation of farming and the planting of additional trees results in climate change benefits through the reduction of harmful livestock emissions and the sequestration of carbon (estimated at 16,002 tonnes per year) through additional trees.</p>	<p>The farm land to be converted is used for sheep and cattle farming, which produce livestock emissions.</p> <p>The farm land currently emits roughly 799 tonnes of CO₂-equivalent emissions per year³⁶.</p>	<p>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).</p>
Government Policies – climate change³⁷		
<p>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)</p> <p>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.</p>		
Government Emissions Reduction Plan – 2022³⁸		
<p>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.</p>		

³⁶ This is based on the Ministry for the Environment's calculator (<https://environment.govt.nz/what-you-can-do/agricultural-emissions-calculator/>) entering 600 sheep and 320 beef cattle, with no fertiliser used.

³⁷ 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.

³⁸ 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/>.

Applicant's claims	Current state	LINZ analysis
The conversion of the farm land will store additional carbon and reduce harmful livestock emissions (see above).	The Land is currently grazed by emission producing livestock.	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> ".
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.	

ENVIRONMENTAL BENEFITS		
Strength	Moderate	
	LINZ considers that there will likely be some environmental benefits, most notably from the reduction of stock emissions and the increased sequestration from the trees. LINZ also considers that there may be some gains from new ecological reports and likely measures to further protect native flora and fauna, in particular from the significant pest control programme, and notes that the Applicant has committed \$25k in support of ecological improvements.	
Protection of indigenous flora and fauna		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<ul style="list-style-type: none"> • Commit at least \$25k on ecological improvements. • A condition of consent will require the obtaining of ecological assessment/s of significant flora (threatened species in particular) and fauna (kiwi in particular), and freshwater areas. • Engage with QE II with a view to widening the protection given by the current covenants. • Commit \$275k over the life of the forest to a pest and weed control programme. • Create a High Conservation Value area to protect kiwi and consult with three kiwi 	None of these proposed new measures will likely otherwise be undertaken.	If conditions are imposed in line with DOC recommendations, and other new measures committed to by the Applicant are implemented, then there will likely be ecological gains upon the Land.

protection organisations		
<ul style="list-style-type: none"> obtain FSC certification. 		
Effluent and fertilizers		
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.	Cattle and sheep farming which produces effluent.	LINZ considers conversion to forestry will likely reduce the risk of animal effluent issues and end the potential application of fertilizers (which may lead to nitrogen leaching etc). This will bring benefit by improving water quality in the waterways.
Erosion and slash danger control		
Applicant's claims: what they intend to do	Current state	LINZ analysis
Planting trees will likely contribute to erosion control. Applicant will apply mechanisms to reduce risk of slash damage including wider riparian setbacks than usual, latest technology for harvesting and compartment harvesting etc.	Most of the Land is currently bare grazing land which is likely to be more susceptible to erosion. The Land is a mix of low (very little), moderate and high erosion susceptibility classification. However, the danger of slash damage is less given there are currently fewer trees to create slash.	LINZ agrees that the new tree plantings will likely assist with reducing erosion risk. LINZ is mindful of the issue of potential slash damage upon harvest and accepts that the Applicant is committed to reducing the risk through a number of measures. LINZ is also mindful that the risk of slash is likely increased by the increase in trees
Special conditions	<p>Special Condition 10 will require the Applicants to comply with the National Environmental Standards for Plantation Forestry in respect of the Land.</p> <p>Special Condition 11 will require the Applicants to undertake the new ecological measures set out in the Investment Plan and a number of the recommendations made by DOC, and commit at least \$25k to ecological improvements.</p> <p>Special Condition 12 will require the Applicants to consult with the Local Authority to implement any recommend slash control measures on the Land.</p>	

PUBLIC ACCESS		
Strength	Moderate	
	<p>In addition to improving and creating new access to parts of the Land, a condition of consent will require the Applicant to work with Herenga ā Nuku (Outdoor Access Commission) to implement its and DOC's recommendations with regard to access. The Applicant has committed at least \$25k to implementing public access improvements.</p> <p>LINZ considers this should be given a moderate weighting given both Herenga ā Nuku and DOC have made detailed submissions as to new access mechanisms,</p>	
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>The Applicants will be required to work with Herenga ā Nuku to implement reasonable new access mechanisms (in particular to allow access to a waterway and to fill in gaps in "paper roads" etc which could be used to access conservation and other areas of interest to the public).</p> <p>Apply up to \$25k for public access improvements.</p>	<p>No current formal public access over the Land</p>	<p>LINZ considers that there will be likely benefit given both Herenga ā Nuku and DOC have made detailed submissions as to new access mechanisms and the Applicants have signalled their willingness to provide enhanced access.</p>
Special condition	<p>Special Condition 13 will require the Applicant to work with Herenga ā Nuku to determine whether any new community public access would be of benefit, and to implement any reasonable recommendations, and commit at least \$25k to any such improvements.</p>	

HISTORIC HERITAGE		
Strength	Weak	
	There is only one heritage site on the Land identified by HNZ and it is not clear how much interest this is likely to be to Iwi and other members of the public. The Applicant has committed to spend up to \$15k on working with HNZ in relation to historical sites.	
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>Knowledge and awareness of heritage are vitally important, particularly to tangata whenua.</p> <p>The Applicants will work with HNZ and Iwi to put appropriate protections in place. This engagement will promote awareness of local history and contribute to the preservation of historical knowledge.</p> <p>The Applicant has committed up to \$15k in relation to historical heritage sites.</p>	<p>There is currently no protection for heritage sites on the Land as the Vendor was unaware of any such sites.</p>	<p>HNZ has signalled its interest in the site. LINZ is satisfied that the preservation and quality of the site will be preserved and improved as a result of the measures being undertaken by the Applicant.</p>
Special conditions	<p>Special Condition 6 will require the Applicant to work with Heritage NZ and Iwi to implement recommendations in relation to any archaeological sites identified on the Land, and to commit at least \$15k to any such improvements.</p>	

ADVANCING SIGNIFICANT GOVERNMENT POLICY	
Strength	Weak
	<p>LINZ considers that Ministers are best placed to determine the strength to be given to the advancement of government policies, especially given these will be common to all farm to forest conversions.</p> <p>LINZ is also mindful that not all relevant policies are likely to have been identified by applicants. LINZ is mindful that there may be other policies which have not been identified by the Applicants in this case (in this case recreational access in particular).</p>
Forestry and Wood Processing Industry Transformation Plan³⁹	

³⁹ <https://www.mpi.govt.nz/dmsdocument/54472-Te-Ara-Whakahou-Ahumahi-Ngahere-Forestry-and-Wood-Processing-Industry-Transformation-Plan>

<p>This is the Government's forestry specific transformation plan (released by MPI in 2022) for supporting the industry to make better use of our forestry resources by processing more wood onshore, producing more high-value wood products, and using residues to grow the forest-based bioeconomy.</p>		
<p>Applicant's claims</p>	<p>Current state</p>	<p>LINZ analysis</p>
<p>The Investment advances the ITP by:</p> <ul style="list-style-type: none"> • increasing export earnings; • creating employment; • increasing domestic processing • supporting climate change goals. 	<p>The Land currently produces fewer export earnings, is likely to result in less domestic processing, and employs fewer persons.</p> <p>The Land also produces livestock emissions and has fewer trees to store carbon.</p>	<p>LINZ considers that it is likely that the investment will advance the ITP for the reasons set out in the Applicant's claims.</p>
<p>Special conditions</p>	<p>Special Conditions 1-5 will require the Applicant to carry out forestry activities on the Land resulting in the above advancements under the ITP.</p>	

CONSEQUENTIAL BENEFITS		
<p>Strength</p>	<p>Weak</p>	
	<p>The scale of these are likely to be small and it is possible that the new technology is already being used in New Zealand</p>	
<p>Applicant's claims⁴⁰</p>	<p>Current state</p>	<p>LINZ analysis</p>
<p>The Applicants will use the latest fully mechanised harvesting technology incorporating steep-slope harvested and tethered machines. The Applicants will be training workers in using this technology, effectively upskilling them.</p> <p>In addition, environmental initiatives may "increase the reach" of certain community groups, but at this time it is not certain that these groups will participate. However, LINZ recognises that the Applicants fully intend to engage and support these groups.</p>	<p>It is unlikely that the Vendors would use similar new technology at harvest time though this is not certain.</p> <p>It is unlikely that the Vendors would promote historical knowledge or support the same community groups given they have not done so to date.</p>	<p>LINZ considers that the investment may result in new consequently benefits but these are unlikely to be significant given the scale of the operation.</p>

⁴⁰ The Applicants also claim that there will be consequential benefits in terms of jobs, providing timber to domestic processors and promoting historic heritage values – however, these have already been counted under other factors.

Consultation and submissions about the investment

156. In undertaking its assessment, LINZ consulted with Herenga ā Nuku (Outdoor Access Commission), Heritage NZ and the DOC. In general, LINZ requested these agencies to give feedback on the credibility and accuracy of the Applicant's proposals in the investment plan. LINZ has dealt with any feedback received on specific proposals in the body of the assessment report above.
157. No third-party submissions were received from members of the Public, though LINZ notes that there has been much recent public and media interest in farm to forest conversions and their impact on local farming communities in particular.

Proposed conditions and rationale

158. The Applicant's afforestation proposal is the primary action from which all the specific benefit claims flow.
159. 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 implementation of various ecological recommendations from DOC if approved by an expert ecologist/s (and to commit at least \$25k in support of any such measures);
 - require consultation with Herenga ā Nuku to provide better access to the Land for members of the Public if deemed desirable (and to commit at least \$25k in support of any such measures);
 - require the Applicant to work with Heritage NZ to further protect any historical heritage identified on the Land and advise local Iwi of any new measures and provide reasonable access to any such site (and to commit at least \$15k in support of any such measures);
 - 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);
 - prohibit the Applicant and related persons from occupying the Land;
 - allow temporary grazing of the Land until planting 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;
 - require consultation with the local authority with regard to the implementation of slash control on the Land and undertake any recommended measures;
 - require the Applicant to offer at least 25% of harvested timber to domestic processors.

Conclusion – benefit to New Zealand test and proportionality approach

160. The benefit to New Zealand test is met if the overseas investment will, or is likely to, benefit NZ (or any part of it or group of New Zealanders) having regard for the factors in s17.
161. The Act requires you to consider all the factors in s17(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

162. The Act requires a proportionate approach to whether the benefit test is met, by taking into account whether that benefit is proportionate to the following:
- 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); and
 - 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).
163. The Applicant submits that the farm land is low productive land (LUC classes mostly 6 and 7) and conversion into forestry will generate better outcomes for the local economy. The Applicants have a proven track record of managing commercially successful and environmentally conscious forests. The investment will benefit New Zealand economically, socially, and contribute to important Government policies to plant trees and reduce emissions
164. Matters relevant to the sensitivity of the Land include:
- Matters indicating diminished sensitivity:
 - the Land's LUC classes (being mostly LUC 6 and 7);
 - the low scale and marginal nature of the current farming activities on the Land and the relatively low revenue earned off the Land given its size;
 - almost half of the plantable area of the Land is already planted in commercial forestry and only a quarter of the entire Land is farm land - so the majority of land use will be unchanging.
 - Matters indicating increased sensitivity:
 - the large overall size of the Land;
 - public interest in the use and management of farm land.
 - the presence of QE II protected areas, kiwi and one identified archaeological site on the Land.
165. Matters relevant to the nature of this overseas investment transaction include:
- the Applicant is acquiring a freehold interest;
 - the Applicant is entirely overseas owned;
 - over half of the useable areas of the Land will be converted to an alternative (non-farming use);
 - public interest in the conversion of farm land to forestry;
 - public interest in the management of forestry land.

Conclusion

166. 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.

167. LINZ notes that the Land is mostly hill country used for grazing cattle and that almost 50% of the plantable area of the Land is already forestry. It also has no outstanding distinguishing features except for one identified archaeological sites, a large QE II protected area (which will not change), and is inhabited by kiwi.
168. LINZ considers that it is likely that the conversion to forestry will result in greater economic returns from the Land, along with environmental, access, historic heritage and possible consequential benefits as well.

G. Farm land advertising

169. Because the Land is farm land,⁴¹ 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	Including <i>Trade Me Property</i> , <i>NZ Forest Sales</i> , <i>Realestate.co.nz</i> websites ⁴² .
Print	<i>Taranaki Daily News</i> ⁴³ .

170. The Land was for sale by tender, the first stage of which ended on 2 February 2023 – 36 working days after the first advertisement on 8 December 2022.
171. The parties then entered into the purchase agreement on 17 April 2023 (at which time the Land was still being advertised) - 85 working days after the first advertisement.
172. A copy of one of the adverts is included as **Attachment 3**.
173. LINZ is satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.⁴⁴

H. Not a transaction of national interest

174. The investment does not involve a transaction of national interest under the mandatory criteria of the Act.⁴⁵ 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).
175. 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.⁴⁶ He has therefore not declined consent to the transaction.
176. LINZ is directed⁴⁷ 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

⁴¹ Currently being used partly to graze stock (see the definition of farm land in s 6 of the Act).

⁴² From 8 December 2022 (and remained live by 16 June 2023).

⁴³ On 1 March 2023.

⁴⁴ Overseas Investment Regulations 2005, regulations 5 to 10.

⁴⁵ Under s 20A of the Act.

⁴⁶ Section 20B of the Act

⁴⁷ Ministerial Directive Letter (24 November 2021).

- 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).

177. LINZ does not consider that this investment engages any of these risk factors.

I. Conclusion

178. After considering the application, LINZ's view is that:

- the investor test has been met;
- the farm land advertising requirements have been met;
- the transaction is not considered to be a transaction of national interest;
- whether the benefit to New Zealand test is met is a matter demanding Ministerial judgment.

179. 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.

180. If you decide 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: 27 / 09 / 2023

J. List of Attachments

1. Proposed Decision
2. Intended ownership structure
3. Advertising example
4. Other benefit factors

5. Planting and Existing Trees Map
6. LUC and Erosion Maps
7. Current and proposed use Table
8. Prior consents under the Act

Released under the Official Information Act 1982

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: [date]

The following people have been given the following consent:

Case	202300304
Consent	The Consent Holder may acquire the Land and the Forestry Right subject to the Conditions set out below.
Consent holder/s	Ingka Investments Forest Assets NZ Limited (NZCN 8148262) and Ingka Investments Management NZ Limited (NZCN 8148260) We will also refer to each Consent holder and the Consent holders together as you .
Land	a) a freehold interest in approximately 721 hectares of land located at Douglas North Road, Taranaki contained in Records of Title TN112/152, TN200/44, TN120/181, TNF4/876 and TNA2/536 currently owned by the South Dakota Trust b) a freehold interest in approximately 921 hectares of land located at Douglas North Road, Taranaki contained in Record of Title TN266/20, TNE3/579, TNE3/580, TN172/49, TN181/86, TNC1/1294 and TNJ2/201 currently owned by Heao Road Limited
Timeframe	You have until [date] to acquire the Land and the Forestry Right.

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.

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").

Forestry Right means the forestry right to be granted between Ingka Investments Forest Assets NZ Limited (Grantor) and Ingka Investments Management NZ Limited (Grantee) to be registered over the Land.

Historic Sites means archaeological sites as defined in the Heritage New Zealand Pouhere Taonga Act 2014 and includes Q20/31.

HNZ means Heritage New Zealand/ Pouhere Taonga.

LINZ means Land Information New Zealand.

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

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

Regulations means the Overseas Investment Regulations 2005.

Roads means any legal formed or unformed roads on or adjoining the Land.

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
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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 400 hectares.	By 30 November 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	
<p>The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions. At all times</p> <p>For the avoidance of doubt, you may permit the Land to be used for bee-keeping purposes provided this consists of no more than 100 beehives.</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 3: Minimum silvicultural practices	
<p>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 a minimum of 330 stems per hectare.</p> <p>You must undertake pruning of the any New Trees on the Land at approximately between ages five and eleven.</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 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 is older than the species age limit. At all times</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>	
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

Details	Required date
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>Within 3 years of harvest (or as otherwise permitted by this condition).</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>	
<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>	
Special condition 6: Historic Heritage Condition	
<p>For the purposes of special condition 6, any measure will not be reasonable if it cannot be reasonably accommodated by the Applicant in complying with other special conditions or in the course of the commercial forestry activities to be undertaken on the Land.</p>	
<p>This condition does not require you to expend more than s9(2)(b)(ii) in implementing the recommendations or measures described in this condition.</p>	
<p>a) You must consult with HNZ to determine any reasonable measures recommended by HNZ to further protect Historic Sites.</p>	<p>a) by 30 November 2024</p>
<p>b) You must implement any reasonable measures recommended by HNZ to further protect Historic Sites.</p>	<p>b) by 30 November 2025</p>
<p>c) You must not plant over any Historic Sites.</p>	<p>c) at all times</p>
<p>d) You must advise local Iwi of any new measures implemented on the Land in relation to Historic Sites.</p>	<p>d) by 30 November 2025</p>
<p>e) You must permit any reasonable access requested by Iwi or other interested members of the Public to any Historic Sites. This may involve granting a right of way or walkway easement, constructing defined trails, installing markers identifying trails or installing signs on the relevant parts of the Land publicising the available access to Historic Sites.</p>	<p>e) from 30 November 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>	

Details	Required date
Special condition 7: ETS registration	
<p>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).</p>	At all times
<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>	
Special condition 8: 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 9 (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); c) Any overseas person who occupies the Land other than on arm's length terms⁴⁸; 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. <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>	At all times
<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>	
Special condition 9: Permitted temporary activities	
<p>The Land may be grazed prior to being planted with a crop of trees in accordance with Special Condition 1 (Forestry Land must be planted with trees).</p>	Until 30 November 2025

⁴⁸ '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
Special condition 10: Comply with NES-PF	
You must comply with 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 11 – Ecological condition	
For the purposes of this Special Condition 11, a recommendation or measure will not be reasonable if it cannot be reasonably accommodated by the Applicant in complying with other special conditions) or in the course of the commercial forestry activities to be undertaken on the Land).	
This Special Condition 11 does not require you to expend more than s9(2)(b)(ii) in implementing any of the recommendations or measures described in this condition.	
<p>You must engage Enviro Research Ltd or another suitably qualified and experienced consultants authorised under the Wildlife Act (Ecological Consultants) to prepare ecological and freshwater reports to assess biodiversity values for the Land (Ecological Plans).</p> <p>In particular, this assessment should assess whether there are any significant natural or freshwater areas on the Land (along with recommendations to enhance these) and should include consultation with Mana Whenua (through their relevant consultancy).</p> <p>The assessment should also assess the potential impact and threat of forestry operations to kiwi, implementing any reasonable recommendations made to mitigate, manage, and protect the fauna and any habitat identified.</p> <p>The freshwater report should assess the Waitara River, Makahou and Kiore Streams and any tributaries to these and any other active channels for significant habitat, and the impact of afforestation on water yield and quality of the habitat.</p>	By 30 November 2024
You must implement any reasonable recommendations within the Ecological Plans (as confirmed by DOC) which are not already achieved through compliance with the NES-PF.	By 30 November 2026
<p>If recommended in the Ecological Plans and confirmed by DOC, you must (if reasonable):</p> <ul style="list-style-type: none"> • avoid planting or disturbing any significant nature areas (Protected Areas) including waterways; 	By 30 November 2026

Details	Required date
<ul style="list-style-type: none"> • develop a High Conservation Value Area plan for the Land; • avoid planting or otherwise developing ridges, gullies and steep land; • obtain FSC certification for the Land; • create appropriate setbacks (10 to 20m buffers in the case of permanent waterways and 5m for first order streams) from the Protected Areas and waterways and keep these free from forestry debris; • consult with the QE II Trust or local authority with regard to registering a suitable protective instrument (such as a QE II Covenant) for Protected Areas; • plant riparian margins (being no less than 3 metres from the banks) with flaxes, grasses and larger trees recommended by DOC and create setbacks from internal and adjoining waterways; • collaborate with the Ecological Consultants 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; • publish through signage, permits and public notice that dogs have to be restrained unless "permitted" by the forestry manager subject to confirmation of kiwi aversion training by a suitably qualified trainer recommended by DOC; • follow current "Save the Kiwi Forestry Guidelines" and support local conservation projects in the area; • undertake baseline surveys for kiwi and other potentially present fauna (e.g. lizards) to inform presence/absence and inform avoidance tactics through harvest and other associated activities, prior to operations starting; • consult with Mana Whenua (through a relevant consultancy group) to seek their views and acts on any recommendations, particularly in relation to the waterways; • adopt any other reasonable recommendations from DOC in addition to those noted in the Ecological Report. 	
<p>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 ss(2)(b)(i) each year on pest control on the Land by a suitably qualified operator.</p>	<p>To be approved by 30 November 2024 and implemented from 30 November 2026</p>
<p>You must provide a copy of the Ecological Report to DOC for review</p>	<p>By 30 November</p>

Details	Required date
and comment as to any recommendations made as per above.	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.</p>	
<p>Special condition 12 – Slash control measures</p>	
<p>a) You must consult with the Taranaki Regional Council and South Taranaki District Council with regard to the implementation of slash control on the Land.</p> <p>b) You must implement any reasonable slash control measures recommended by above Councils.</p>	<p>a) By 30 November 2025</p> <p>b) by the relevant timeframe recommended by the relevant Council</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 13: Protection of Roads and improved public access</p>	
<p>For the purposes of this condition a recommendation or measure is not reasonable if it cannot be reasonably accommodated by the Applicant in complying with other special conditions or in the course of the commercial forestry activities to be undertaken on the Land.</p> <p>This Special Condition 13 does not require you to expend more than s9(2)(b)(ii) in implementing any of the recommendations or measures described in this condition.</p>	
<p>a) You must engage with Herenga ā Nuku and implement reasonable public access recommendations made by them for practical public access. Practical public access will be determined following engagement with iwi, the local community and any other relevant parties on what is reasonable, practical and desirable;</p> <p>b) You must work with Herenga ā Nuku in the implementation of any reasonable recommended enduring legal public access, or alternative public access mechanisms such as permit systems;</p> <p>c) You will install and maintain appropriate signage on site to identify the location of the access to the public and conditions of its use;</p> <p>d) In any locations where fencing crosses any legal public access areas, or is a barrier to access, you will provide gates to enable public access;</p> <p>e) If recommended by Herenga ā Nuku, you must create a reasonably recommended access mechanism to allow perpetual access to the local purpose reserve identified by DOC on the photo attached as</p>	<p>a) Prior to any planting</p> <p>b) to (f) by 30 November 2025</p>

Details	Required date
<p>Appendix A;</p> <p>f) if agreed with the local authority, you must create an esplanade strip under s235 of the Resource Management Act alongside Heao Stream where this exceeds 3m in width within the Land.</p>	
<p>a) You must confirm with local authorities and Herenga ā Nuku the location of any Roads;</p> <p>b) You must clearly mark the location of any Roads, particularly where these are unformed, in cooperation with Herenga ā Nuku (noting that nothing in this special condition 13 requires to do undertake a survey);;</p> <p>c) You must not plant over any Roads unless agreed by the relevant local authority and Herenga ā Nuku;;</p> <p>d) You must place reasonable appropriate setbacks approved by Herenga ā Nuku alongside any Roads;</p> <p>e) You must keep all Roads free from any wilding pines and forestry debris;</p> <p>f) You must permit reasonable access by members of the public to get to any Roads or marginal strips on the Land.</p>	<p>a) by 30 November 2024</p> <p>b) by 30 November 2025</p> <p>c) at all times</p> <p>d) by 30 November 2025</p> <p>e) at all times</p> <p>f) at all times</p>
<p>You must continue to allow the current access to the Land undertaken for kiwi counting purposes upon request.</p>	<p>At all times</p>
<p>You must permit reasonable access for members of local Iwi for cultural purposes upon request.</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 14: Domestic Processing supply</p>	
<p>You must offer for sale a minimum of 25% of all trees harvested on the Land to domestic processors based in New Zealand.</p>	<p>Upon harvest of any trees 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>	

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:

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); 	At all times

<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 registered 	Within one month after the Land has been disposed of

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:

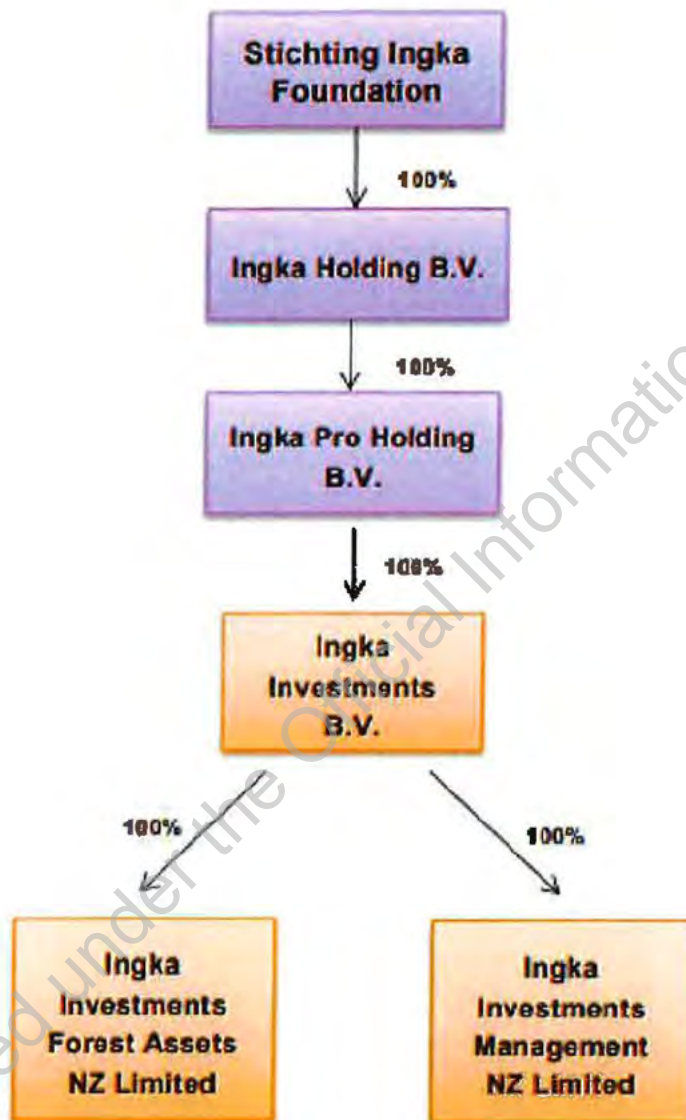
1. be submitted via our [Webform](#) by these dates:
 - (a) 31 December 2025; and
 - (b) 31 December 2027.
2. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions),
 - b. any subdivision of the Other Land, and
 - c. your most current forecast or schedule for planting, harvesting and replanting of various areas of the Land (including maps indicating the particular areas and likely schedules).

Appendix A



ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE

Group Chart



ATTACHMENT 3 – ADVERTISING EXAMPLE

SCALE / AGE CLASS SPREAD / LOCATION
This significant land holding with a mix of Pinus Radiata, farm land and native bush has significant scope to increase the planted area with eligible ETS land.


Douglas North Forest Stratford, Taranaki.

- Title Area: 1643.1806 ha
- 361 ha NSA (majority of Pinus Radiata)
- 448 ha of farm land and 719 ha established native
- Pruned and thinned
- Medium contour with well established tracks
- ETS registered with carbon units included in sale
- 75km to Taranaki Port, 69km to Taranaki Pine Sawmill

FOR SALE BY TENDER

For more information contact:

Todd Buchanan todd@forestrnz.com	022 054 0780
George Searle george@forestrnz.com	021 307 022

 **NZ Forest Sales**
forestrnz.com

Substantial Taranaki Property

Douglas North Forest, located in the Taranaki region, is a significant land holding with a mix of Pinus Radiata, farm land and native bush.

Having a titled area of 1643.1806 ha and a current net stocked area of approximately 361 ha of which a portion is registered in the ETS with carbon units included in the sale. There is 448 ha in pasture with the balance 719 ha in native bush. There is scope to increase the planted area with eligible ETS pasture land.

The Pinus Radiata crop has various age classes with all stands being pruned and thinned. The property has well established roads and tracks with a medium contour and is located an economical 75km to the Taranaki Port and only 69km to the Taranaki Pine sawmill.

For Sale by way of Two Stage Tender, first non-binding EOI stage closing 2nd February 2023 at 2pm with the final Tender stage closing 23rd March 2023.

If you require further information, please contact George on 021 307 022 or Todd on 022 054 0780 at NZ Forest Sales.

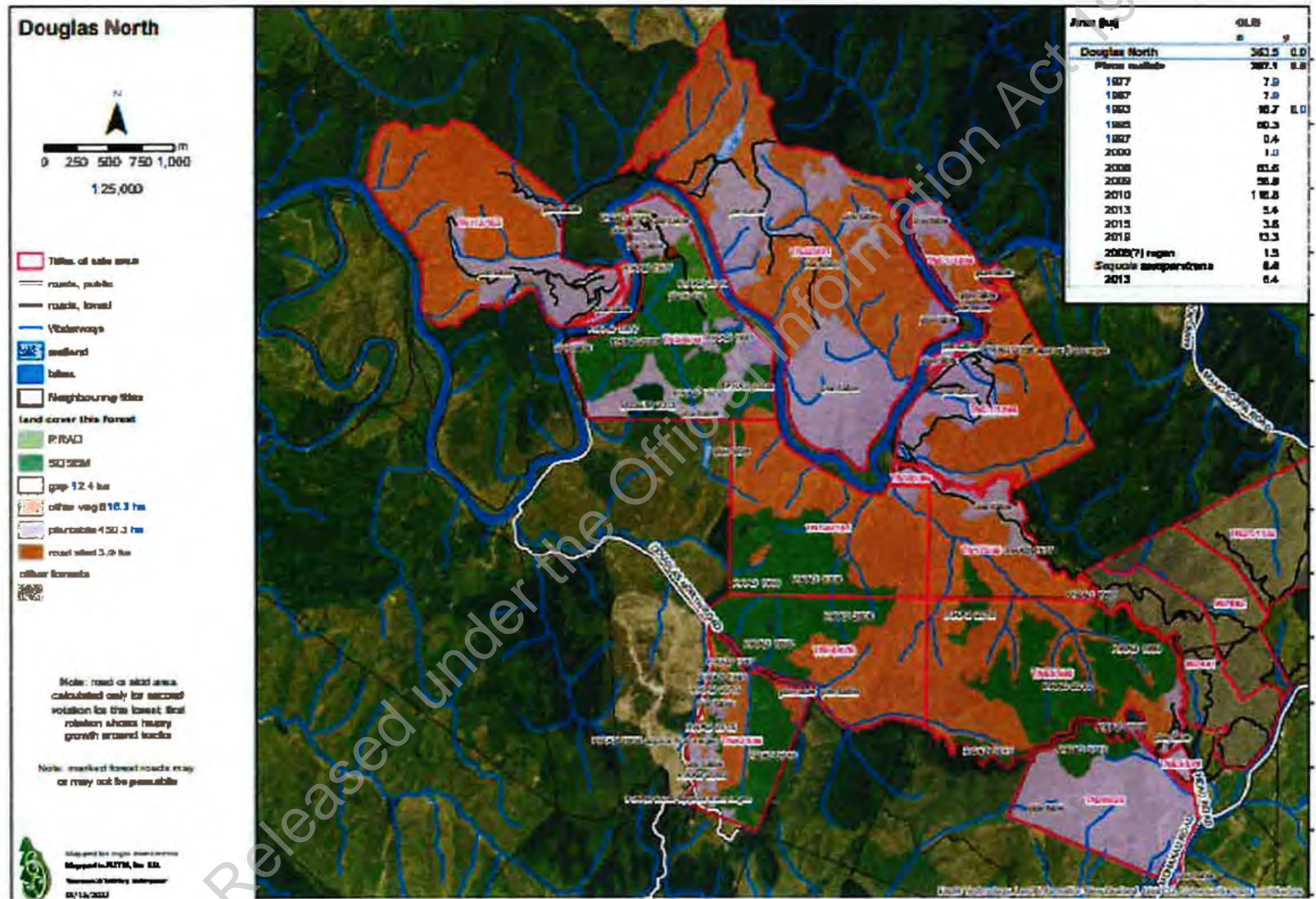
ATTACHMENT 4 – OTHER BENEFIT FACTORS

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
Oversight or participation by New Zealanders	No benefit – The Land is going from 100% New Zealand owned to 100% overseas owned.

Released under the Official Information Act 1982

ATTACHMENT 5 – PLANTING AND EXISTING TREES MAP



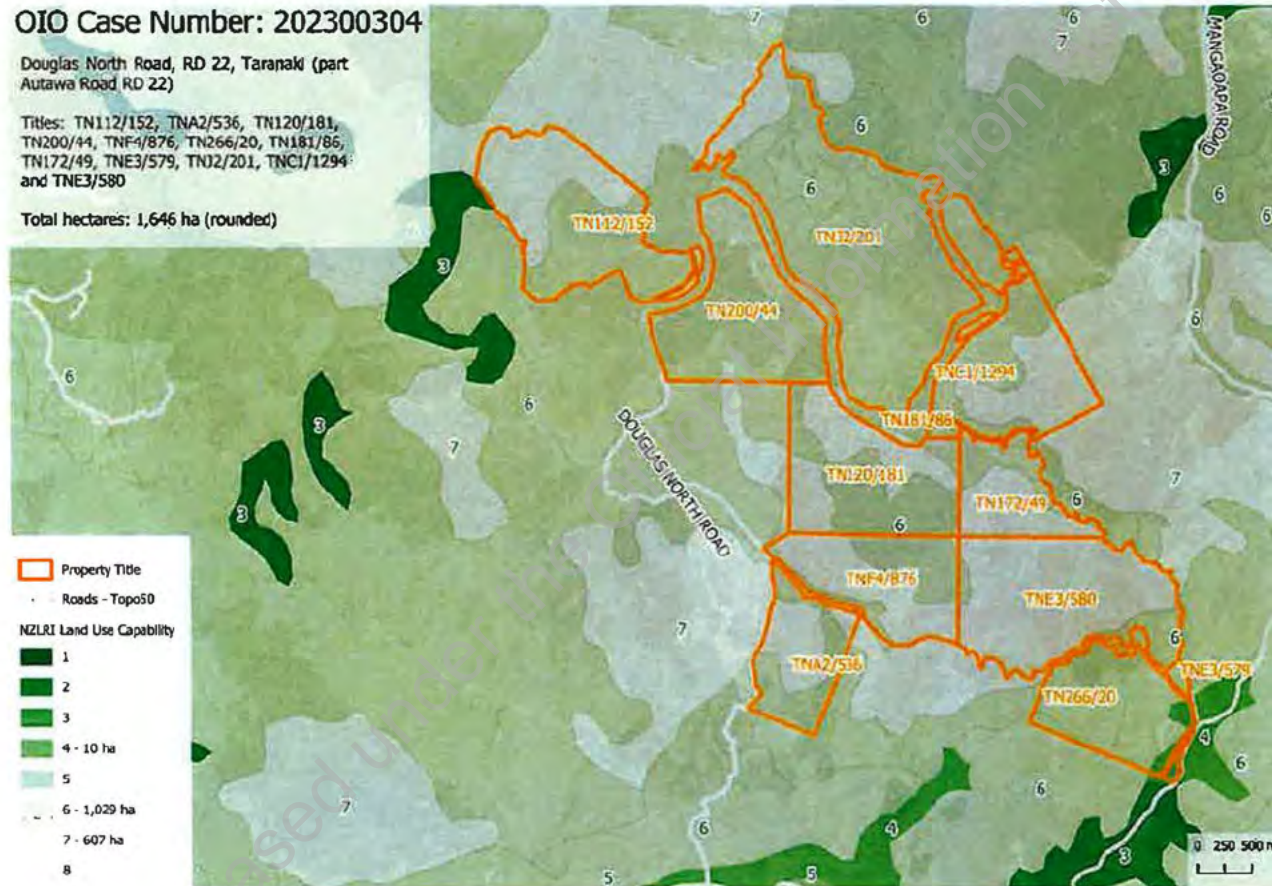
ATTACHMENT 6 – LINZ LUC AND EROSION MAPS

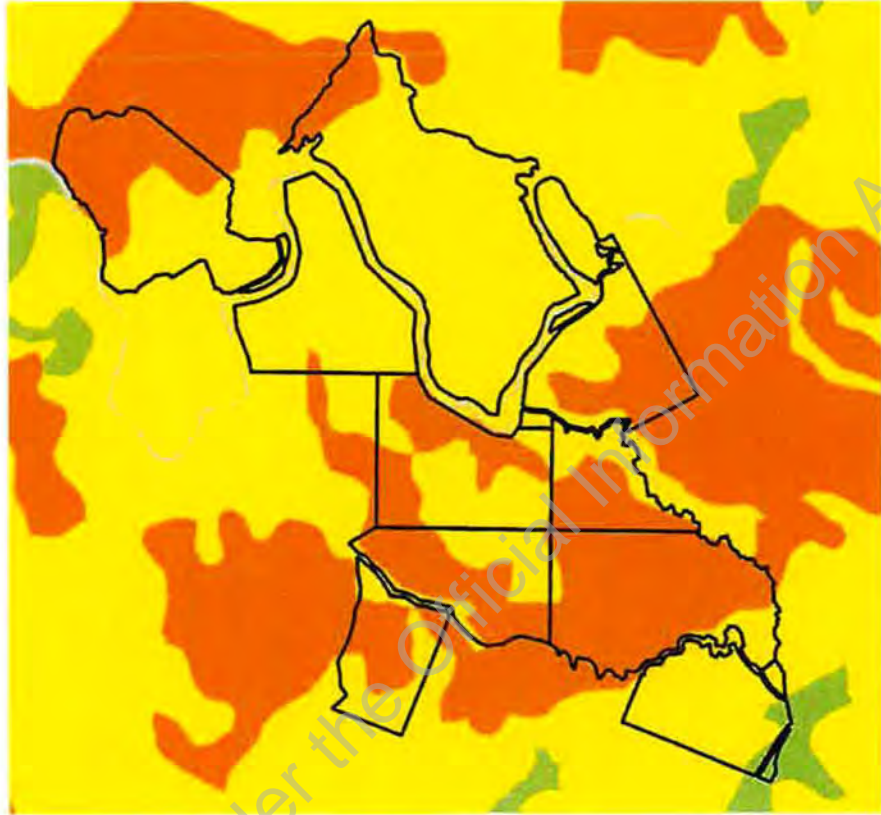
OIO Case Number: 202300304

Douglas North Road, RD 22, Taranaki (part
Autawa Road RD 22)

Titles: TN112/152, TNA2/536, TN120/181,
TN200/44, TNF4/876, TN266/20, TN181/86,
TN172/49, TNE3/579, TN02/201, TNC1/1294
and TNE3/580

Total hectares: 1,646 ha (rounded)





• Legend for erosion

- Low
- Moderate
- High
- Very High
- Other

ATTACHMENT 7 – CURRENT AND PROPOSED USE TABLE (APPROXIMATE FIGURES ONLY)⁴⁹

Table 3: Land Use

Land use	Current (ha)	Proposed (ha)
Forestry (total)	365 ha	790.6ha
Unplanted (other than farm land) (total)	831.7 ha	856.4 ha
Farm land (total)	450.3 ha	0 ha
Land to be divested/subdivided and sold (total)	0 ha	0 ha
Total land use	1,647ha	1,647 ha
Forestry (total ha)		
Existing plantation	365ha	365 ha
New planting / afforestation – at 1,000 stems per ha	0 ha	425.6 ha
Unplanted (total ha)		
Native bush (including scrub)	816.3 ha	816.3 ha
Unplantable – ridges, gullies, steep land	12.4 ha	12.4 ha
Infrastructure – roads, tracks	3 ha	7.5 ha
Buffer land, set-backs, riparian planting	0 ha	20.2 ha
Farm land (total ha)		
Pasture	450.3 ha	0 ha
Land to be divested / subdivided and sold (total ha)		
Farm land	N/A	0 ha
Forestry	N/A	0 ha
Other	N/A	0 ha

⁴⁹ The above figures are estimated based on the information currently available. We note that the total land use is slightly inconsistent with the total title area. This is due to differences in mapping and we consider the small difference immaterial.

ATTACHMENT 8 – PRIOR APPLICATIONS

Application	Name	Area (ha)	Completed
202100045	Wisp Hill Station	5,499	September 2021
202100767	Old Hill Road	609	April 2022
202200038	Koneburn Road	1,118	July 2022
202100739	Wilder Road	670	May 2022
202200036	Huiarua and Matanui Station	6,113	August 2022
202200215	Te Maire Farm	1,037	September 2022
202200216	Hiranui Road	285	October 2022
202200409	Cook Forest	259	January 2023
202200431	Lillburn Road	407	March 2023
202200462	Porangahau Road, Wallingford	606	April 2023
202200466	Whyte Road	597	April 2023
202200624	Taipoi Forest	486	April 2023
202200469	Kenderdine Forest	453	Yet to complete
202200461	Tiniroto	945	Yet to complete