

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

ASSESSMENT REPORT: NZ Forestry Partnership LP

Date	19 September 2023	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference (Report reference)	202300336 (BRF 24-121)	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 6 December 2023 (having been extended to 100 working days due to consultation with third parties). The Applicant's requested decision date was 28 July 2023.

Toitū Te Whenua Land Information New Zealand Contacts

Name	Position	Contact	First contact
Anneke Turton	Manager Applications	+64 4 830 2513	<input checked="" type="checkbox"/>
Phil Anderson	Senior Advisor	+64 4 471 6653	<input type="checkbox"/>

A. Summary

1. The Applicant is NZ Forestry Partnership LP (**Applicant**), a New Zealand entity which is ultimately beneficially owned by two high net-worth overseas persons, both of whom hold New Zealand permanent resident visas (though they do not currently reside here).
2. The Applicant is a new investor which is seeking to invest in New Zealand forestry assets. The Applicant has recently been granted delegated consent to an application under the Special Forestry Test¹, and also has another application under the Benefit to New Zealand test which is awaiting a Ministerial decision². These are the first applications by this investor under the Act.
3. The relevant land for this application is operated primarily as a deer farm (with a small number of cattle, and a significant existing forestry plantation) known as “**Springhills**”, which is located in Clutha (**the Land**).
4. The Land comprises approximately 764ha of freehold land, being LUC classes:
 - 3 (288ha – 38%)
 - 6 (475ha – 62%)
5. The Land includes a significant amount of existing forestry - being approximately 146ha (just under 20% of the total area) (**Existing Trees**).
6. “Springhills” is currently operating at a loss. The Applicant intends to convert most of the unplanted Land (around 524ha) into commercial *pinus radiata* forest (with a small area of around 2ha with two dwellings to be subdivided off) – a combined total of approximately 670ha of forest with the Existing Trees.
7. The Applicant intends to supply approximately 60% of the timber from the Land to two nearby timber processing plants, and is hoping to supply thinning residues to two nearby Fonterra plants as biomass.
8. Amongst other new initiatives on the Land, the Applicant intends to create a new mountain bike park/trail on the Land in conjunction with Mountain Bike Otago and other local organisations (open to members of the public at no cost). The Applicant has committed to invest a minimum of \$150k if a feasibility study concludes that such a park/trails are feasible.
9. The Land also includes a number of unformed and unnamed internal “paper roads” which the Applicant has agreed not to plant on and to keep free of forestry debris. The Applicant also intends to open up new access to members of the public and Iwi.
10. LINZ considers the proposed investment will likely benefit New Zealand economically through a greater number of jobs and increased revenue off the Land. LINZ also considers the proposed investment will likely provide various environmental and public access benefits, and may advance a number of significant government policies.

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

² Case 202300293 for 256ha at Cannock Road, Wairarapa (Kainga Farm) currently awaiting a Ministerial decision.

11. 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.
12. For the reasons set out in this report, LINZ considers the investor test has been met.

Key information

Applicant	NZ Forestry Partnership LP (United Kingdom (100%))
Vendors	Clare Harrex, Kenneth Harrex & the KJ Harrex Family Trust (New Zealand (100%))
Land	Approximately 764ha of land located at 495 Cockleshell Road, Clutha, Otago.
Consideration	\$9,000,000
Sensitivity	Is more than 5 hectares of non-urban land
Relevant tests	Investor test: s16(1)(a) & 18A Benefit to NZ test: s16(1)(c)(ii) & s16A(1A), forestry activities test (s 16A(2)) Farm land offer criterion (s 16(1)(f)) National interest test: s16(1)(g)

Timing

13. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days. This application was extended by 30 working days (due to consultation with the Outdoors Access Commission/ Herenga ā Nuku (**Herenga ā Nuku**) and the Department of Conservation (**DOC**)) in accordance with clause 7, schedule 5 of the Overseas Investment Regulations 2005.
14. This application is currently on day 44. The application requires a decision by 6 December 2023.

B. Decision

Core tests

15. I determine that:

- 15.1. The 'relevant overseas person' (**ROP**) is (collectively):

ROP	Role
NZ Forestry Partnership LP	Applicant and acquiring entity
NZ Forestry GP Limited (GP)	General Partner of the Applicant

Dawson PTC Limited (Dawson)	Underlying controlling entity of the Applicant
s9(2)(a) [REDACTED]	Underlying beneficial owners
s9(2)(a) [REDACTED]	

15.2. The 'individuals with control of the relevant overseas person' (**IWC**) are:

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

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

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

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

Agree

Disagree

Disagree

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

17.1. the criteria for consent in sections 16 and 16A have been met;

17.2. the farm land benefit test does not apply;

17.3. the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);

17.4. the benefit is proportionate to the sensitivity of the land and the nature of the transaction

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

Agree

Disagree Disagree

18. 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

19. 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

20. My ultimate decision is to:

Hon Damien O'Connor

Hon Barbara Edmonds

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

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

Grant consent with amended conditions provided on:

Grant consent with amended conditions provided on:

Decline consent

Decline consent

s9(2)(a)

Hon Damien O'Connor

Date: 24 9' 23

s9(2)(a)



Toitū Te Whenua
Land Information
New Zealand

Hon Barbara Edmonds

Date: 21 10' 23

C. Background and proposed transaction

Land

21. The Land is currently a 764ha deer farm (with a small number of cattle) located in the Clutha region.
22. The Land includes approximately 146ha of existing forestry (just under 20% of the total area).
23. The Land is comprised in Record of Title OT10D/679 and is outlined in purple in the photo below:



24. The Land does not include residential land and there are no qualifying fresh or seawater areas (though it includes one creek which is of interest to DOC). There are no special features located on the Land, including no historic heritage, wāhi tapu or archaeological sites.

25. There are two dwellings (5 and 3 bedrooms) which the Applicant intends to subdivide off, together with some other buildings and a small area of land (2ha). There are also various sheds, woolsheds and yards.
26. The Land classification is a mixture of:
 - LUC 3 (288ha – around 38%), and
 - LUC 6 (475ha – around 62%).
27. The Land is all “Low” erosion susceptibility classification.
28. A LUC Map and Erosion Susceptibility Map can be found in **Attachment 4**.
29. The Land also includes approximately 20ha of native bush in patches spread throughout the Land, along with scrub, shelterbelts etc.
30. There is some nearby commercial forestry in the area as shown on the Map in **Attachment 4** – however, the Land itself appears to be surrounded by farming land. The roads leading to the Land are sealed, in good condition and a local log transport provider has confirmed that the roads are suitable for logging trucks.
31. Aerial photos of the land and wider location can be found in **Attachment 4**.

Transaction and Vendor

32. The Land is currently owned by the Harrex Family, all of whom are New Zealanders. The Land is leased to Ben Harrex, a member of the Vendor family.
33. The Harrex Family is selling the Land as they now wish to move from the area.

D. Application of the Act

34. The Land is sensitive because it is non-urban land over 5ha in size,³ so consent is required.⁴ The following criteria for an investment in sensitive land apply to this application:⁵
 - The investor test must be met.⁶
 - The benefit to New Zealand test must be met.⁷

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

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

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

⁶ Section 18A / 16(1)(a) of the Act.

⁷ Section 16(1)(c)(ii). The alternative is the relevant overseas person or each of the individuals with control is a NZ citizen or resident, which is not applicable to the proposed investment.

- Where the land is farm land it must have been offered for sale on the open market,⁸ unless exempt.⁹
- You must also note whether the investment is a transaction of national interest and, if so, whether the Minister of Finance has decided that the investment is contrary to New Zealand's national interest.¹⁰

35. In order to satisfy the benefit to New Zealand test, the decision-maker must determine that the overseas investment will, or is likely to, benefit NZ.¹¹
36. LINZ assesses the investor test in **Part E**, the Investment Plan and benefit to New Zealand test in **Part F**, the farm land advertising requirements in **Part G**, and discusses national interest matters in **Part H**.

E. Applicant and investor test

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

Ownership

39. The Applicant is a New Zealand limited partnership¹².
40. The Applicant's general partner is New Zealand company NZ Forestry GP Limited (**GP**)¹³. Given the control which it will exert (as further detailed below), LINZ considers the GP to be part of the ROP.
41. The sole limited partner is Lesing NZ Forestry Limited, a Guernsey registered company.
42. Both the limited partner and the GP are owned by Lesing Nineteen Limited (Guernsey) which in turn is owned by Dawson PTC Limited (**Dawson** – also Guernsey).
43. Dawson acts as trustee for MS Guernsey Discretionary Will Trust One (**Trust**)¹⁴. The beneficiaries of the Trust (and ultimate underlying owners) are s9(2)(a) together with their descendants. Given they are the underlying owners, LINZ considers both to be part of the ROP.
44. A diagram of the intended ownership structure is in **Attachment 2**.

Business Activities

45. The Applicant is ultimately owned by two high net-worth individuals who are part of the s9(2)(a) consisting of s9(2)(a).

⁸ Section 16(1)(f) of the Act.

⁹ Section 20(1)(a) or (b) of the Act.

¹⁰ Section 16(1)(g) of the Act.

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

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

¹³ Also registered in October 2022.

¹⁴ Formed in March 2022.

It is s9(2)(a) who are the ultimate underlying beneficial owners of the Applicant.

46. s9(2)(a) Having sold the chain, the Family invested the proceeds in a number of successful ventures over the next three decades. The Family now appears regularly in the *Sunday Times* Rich List.
47. Around 5 years ago, the s9(2)(a) became interested in New Zealand and all four members subsequently obtained residence visas under the Investor 1 category visa programme in February 2019. s9(2)(a) now both have permanent residence class visas, but they don't reside here.
48. As part of their Investor 1 applications, s9(2)(a) both invested in New Zealand s9(2)(a) through Craigmore Permanent Crop Partnership) and s9(2)(a) through AF Capital Private Credit Fund (which primarily provides first mortgage residential loans across New Zealand to occupiers and investors). In addition, s9(2)(a) has also invested in 17 apartments in Queenstown.
49. The purchase of the Land is the continuation of investment into New Zealand over the past 5 years by the s9(2)(a), both through their Investor Plus visa applications and independent investments by the s9(2)(a). The s9(2)(a), including s9(2)(a), submit that they hold a long-term commitment to spend time in, and invest, in New Zealand.

Control

50. Dawson has ultimate decision making control over the proposed investment. In practice the decisions Dawson will make are major decisions (such as decisions to acquire, dispose or make further capital investment) rather than day to day decisions. Day to day control of the investment will be by the directors of the GP, acting on behalf of the Applicant.
51. Although s9(2)(a) (as beneficiaries of the Trust) will be the ultimate beneficial owners of the Land, they exercise no control over the Trust and have no role in decision making concerning the Investment.
52. LINZ considers the directors of GP and Dawson to be the IWC for the purposes of this investment.

Relevant overseas person and individuals with control

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

ROP	Role
NZ Forestry Partnership LP	Applicant and acquiring entity
NZ Forestry GP Limited (GP)	General Partner of the Applicant
Dawson PTC Limited (Dawson)	Underlying controlling entity of the Applicant
s9(2)(a)	Underlying beneficial owners

s9(2)(a)	
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54. LINZ recommends that the IWC¹⁵ are:

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

Summary of investor test

55. 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

56. 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)

57. "Springhills" is primarily a deer farm, with a small number of cattle and sheep (none currently) occasionally grazed.
58. Since 2020, the farm has run on average 3,300 stock units (including some sheep) on around 570ha of farming area – current stock numbers (mostly deer) are set out in the following table:

¹⁵ Section 15.

STOCK UNIT ANALYSIS				
Stock Class	Age	No. of SU	SU Conversion	Number of head
Beef				
	Trade / Store Cattle	150	5	30
Deer				
	MA Hinds	1,100	2.2	500
	MA Stags	1,280	3.2	400
	Weaners	255	1.7	150
Total Stock Units		2,785		1,080

59. "Springhills" has been operating at a loss over the last few years. However, the Land is capable of running a greater number of stock units (it ran between 4,800 and 4,900 during 2018/19¹⁶).
60. The Land includes approximately 146ha of existing forestry (just under 20% of the total area). This is predominantly *pinus radiata* with minor amounts of Douglas Fir and Macrocarpa. These are of various ages classes – ranging between cutover land ready for replanting in the 2023 season, through to mature trees ready for harvest. Around 105ha of this existing forest has been registered in the Emissions Trading Scheme.
61. The Vendor advises that the Land currently supports 2 direct FTE position (being members of the Harrex Family who work the farm)¹⁷. The Vendor has further advised that they use a very limited amount of external contractor labour, with this estimated at 100 hours per annum for fertiliser application, silage making, track maintenance, regressing etc.
62. Two dwellings on the Land are also occupied by members of the Harrex Family.
63. The Vendor has no specific development plans for the Land – if it does not sell to the Applicant, the Vendor intends to seek third party grazing whilst continuing to market the farm for sale.

Current revenue from the Land

64. The Compass Report has estimated current export livestock earnings as almost \$503k, having subtracted earnings from sales for domestic consumption.
65. For the last four years, the farming operation on around 570ha has been operating at an approximate \$34k loss. Gross farming turnover (4 year average) has averaged \$584k (around \$102k per 100 farming ha).
66. The average expenses over the same time period were \$618k. As stated above though, the Land has been farmed conservatively in recent years and is likely to be capable of producing greater revenue.
67. In addition, \$201k was earned from the 146ha of forestry during this period, and further carbon and timber earnings may also arise in the future.

¹⁶ Information provided by the Vendor's accountant.

¹⁷ The Applicant commissioned a report by Compass Agribusiness (April 2023) – the **Compass Report**. This states that 1.6 FTE would be more consistent with an operation of this type where it is primarily deer farming.

Investment plan

68. The Applicant intends to convert most of the unplanted Land into a commercial plantation forest (**New Forest**) under the management of IFS Growth Limited (IFS). IFS will also manage the Applicant's recent forestry acquisition at Castlerock Road.
69. IFS will perform a range of operational services for the Applicant, including forest establishment, silviculture, ongoing operational management of the New Forest, ETS administration and sales.
70. The intention of the parties is that the Vendor will continue to use the Land for grazing after settlement until such time as it is planted.
71. The current and proposed use of the Land is set out in the table at **Attachment 7**.

Planting and silviculture plans

72. The proposed planting plan includes approximately 525ha of New Forest plantings (along with approximately 146ha of Existing Trees, to be harvested and replanted as these trees mature).
73. It is expected that approximately 525,000 seedlings will be planted. Initial planting will occur at 1,000 stems per/ha with this reducing to the optimum framing regime of 500s/ha following thinning.
74. The plantation will be established under a framing regime with one thin at year 10 of the New Forest. The residues from the thinning will possibly be sold for woodchip as biomass for boilers at nearby Fonterra plants (as detailed further below).
75. The proposed planting plan is shown in **Attachment 6**.

Harvesting and expected timber sales

76. The Applicant intends to harvest the New Forest at year 27. The Applicant estimates that approximately:
 - 60% of logs will be supplied domestically - primarily to the Pan Pac forest products plant located at Milburn (about 45km away) and the Daiken MDF plant in Gore (about 90km away);
 - 40% of logs will be directly exported through Port Chalmers (about 113km away).

Subdivision

77. There are two residential dwellings, sheds, woolshed, yards and associated farm buildings located on the Land.
78. The Applicant intends to subdivide off 2 blocks (each around 1ha in size) located around each of the residential dwellings and associated buildings as shown on the following photo supplied by the Applicant marked red and yellow:

The proposed boundaries are:



Note: The areas marked in green are to be the non planted areas.

79. The Land is also located near the well-known Clutha Gold Cycle Trail. The Applicant has been advised by a real estate agent that the two dwellings will likely be desirable to Airbnb purchasers for use in conjunction with the local Clutha Gold Cycle Trail. The agent has advised that having dwellings that can be used for accommodation for the Trail will increase the accessibility and use of the Trail.
80. The Applicant expects the subdivision and sale process to be completed by the end of 2025.

BENEFITS

Farm land benefit test does not apply

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

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

Introduction to Benefits

83. 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.
84. 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.
85. LINZ consulted with **DOC** and Herenga ā Nuku and their feedback is discussed below. LINZ deals with the proposed conditions and their rationale after discussing the benefit claims.
86. Factors that LINZ considered were either not relevant to the investment, or the benefit to New Zealand was not sufficient to be relied on, are noted in **Attachment 3**. In this case, the factors were the Historic Heritage, New Zealand participation and Consequential Benefit factors.

Economic Benefits

87. 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.
88. 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.
89. The economic figures which appear below mostly relate to the New Forest area (and do not include jobs and revenue off the Existing Trees, which would likely arise without the investment under the Counterfactual).

Employment

90. The Applicant estimates that the proposed investment¹⁹ will create approximately 3.7 FTEs per annum (compared to the current 2)²⁰.
91. The pay scales for jobs required for the New Forest reflect the skilled nature of the jobs that are prevalent in the forestry sector, and likely to exceed average farm labouring jobs. By analysing average earnings and incomes for the Clutha district against the market pay for forestry jobs, the Applicant submits that the quality and skill of the jobs produced and supported by the forestry sector is higher²¹.

¹⁹ The Applicant has confirmed that the new 3.7 FTEs are almost 100% derived from the new greenfield development. There will be some work that will need to be carried out on the existing forest but this will be very limited.

²⁰ The 2020 **PWC Report** commissioned by the Ministry for Primary Industries estimates that a forest of this size would likely generate around 6 FTEs which is considerably more than the Applicant's estimate – LINZ notes though that the numbers estimated per individual forest by recent applicants has varied.

²¹ The Applicant provided a detailed table of pay rates for each job. For example, silvicultural workers can earn up to \$65 per hour.

92. The Applicant has submitted data from Infometrics²² that demonstrates that the mean annual earnings for the Clutha district for 2022 has lower than average wages in comparison to the rest of New Zealand. The Applicant submits that this reflects that there is a predominance of lower skilled jobs in the district.

Domestic processing and exports

93. IFS has estimated that approximately 40% of logs will be supplied for direct export, with the balance 60% supplied domestically primarily to the Pan Pac Forest Products plant located at Milburn (45km away) and the Daiken MDF plant in Gore (90km away).
94. Pan Pac is a global paper, pulp, packaging and forestry enterprise with worldwide operations. It operates a modern sawmill, boiler, continuous kiln, and drymill at Milburn. Products are sold both domestically and internationally (to around 30 countries). The Daiken MDF plant produces a range of MDF products that are sold and exported around the Pacific, Asia and America.
95. The log sales to Pan Pac and Daiken are processed into higher value wood products. IFS estimates that Pan and Daiken will generate approximately \$52m in processed or transformed products from raw logs over the first New Forest rotation, of which at least half is likely to be exported.
96. Consequently, the Applicant submits that the investment will result in a significant increase in the processing of primary products and exports, by converting the current modest processing of venison and beef to the significant processing of logs into value added wood and timber products produced and exported by Pan Pac and MDF products by Daiken.

Additional carbon revenue

97. The estimated revenue received from New Zealand Unit carbon sales from the first New Forest rotation is estimated at \$22.4m, though LINZ considers that the potential carbon price is highly speculative over the longer term.
98. The Applicant submits that carbon sequestration is an important benefit of the Forest, as it provides a valuable return for the Applicant which de-risks to some extent variabilities in the log prices at the point of harvest and the significant investment required to establish, maintain and harvest the forest.

Total expected revenue

99. Estimated timber revenue (\$29.4m) plus carbon revenue (\$22.4m) from the New Forest provides a combined total of \$51.8m – averaging approximately \$1.7m per annum over 30 years.

Development and operating expenditure

100. The cost of establishing, maintaining, harvesting and replanting of the New Forest is estimated to cost \$27.7m - averaging \$923k per annum.

²² <https://ecoprofile.infometrics.co.nz/Clutha%20District/StandardOfLiving>

101. The Applicant submits that this new expenditure is substantial and will provide real tangible economic benefits to New Zealand, particularly in the Clutha region.

Diversification of the local economy

102. The Applicant has also submitted data from Infometrics that demonstrates that the Clutha District economy is concentrated in a few industries (of which forestry and logging comes in as the fourth largest industry with just 5.4%).
103. The Applicant submits that the investment will further diversify the regional economy by increasing the GDP attributable to forestry, manufacturing of high value wood products and logging and simultaneously decreasing the GDP attributable to farming. This in turn will increase the industry diversity of the Clutha Region which is beneficial as the more concentrated a region's economic activity is, the more vulnerable it is to adverse effects, such as those arising from climatic conditions or commodity price fluctuations.
104. This is particularly true of the Clutha Region where livestock and dairy farming, as its predominant industry, is particularly vulnerable to climate change and the changing societal views around the consumption of meat and dairy products.

Carbon sequestration

105. Carbon sequestration will grow over the life of the New Forest, and IFS has calculated the amount of carbon sequestration over 520ha of New Forest. Overall, by year 30, the New Forest is expected to store over 649,000 tonnes of carbon.
106. LINZ notes that there is uncertainty whether the investment will result in net reduction of CO₂ in NZ. Given the Applicant plans to register the land in the ETS, the carbon reductions may be on-sold to other emitters, meaning the total net carbon emissions in NZ may not decrease.
107. The Applicant also submits that the removal of stock from the Land will result in a reduction of greenhouse gases from the Land. Compass has assessed total farm emissions for the Land (using the Beef + Lamb Greenhouse Gas Calculator) at 747 tonnes for the year ending June 2023²³. LINZ notes that there is a possibility that the current stock could be grazed elsewhere.

Environment Benefits

Supply of wood chip for biomass

108. The Applicant intends to use wood produced from thinning at year 10 to produce wood chip for biomass.
109. The Applicant notes that Fonterra and Genesis Energy have signed an agreement to work together on exploring the viability of biomass as a substitute for coal²⁴. Fonterra has trialled the use of biomass at its site near Nelson by converting the existing boiler to be able to co-fire wood biomass as well as coal. As part of this trial, Fonterra acknowledged that having a biomass fuel source near to the site has been a factor in

²³ Compass Agribusiness (April 2023)

²⁴ <https://www.genesisenergy.co.nz/about/news/genesis-and-fonterra-sign-biomass-agreement>

its success and having access to sufficient and reliable biomass fuel will be important to the further roll out of this technology to other coal using sites²⁵.

110. IFS are working with other industry partners to develop a secure and sustainable supply of biomass for boilers in the Southland and South Otago regions. At this stage IFS have not consulted directly with Fonterra but have advised the Applicant that the travel distance between the Land and the Fonterra plants at Edendale and Stirling (both being within 100kms) would make the delivery of biomass an economic and environmentally sustainable proposition²⁶.

Slash damage control

111. A resource consent will be required for the harvest of the New Forest and the Applicant will comply with the conditions of that consent as well as the rules under the National Environmental Standards for Plantation Forestry (**NES-PF**), which include a requirement to ensure slash is stored safely on landings/pads.
112. The Applicant submits that an added benefit of using woodchip for biomass will be that using leftover residues (slash) for biomass will reduce any potential damage caused from it being left on the ground. Typically thinned trees are left on the ground and this can cause issues with slash during extreme weather events.
113. Additionally, the following factors also reduce the prospect of slash issues from the Land:
- the Land is classified as Low in the Ministry for Environment (**MfE**) erosion susceptibility Class mapping;
 - the Land is predominantly orthic brown soils which are typically well drained. The area is not known for high rainfall events and the Land is of rolling topography with some moderate slopes. All slopes are vegetated in existing plantation or continuous pasture and no evidence of soil instability is present.
114. DOC also made various recommendations to reduce slash risk (as set out in paragraph 117 below). In addition, a consent condition will require the Applicant to consult with the local authority regarding its recommended slash control measures.

Pest control

115. The Applicant will be undertaking regular pest control during the investment. This has been budgeted at \$1,200 per annum (\$36k over the life of the forest). DOC recommended that the Applicant develop a suitable weed and pest control programme approved by DOC and this will be enforced through a condition of consent.

Stock effluent and fertilizer

116. The removal of stock from the Land will eliminate the risk of future animal effluent issues. The Vendor has also confirmed that it employs external labour to occasionally

²⁵ <https://www.mbie.govt.nz/dmsdocument/5368-fonterra-process-heat-technical-paper-submission>

²⁶ Fonterra's Edendale Plant is a large milk powder plant currently operated by coal fired boilers. A reliable and proximate supply of biomass will be required for Edendale to convert to wood pellet fired boilers, particularly given Fonterra has committed to ceasing the use of coal by 2037.

apply fertilizer on the Land (none recently), which will likely cease following conversion to trees, reducing the risk of potential future nitrogen leaching etc.

Consultation with DOC

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

- the Applicant obtain an ecological report/s for the Land by engaging suitably qualified ecologists to investigate further protections for any significant natural areas, and to assess Four Mile Creek which runs through the Land. DOC also recommended that Mana Whenua be consulted as part of these reports.
- In particular, DOC advised that Tuna/longfin eel were spotted elsewhere in Four Mile Creek recently and that these are at risk and are of cultural significance to Ngāi Tahu, along with other interesting species. Possible protective measures include buffer and setback areas from any waterways, and to keep these free of any forestry debris. Planting of riparian banks, and setbacks from the same would also reduce the risk of any future slash damage.

118. A condition of consent will require the Applicant to obtain the recommended reports, and then forward these to DOC for review and feedback. The consent condition will also require the implementation of reasonable recommendations made in the report/s.

Public Access

119. There is currently no public access to the Land for recreational purposes, however, the Land does include a number of unformed and unnamed internal "paper roads", though their exact location is unclear in places.

120. The Applicant consulted with Herenga ā Nuku which made three recommendations to improve public access:

- ensure continued legal access along the "paper roads" by not planting upon these, putting appropriate setbacks in place, and keeping them clear of any wilding pines;
- introduce a hunting access permit system;
- provide access to local iwi upon request for cultural purposes.

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

New Mountain Bike Park/Trails

122. In addition, the Applicant has held initial discussions with Mountain Biking Otago (MBO) regarding the possibility of creating a new mountain bike park/trails through the New Forest.

123. MBO has responded that it is "in full support of the proposed development" of such a park through Springhill. MBO feels it would complement the expanding cycle trail network in the area, and that it would be an "attractive destination".

- 124. The Applicant has committed to commissioning a study in collaboration with MBO (and Clutha Development Incorporated) to assess the proposal, and to develop a new park/trails if this is deemed feasible.
- 125. If the new initiative does prove feasible, the Applicant has committed to donating \$150k towards construction, and has agreed to allow it to be used by the public free of cost.
- 126. A condition of consent will require the Applicant to undertake the feasibility study and, if feasible, to build the new facility and invest at least \$150k into its construction, and then offer its use to the public at no cost.

Significant Government Policy

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

Summary assessment: benefit to NZ test

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

ECONOMIC BENEFITS	
Strength	Moderate
	<p>LINZ considers that this factor should be given a Moderate weighting given there will likely be an increase in revenue off the Land (and in export receipts, in particular through Pan Pac and Daiken processing plants), a likely increase in domestic processing (expected to be 60% of the logs from the New Forest), an increase in jobs, and greater investment in the Land as a result of the investment.</p> <p>LINZ notes though that, in terms of economic returns, it is very difficult to compare potential timber with farming revenues given the long term nature of the investment and the volatility of primary commodity markets²⁷.</p> <p>LINZ also notes that the current farm has been farmed conservatively in recent times and therefore is likely to be capable of producing more revenue than it currently does.</p>

²⁷ LINZ notes that the PWC Report estimates 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).

Creation of jobs		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>IFS has estimated that the investment²⁸ will likely create an average of 3.7 annual FTEs over the first rotation from the New Forest area of 528ha – approximately 0.7 per 100ha²⁹. This equates to a total of approximately 111 FTEs over 30 years.</p> <p>The new jobs are likely to be better paying than the existing jobs.</p> <p>There will also likely be more indirect jobs as a result of afforestation, a conclusion which is supported by the PWC Report³⁰</p>	<p>The Land currently supports 2 direct farming FTE off 570ha of farming land which will equate to around 60 FTE jobs over 30 years (0.35 per 100ha)³¹.</p> <p>It is also likely that the Existing Trees will create jobs, particularly if they are harvested in the future.</p>	<p>LINZ considers that there is likely to be a small net increase of approximately 1.7 annual direct FTE (0.3 FTE per 100 ha) and indirect jobs as well.</p> <p>LINZ also considers the types of jobs created are likely to be better paying than standard farm labouring positions.</p>
Increased revenue		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>Gross timber revenue from the New Forest area of 528ha is expected to be around \$29.4m. If averaged out over 30 years, this equates to approximately \$980k per year (\$185k per 100ha)³².</p>	<p>The current farming operation is operating at an approximate \$34k loss.</p> <p>Current farm revenue from 570ha of farming land (based upon the average of the last four years - \$584k³³) equates to around \$17.5m over 30</p>	<p>LINZ considers there is likely to be a significant increase in revenue and export receipts generated from the Land (even if the farm was farmed more intensively and further carbon and timber revenue was generated from the Existing Trees).</p> <p>In terms of net increase in total revenue per 100ha</p>

²⁸ The Applicant has confirmed that the new 3.7 FTEs are almost 100% derived from the new greenfield development. There will be some work that will need to be carried out on the existing forest but this will be very limited.

²⁹ The PWC Report estimates that a forest of this size would likely generate around 6 FTEs which is considerably more than the Applicant's estimate – LINZ notes though that the numbers estimated per individual forest by recent applicants has varied.

³⁰ The Applicant has assessed these as 3.9 indirect and 1.9 induced jobs compared to an approximate 1.2 and 0.8 for a farm this size using the PWC model.

³¹ The Compass Report states that 1.6 FTE would be more consistent with an operation of this type where it is primarily deer farming.

³² The Applicant also notes that it is likely that log sales to both Pan Pac and Daiken are likely to be processed into higher value exports (estimated worth of \$52.4m over the first rotation).

³³ Average farming costs during the same period were \$618k.

<p>In addition, an additional \$22.4m of carbon revenue is expected.</p> <p>Combined, the total new revenue is expected to be \$51.8m. If averaged out over 30 years this equates to \$1.7m (approximately \$327k per 100ha).</p>	<p>years – around \$102k per 100ha.</p> <p>However, LINZ notes that the Land has been farmed conservatively in recent years and could carry more stock units than are currently carried³⁴.</p> <p>It is also likely that the Existing Trees may generate additional carbon and (eventually) timber revenue.</p>	<p>based upon the current farming revenue, this will be approximately \$225k per year, though potential earnings from the Existing Trees may narrow this gap.</p>
Increased domestic processing		
<p>Applicant's claims: what they intend to do</p>	<p>Current state</p>	<p>LINZ analysis</p>
<p>IFS has estimated that approximately 60% of logs from the New Forest will be supplied domestically, primarily to the Pan Pac Forest Products plant located at Milburn (about 45km away) and the Daiken MDF plant in Gore (about 90km away).</p>	<p>The current farming operation is likely to involve deer and beef products being domestically processed prior to export.</p>	<p>LINZ considers the investment is likely to result in significant domestic processing of timber products (noting that 60% is a very high figure).</p> <p>However, it is difficult to compare the respective value of processing of timber compared to livestock.</p>
Development and operating expenditure		
<p>Applicant's claims: what they intend to do</p>	<p>Current state</p>	<p>LINZ analysis</p>
<p>The Applicant expects to spend at least \$27.7m developing, maintaining, harvesting and replanting the New Forest area of 528ha. If averaged out over 30 years, this equates to approximately \$923k per year (\$175k per 100ha)</p>	<p>The Compass Report estimates that around \$8.6m would likely be spent on the 570ha of farming land over 30 years. If averaged out over 31 years, this equates to \$287k (\$50k per 100ha).</p>	<p>LINZ considers the cost of establishing and operating the New Forest will likely require considerably more investment compared to the farming operation over the same period. In terms of net increase in expenditure per 100ha, this will be approximately \$125k per year)</p>

³⁴ The farm is currently running 2,785su and has averaged 3,300 since 2020. However, it carried between 4,800 to 4,900 in 2018/19 (over 25% more).

Diversification of the local economy		
Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>The proposed investment will diversify the regional economy through reducing reliance on farming, and contributing to growth of the forestry sector and high value manufacturing through the supply of logs to Pan Pac and Daiken.</p> <p>The Clutha Region, where livestock and dairy farming are the predominant industries, is particularly vulnerable to climate change and the changing societal views around the consumption of meat and dairy.</p>	<p>Forestry and logging accounts for only 4.8% of the GDP of the Clutha District.</p>	<p>LINZ considers the addition of further forestry will increase the diversity of the local Clutha economy (though only on a small scale given the size of the district and the Land)</p>
Special conditions	<p>Special Condition 1 - 5 will require forestry activities to be carried out on the Land, creating the economic benefits above.</p> <p>Special Condition 8 will prevent the Applicant from registering any crop of new or replacement trees as "permanent forestry" in the ETS scheme.</p> <p>Special Condition 16 will require the Applicant to provide at least 60% of all timber produced on the Land to domestic processors.</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. Whilst 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>	
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</p>	<p>The Land is mostly used for deer farming (with a small number of</p>	<p>LINZ considers conversion to forestry will lead to an increase in the amount of carbon stored and</p>

climate change benefits through the reduction of harmful livestock emissions and the sequestration of carbon (estimated at over 649,000 tonnes of carbon by year 30) through additional trees.	cattle) which produce farm emissions (estimated at 747 tonnes per year).	a likely reduction in farm emissions (though there is a possibility that stock may be moved elsewhere).
Economic		
Applicant's claims: what they intend to do	Current state	LINZ analysis
Carbon revenue is expected to be around \$22.4m.	There may be carbon revenue from the existing 146ha of trees.	Carbon revenue is likely to add to the increased revenue from the Land. It is likely that this carbon revenue will provide additional tax receipts.
<p>Government Policies – climate change³⁵</p> <p>Different applicants have cited different government climate policies which are supported by afforestation. As these are the same for all applications, LINZ has 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>		
<p>Government Emissions Reduction Plan – 2022³⁶</p> <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>		
Applicant's claims	Current state	LINZ analysis
The Land will store additional carbon (estimated at 649,000 tonnes of carbon by the time the trees are harvested at year 30) and reduce harmful livestock emissions (estimated at 747 tonnes per annum).	The Land is currently grazed by emission producing livestock and there are far fewer trees to store carbon.	LINZ considers that Ministers are best placed to determine the weight to be given to this policy. LINZ notes that the Plan states " <i>Careful planning of the right forests, in the right place, is required to ensure the benefits</i>

³⁵ 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.

³⁶ 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/>.

		<i>of forestry and the full supply chain are realised".</i>
<p>One Billion Trees programme³⁷</p> <p>This 2019 programme also forms a part of the Government's goal to move towards a low emissions economy. LINZ notes though that this programme also stresses the need for the right tree, in the right place, for the right purpose (paragraph 8).</p>		
Applicant's claims	Current state	LINZ analysis
<p>The Applicant intends to plant an additional 528ha of new trees (approximately 528,000 seedlings) on the Land.</p> <p>Erosion control is also an objective of the programme³⁸ and the Applicant submits that the planting of additional trees will assist with this.</p>	<p>There are existing trees on the Land but the number will increase significantly.</p> <p>The erosion classification of the Land is Low.</p>	<p>LINZ considers that it is up to Ministers to decide whether a new forest is in "the right place" for the purposes of the programme.</p> <p>LINZ considers that the planting of the new trees would likely advance this programme if they are in the right place.</p>
Special conditions	<p>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.</p>	

ENVIRONMENTAL BENEFITS	
<p>Note that carbon and climate environmental benefits are incorporated within the Government Policy benefit factor above.</p>	
Strength	<p>Weak</p> <p>LINZ considers that there will likely be environmental benefits through the removal of stock effluent and the cessation of potential fertilizer applications onto the Land. In addition, DOC has recommended a number of new protective measures (in particular obtaining ecological report/s on the Land (which will include engagement with local Iwi).</p>
Ecological Assessment of the Land	
Applicant's claims: what they intend to do	Current state
LINZ analysis	
<p>The Applicant has agreed to engage an ecological consultant/s to undertake an assessment of the Land and</p>	<p>There is no existing protection of the native bush and waterways or</p>
<p>LINZ considers that it is likely that there will be a number of new beneficial protective</p>	

³⁷ <https://www.mpi.govt.nz/dmsdocument/30942-The-One-Billion-Trees-programme-Cabinet-paper>

³⁸ part of the funding for the Programme has been reallocated from the Hill Country Erosion Programme

to implement a number of recommendations from DOC to protect native bush and waterways.	threatened wildlife on the Land.	ecological mechanisms on the Land.
Reduction of fertilizer and animal effluent		
Applicant's claims: what they intend to do	Current state	LINZ analysis
Ending farming on the Land will likely remove the risk of animal effluent issues and end the potential application of fertilizers (which may lead to nitrogen leaching etc).	The Land is mostly used for sheep and cattle farming which produces effluent, and the Applicant employs some labour for occasional fertilizing purposes (none recently).	LINZ considers conversion to forestry will likely reduce the risk of animal effluent issues and end the possible application of fertilizers (which may lead to nitrogen leaching etc).
Erosion, pest and slash control		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The planting of trees will help better manage erosion. The Applicant will spend around \$36k on pest control during the life of the forest.	The Land is all Low erosion susceptibility classification.	LINZ agrees that the new tree plantings will likely assist with reducing erosion risk. LINZ notes that many of the pests which will need controlling will likely only arise from afforestation.
Use of leftover wood for Biomass fuel		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The Applicant intends to supply leftover wood to be used as biomass as a substitute for coal for operators such as Fonterra which has nearby industrial plants.	No leftover wood is currently provided for biomass operations.	LINZ considers that, if the supply of biomass proves feasible, that this is likely to be a benefit to New Zealand.
Special conditions	<p>Special Condition 11 will require the Applicant to comply with the NES-PF in respect of the Land.</p> <p>Special Condition 12 will require the Applicant to undertake a number of recommendations made by DOC and implement a pest-control programme.</p>	

	Special Condition 13 will require the Applicant to consult with the Local Authority and implement any reasonably recommended slash control measures on the Land.
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PUBLIC ACCESS

Strength	Moderate
LINZ considers that the potential creation of a new mountain bike park/trails, along with a new public access permit system and enhanced access for Iwi, could provide significant new public access benefits.	

New Mountain Biking Park/trails

Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>The Applicant has committed to commissioning a study in collaboration with MBO and Clutha Development Incorporated to assess the proposal, and to develop a new cycle park/trails if this is deemed feasible.</p> <p>The Applicant has agreed to commit \$150k for the construction of the new park/trails if it proves feasible, and to allow the public to use these at no cost.</p>	No mountain bike access over the Land.	LINZ considers that the creation of a new mountain bike park/trails would create a significant new recreational asset for members of the public.

Recommendations Herenga ā Nuku

Applicant's claims: what they intend to do	Current state	LINZ analysis
<p>As per the recommendations from Herenga ā Nuku, the Applicant will:</p> <ol style="list-style-type: none"> 1) ensure legal access along any unformed "paper roads" by not planting upon them, putting appropriate setbacks in place, and keeping these clear of any wilding pines; 2) implement a public access permit system to allow recreational access, including a hunting access permit 	There is no public access over the Land	LINZ considers that there might be some benefit as the Herenga ā Nuku has recommended these new access arrangements (and DOC also supports a permit system).

system to keep wildlife pest number down; 3) provide access to local lwi upon request for cultural purposes.		
Special conditions	Special Condition 14 will require the Applicant to safeguard existing roads, create a new standard public access permit system over the Land, grant access to lwi, and to commission a new mountain bike park/trails feasibility study (and to develop and commit \$150k towards any new trail, and allow the public to use these at no cost, if found to be feasible).	

ADVANCING SIGNIFICANT GOVERNMENT POLICY		
Strength	Weak	
	While the investment is likely to align with the "Fit for a Better World" Government policy, any advancement of this policy is likely to be minor. LINZ also considers the proposed investment is likely to advance increased domestic processing and outdoor recreation policies.	
Fit for a Better World – Accelerating Our Economic Potential Roadmap – 2020³⁹ This is the Government's roadmap (released by MPI) for accelerating the economic potential of the primary sector primarily through building exports, reducing biogenic methane and enhancing freshwater, and growing employment in the primary sector.		
Applicant's claims	Current state	LINZ analysis
The Investment advances the Roadmap by: <ul style="list-style-type: none"> • increasing export earnings (by around double); • increased processing of primary products • creating employment; • removing livestock emissions. 	The Land currently produces fewer export earnings, less domestic processing, produces livestock emissions, has fewer trees to store carbon and employs fewer persons.	LINZ considers that it is likely that the investment will advance the Roadmap for the reasons set out in the Applicant's claims

³⁹ <https://www.mpi.govt.nz/dmsdocument/41031-Fit-for-a-Better-World-Accelerating-our-economic-potential>. The importance of the forestry industry to realising the Government's aim in the Roadmap was confirmed by then Forestry Minister Stuart Nash in the new vision for forestry reflected in the Future of Forestry booklet <https://www.mpi.govt.nz/dmsdocument/44905-Future-of-Forestry>

Special conditions	Special Conditions 1-5 will require the Applicant to carry out forestry activities on the Land.
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Consultation and submissions about the investment

130. No third-party submissions were sought or received in relation to this application.
131. In undertaking our assessment, LINZ consulted with DOC and Herenga ā Nuku. A summary of the DOC and Herenga ā Nuku consultations appears above under the Environmental and Public Access benefits.

Proposed conditions and rationale

132. The Applicant's afforestation proposal is the primary action from which all the specific benefit claims flow.
133. In addition to using the Land for forestry activities (including planting, maintaining, harvesting and replanting a crop of trees), the draft conditions of consent also:
- require the Applicant to work with MBO and other local organisations to assess the feasibility of a new mountain bike park/trails on the Land and, if feasible, invest a minimum of \$150k into these and allow the public to use them without cost;
 - require the Applicant to subdivide off and sell the dwellings and associated land;
 - prohibit the Applicant and related persons from occupying the Land for residential purposes;
 - allow temporary grazing of the Land, and use of the dwellings, until planting and subdivision is completed;
 - require the Applicant to comply with the NES-PF, 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;
 - prohibit registering the crop of trees as permanent forestry under the ETS (whilst allowing native forestry, such as riparian margins, to be registered as permanent forestry if they qualify);
 - require implementation of various ecological recommendations from DOC, including commissioning new ecological reports for the Land;
 - protect unformed legal roads within the Land;
 - create better access to the Land for members of the public through a new permit system and better access for Iwi for cultural purposes.

Conclusion – benefit to NZ test

134. The benefit to New Zealand test is met if the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders) having regard for the factors in s 17.

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

Proportionality

136. The Act requires a proportionate approach to whether the benefit test is met, by taking into account whether the benefit that is likely to occur is proportionate to:
- the sensitivity of the land (for example, the importance to New Zealand of the purpose for which the land is used, the size and value of the land, any sensitive features associated with the land, and the level of interest that the public have in the land);
 - the nature of the overseas investment transaction (for example, the estate or interest being acquired, whether the estate or interest is temporary or permanent, and the degree of overseas ownership or control of the land or of the estate or interest in land).
137. Matters relevant to the sensitivity of the Land are likely to include:
- matters indicating diminished sensitivity:
 - the Land is sensitive only because it is non-urban land larger than 5ha;
 - almost 20% of the Land is already planted in forest;
 - the Land is mostly LUC 6 (62%).
 - matters indicating increased sensitivity:
 - the Land is 38% LUC 3;
 - the relatively large size of the Land being 764ha;
 - the Land includes 570ha of farm land;
 - public interest in the use and conversion of farm land.
138. Matters relevant to the nature of the overseas investment transaction include:
- the Applicant is acquiring a freehold interest;
 - the Applicant is entirely overseas owned (though LINZ notes that both of the underlying owners hold New Zealand permanent resident visas);
 - the Land will be converted to an alternative (non-farming) use.
139. The Applicant submits that the following factors are also relevant to determining whether the benefit is proportionate to the land being acquired:
- a majority (62%) of the Land is comprised of LUC 6 which is more suited to forestry than pastoral farming.
 - there are no special features of the Land such as significant waterways, historic heritage or places, indigenous forest or wāhi tapu areas.

- the dwellings will remain available for community members to inhabit, or will be able to be used for new tourist accommodation in support of the Clutha Rail Trail;
- there are already large forestry estates in the Clutha district proximate to the Land;
- the Applicant intends to provide a very high amount (60%) of its timber to domestic processors and possibly provide thinning residues as biomass to nearby Fonterra industrial plants;
- it is likely that the public will benefit from new access and recreational opportunities, in particular a new mountain bike park/trails which the Applicant will fund with a minimum of \$150k provided establishing the facility is deemed feasible;
- given the limitations with the Land as a farm (which has been operating at a loss) the Applicant submits that forestry is the only other feasible land use that can produce benefits of a significantly greater scale, and at an economic level that is proportionately much greater than the sensitivity of the Land.

Conclusion

140. 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.

G. Farm land advertising

141. Because the Land is farm land,⁴⁰ LINZ notes that it was advertised for sale on the open market with the required information for a period exceeding 30 working days⁴¹ on four websites⁴² and in one local newspaper.⁴³
142. Advertising commenced on 7 September 2022 with the tender period ending on 27 October 2022.
143. The parties entered the purchase agreement on 18 November 2022, some weeks after the tender period closed.
144. A copy of one of the Adverts is included as **Attachment 5**.
145. LINZ is therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.⁴⁴

⁴⁰ Currently being used primarily for stock grazing (see the definition of farm land in s 6 of the Act).

⁴¹ For sale by tender, closing on 27 October 2022.

⁴² From 7 September 2022 on *PGG Wighlson and Trademe*, and from 8 September on *Realestate* websites. The Land remains advertised for sale (to secure a back-up offer in the event that LINZ consent is not obtained).

⁴³ On 10 September 2022, 17 September 2022 and 1 October 2022 in the *Otago Daily Times*.

⁴⁴ Overseas Investment Regulations 2005, regulations 5 to 10.

H. Not a transaction of national interest

146. 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).
147. 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.
148. 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;
 - would grant an investor significant market power within an industry or result in vertical integration of a supply chain;
 - has foreign government or associated involvement that was below the more than 25 per cent 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).
149. LINZ does not consider that this investment engages any of these risk factors.

I. Conclusion

150. After considering the application, LINZ's view is that:
- the investor test has been met; and
 - the farm land offer test has been met;
 - the transaction is not considered to be a transaction of national interest; and
 - whether the benefit to New Zealand test is met is a matter requiring Ministerial judgement.

⁴⁵ Under s 20A of the Act.

⁴⁶ Section 20B of the Act

⁴⁷ Ministerial Directive Letter (24 November 2021).

151. 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.
152. If you agree to grant consent, LINZ refers you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 3 of this Assessment Report to record your decision.

s9(2)(a)

Anneke Turton
Manager, Applications
Overseas Investment - LINZ

Date: 18/09/2023

J. List of Attachments

1. Proposed Decision
2. Intended ownership structure
3. Other benefit factors
4. LUC & Location Maps
5. Advert example
6. Planting Plan
7. Current & Proposed Use Table

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	202300336
Consent	The Consent holder may acquire the Land subject to the Conditions set out below.
Consent holder/s	NZ Forestry Partnership LP (CN 50125672) We will also refer the Consent holder as you .
Land	A freehold interest in approximately 764 hectares of land located at 495 Cockleshell Road, Clutha, Otago, contained in Record of Title OT10D/679 (Otago).
Timeframe	You have until [date] to acquire the Land.

Conditions

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

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

Definitions

Act means the Overseas Investment Act 2005.

Crop of trees means:

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

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

DOC means Department of Conservation.

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

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

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

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

LINZ means Land Information New Zealand.

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

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

Other Land means Land that is not Forestry Land (which for the avoidance of doubt, comprises approximately 2ha containing the Dwellings and associated farm buildings to be subdivided and sold. See **Appendix A**).

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:

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

Details	Required date
Special condition 1: Land must be planted with trees	
You must establish a new crop of trees on the Land covering at least 500 hectares.	By 31 August 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 2: Forestry Land must be used for forestry activities	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 3: Minimum silvicultural practices	
The crop of trees must be maintained in accordance with minimum silvicultural practices. In particular, the crop of trees must be planted at approximately 1,000 stems per hectare and thinned to approximately 500 stems per hectare.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special Condition 4: Crop of trees must be harvested	
<p>You must ensure that no more than 5% (by area) of the crop of trees on the Land (which does not include Protected Areas under special condition 12) is older than the species age limit.</p> <p>For <u>pinus radiata</u>, species age limit is 35 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by LINZ.</p>	At all times

Details	Required date
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p>Special condition 5: Trees must be replanted after harvest</p>	
<p>You must replace each crop of trees (Existing Trees and New Trees) which you harvest with a new crop of trees (Replant). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <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>Within 3 years of harvest (or as otherwise permitted by this condition).</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p>Special condition 6: Confirm area of Forestry Land and Other Land</p>	
<p>You must:</p> <ol style="list-style-type: none"> a) confirm to us in writing the area of Forestry Land and the area of Other Land; b) provide a map showing the extent of the Forestry Land and the Other Land. 	<p>By 31 August 2025</p>
<p>Special condition 7: Subdivide and dispose of Other Land</p>	
<p>You must complete a subdivision so the Other Land can be disposed of.</p>	<p>By 31 August 2025</p>
<p>You must dispose of the Other Land.</p>	<p>By 31 August 2026</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 8: ETS registration</p>	

Details	Required date
<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>	<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 9: Non-occupation outcome</p>	
<p>None of the following people may occupy the Land acquired under this consent for residential purposes or as otherwise permitted by Special Condition 10 (Permitted temporary activities):</p> <ul style="list-style-type: none"> a) You; b) Any overseas person with a more than 25% ownership or control interest in any of the people in (a); 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>	<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 10: Permitted temporary activities</p>	
<p>The Land may be used temporarily for the following activities for transitional purposes:</p>	<ul style="list-style-type: none"> a) Until 31 August 2026 b) Until 31 August 2026

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
<p>a) The Land may be grazed prior to being planted with a crop of trees in accordance with Special Condition 1 (Land must be planted with trees); and</p> <p>b) The Dwellings may be used for residential purposes.</p>	
<p>Special condition 11: Comply with NES-PF</p>	
<p>You must comply with the NES-PF in respect of the Land. In particular, you must create appropriate setbacks from the Protected Areas under special condition 12 and keep these free from forestry debris.</p>	<p>At all times</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p>Special condition 12 – Ecological condition</p>	
<p>You must engage one or more suitably qualified and experienced consultants (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 consultancy Aukaha LTD).</p> <p>The freshwater report should assess Four Mile Creek and any other active channels for significant habitat, and the impact of afforestation on water yield and quality of the habitat.</p>	<p>By 31 August 2024</p>
<p>You must implement any reasonable recommendations within the Ecological Plan (and as confirmed by DOC) which are not already achieved through compliance with the NES-PF (noting that a recommendation will not be reasonable if it cannot be reasonably accommodated by the Applicant in complying with other special conditions).</p>	<p>By 31 August 2026</p>
<p>If recommended by the Ecological Consultants, you must:</p> <ul style="list-style-type: none"> • avoid planting or disturbing any significant nature areas (Protected Areas) including waterways; 	<p>By 31 August 2026</p>

Details	Required date
<ul style="list-style-type: none"> • avoid planting or otherwise developing ridges, gullies and steep land; • create appropriate setbacks (10 to 20m buffers in the case of permanent waterways) from the Protected Areas 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; • keep all setbacks clear of forestry debris; • collaborate with the Ecological Consultant to identify any research projects which could be implemented on the Land. You must implement any joint initiatives where these can be reasonably accommodated in the management of a production forest; • adopt any other reasonable recommendations from DOC. 	
<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 \$36,000 on pest control on the Land by a suitably qualified operator.</p>	<p>To be approved by 30 June 2024 and implemented by 31 August 2052</p>
<p>You must provide a copy of the Ecological Report to DOC for review and comment as to any recommendations made as per above.</p>	<p>By 31 August 2025</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p>Special condition 13 – Slash control measures</p>	
<p>You must consult with the Clutha District Council and Otago Regional Council with regard to the implementation of slash control on the Land and implement any reasonable slash control measures recommended by them.</p>	<p>By 31 August 2024</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 14: Protection of Roads and improved public access	
<p>You must not plant over any unformed legal roads (Paper Roads) on the Land.</p> <p>You must place appropriate setbacks approved by Herenga ā Nuku (the Outdoor Access Commission) alongside any Paper Roads on the Land.</p> <p>You must keep all Paper Roads on the Land free from any wilding pines and forestry debris.</p>	At all times
<p>1. You must establish and maintain a public permit system for access to the Land. For the avoidance of doubt access permits may be refused or be subject to reasonable limitations, for reasons including but not limited to:</p> <ul style="list-style-type: none"> (a) prohibiting or limiting access for operational reasons (like during planting and harvest or to manage the risk of fire), (b) defining the times and frequency of access, entry and exit points, routes, and activities undertaken on the Land, (c) rules to manage for health and safety and other risks (including communications, insurance requirements, and induction processes), (d) to ensure the access does not disturb or cause a nuisance to the vegetation and activities on the Land. <p>2. You must advertise this permit system by installing signage on the Land.</p> <p>3. You must advise the local DOC office of this permit system so that DOC is able to direct any enquiries to the correct place.</p>	<p>1) by 31 August 2025 and once established, at all times.</p> <p>2 and 3) by 31 August 2025</p>
<p>You must permit reasonable access for members of local Iwi for cultural purposes upon request</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 15: Mountain bike trail	

Details	Required date
<ol style="list-style-type: none"> 1. You must consult with Mountain Biking Otago (MBO) and Clutha Development Incorporated (CDI) to assess the feasibility of a new mountain bike trail over the Land. 2. If recommended by MBO and CDI, you must commission a joint feasibility study, which includes an assessment of the type or category of trail that would be best suited for the Land and likely users. 3. If the feasibility study concludes that there would be reasonable demand and a feasible management concept for such a facility, you must develop the bike trail, expend a minimum of \$150,000 upon developing any such trail, and allow members of the public to use the trail free of charge. 	<p>1) by 31 August 2024</p> <p>2 and 3) by 31 August 2026</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 16 – Domestic processing supply</p>	
<p>You must offer for sale a minimum of 60% of logs harvested on the Land to domestic processors based in New Zealand.</p>	<p>Upon harvest of the new and any replacement 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:

Details	Required date
<p>Standard condition 1: Acquire the Land</p>	
<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>As stated in the Consent</p>

<p>Note, only you – the named Consent Holder – may acquire the Land, not your subsidiary, trust, or other entity.</p>	
<p>Standard condition 2: Tell us when you acquire the Land</p>	
<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. 	<p>As soon as you can, and no later than two months after settlement</p>
<p>Standard condition 3: Allow us to inspect the Land</p>	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions.</p> <p>We will give you at least two weeks' written notice if we want to do this.</p> <p>You must then:</p> <ol style="list-style-type: none"> 1. allow a person we appoint (Inspector) to: <ol style="list-style-type: none"> a. enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (Inspection); b. remain there as long as is reasonably required to conduct the Inspection; c. gather information; d. conduct surveys, inquiries, tests, and measurements; e. take photographs and video records; and f. do all other things reasonably necessary to carry out the Inspection; and 2. take all reasonable steps to facilitate an Inspection including: <ol 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. 3. During an Inspection: 	<p>At all times</p>

<p>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</p> <p>b. our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the inspection.</p>	
<p>Standard condition 4: Remain not unsuitable to invest in New Zealand</p>	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the assets in accordance with section 18A(1) of the Act.</p> <p>The Individuals Who Control You are individuals who:</p> <p>(a) are members of your governing body;</p> <p>(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</p> <p>(c) are members of the governing body of the people referred to in paragraph (b) above.</p>	<p>At all times</p>
<p>Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control</p>	
<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. 	<p>At all times</p>
<p>Standard condition 6: Dispose of the Land if you do not comply with key special conditions</p>	
<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>	

We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:	
Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.	Within six weeks of the date of our notice
Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.	Within six weeks of the date of our notice
Dispose of the Land: dispose of the Land to a third party who is not your associate.	Within six months of our notice
Offer without reserve: if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.	Within nine months of our notice
Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Land.	By the last day of every March, June, September and December after our notice or at any other time we require
Report disposal to us: send us, in writing, evidence of the following: <ol style="list-style-type: none"> 1. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor); and 2. that the purchaser is not your associate. 	Within one month after the Land has been disposed of

Reporting conditions

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

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

1. be submitted via our [Webform](#) by these dates:
 - (a) 30 September 2024; and
 - (b) 30 September 2026.
1. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions),
 - b. the subdivision of the Other Land, and
 - c. your most current forecast or schedule for harvesting and replanting of various areas of the Land (including maps indicating the particular areas and likely schedules).

2. follow the format of the template annual report published on our website.
3. If requested in writing by LINZ, the Consent Holder(s) must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
 - a. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted, or
 - b. the conditions of this Consent.

Power to vary reporting date

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

Power to narrow scope of reports

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

Power not to require further reporting

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

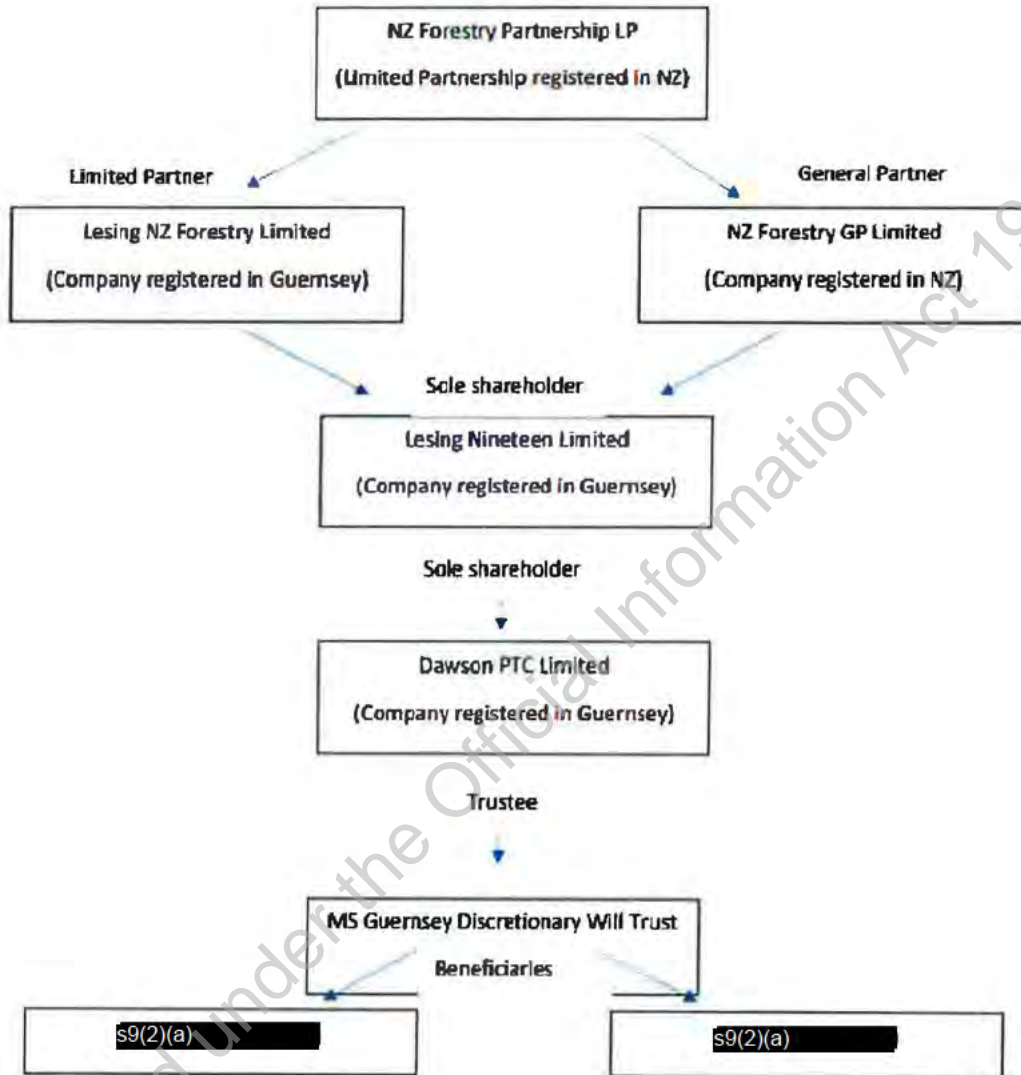
Appendix A

The proposed boundaries are:



Note: The areas marked in green are to be the non planted areas.

ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE



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ATTACHMENT 3 – OTHER BENEFIT FACTORS

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

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

Factor	Reason not relevant or insufficient
Historic heritage	There are no places of historic heritage and wāhi tapu located on the Land.
Oversight or participation by New Zealanders	Not relevant as the Land is already owned by New Zealanders.
Consequential	<p><u>Use of dwellings for tourist or community purposes</u></p> <p>The Applicant intends to subdivide and sell off the two dwellings, which are likely to be attractive to Airbnb type operators as they are situated in close proximity to the Clutha Gold Trail and the new mountain bike park/trails if these proceed. This will promote tourism in the region and the local community by providing a new accommodation business.</p> <p>LINZ considers that it is possible that there will be tourist related benefits if the dwellings are able to be used for commercial accommodation purposes but there is uncertainty as to their ultimate use.</p> <p>LINZ also considers that the dwellings would likely remain available to members of the community without the investment.</p>

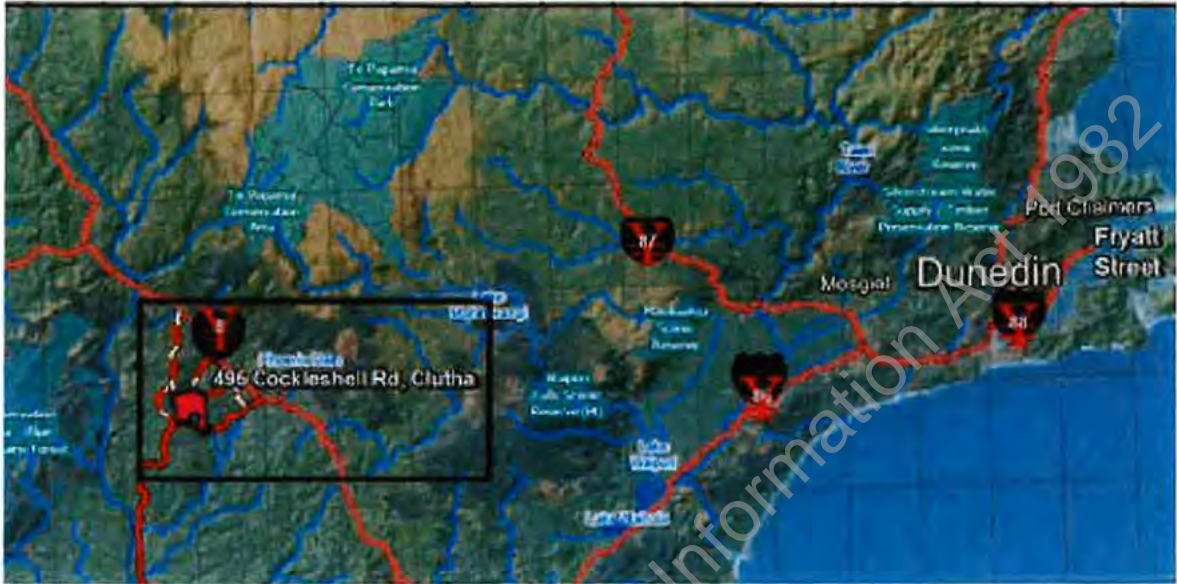
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Factor	Reason not relevant or insufficient
	<p><u>Prior and future investments by s9(2)(a)</u></p> <p>The Applicant also claimed this factor on the basis that the s9(2)(a) applies a portion of their capital to impact investments which provide a benefit for the communities in which the s9(2)(a) undertakes business.</p> <p>In New Zealand, this was evidenced by their investment into 17 Queenstown rental apartments (the s9(2)(a)) which were built recently to provide affordable mixed tenure rental accommodation. The s9(2)(a) has retained ownership of these rental units which continue to provide important rental accommodation to Queenstown workers.</p> <p>The Applicant submits that the s9(2)(a) retains a strong desire to continue to invest in New Zealand, both for commercial return and for social impact. A grant of consent will cement the s9(2)(a) long-term commitment to New Zealand and pave the way for further future investments.</p> <p>LINZ considers that it is too uncertain at this time for future potential investments to be taken into account, and those which have already occurred are unaffected by the proposed investment.</p>

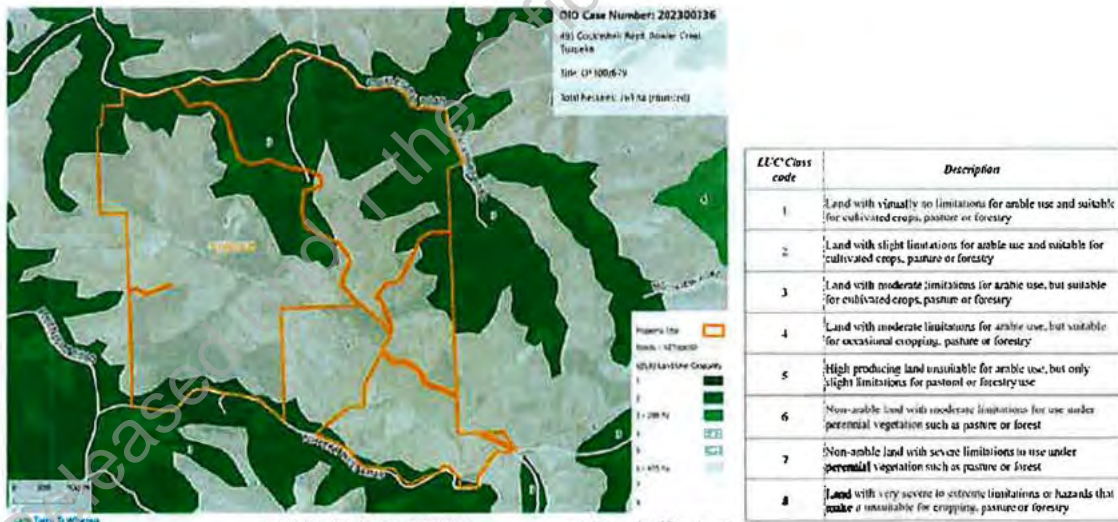
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ATTACHMENT 4 – LOCATION MAP, LUC MAP, ESC MAP AND NEARBY FORESTS

Applicant's map showing the Land in geographical context



LINZ map showing LUC with codes and description



ESC Map

LINZ map showing erosion susceptibility of the Land

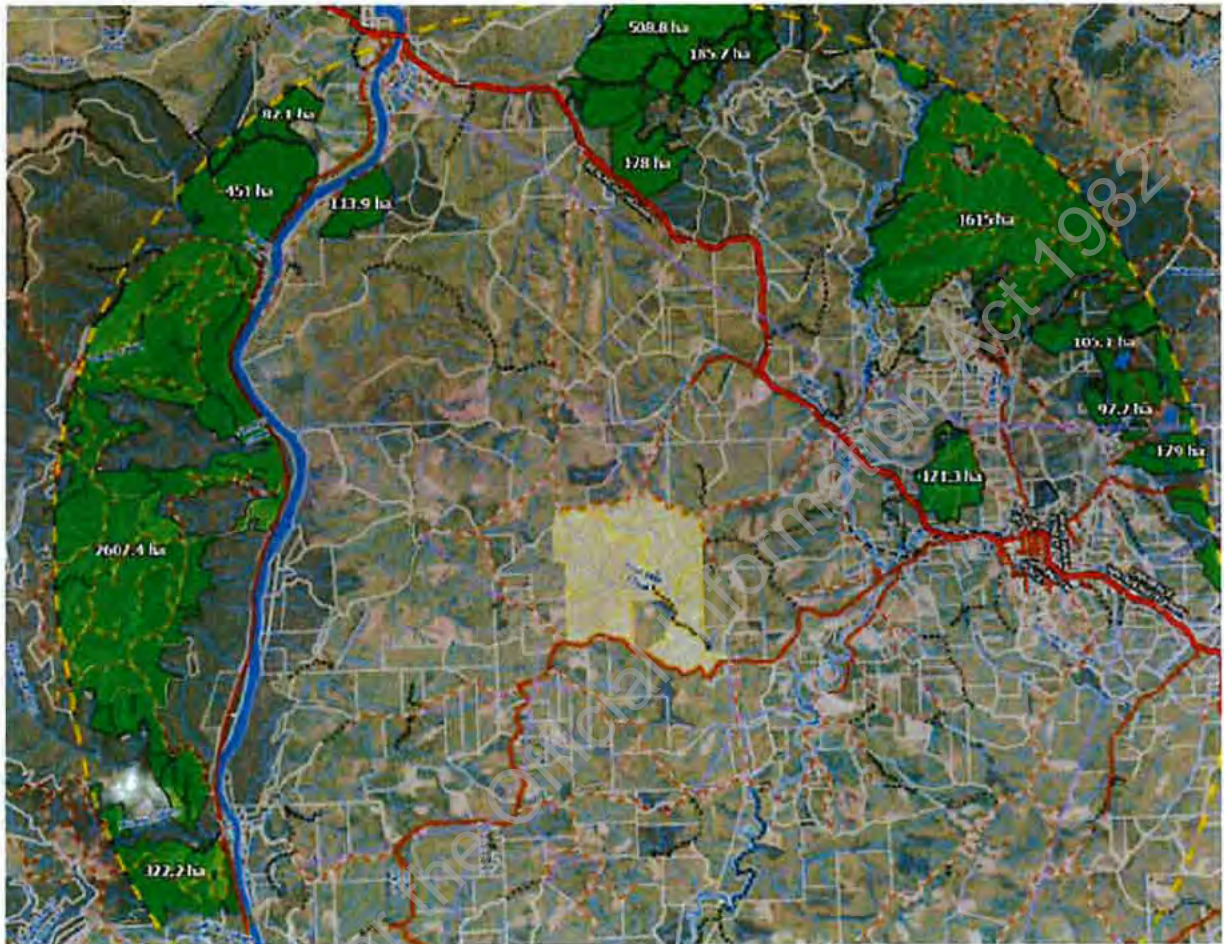


NES-PF Erosion Susceptibility Classification

ESC (March 2018)

Low Moderate High Very High Other

Applicant's Map of nearby forests (shown in green)



LINZ map showing the Land outlined in purple



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ATTACHMENT 5 – ADVERTISING EXAMPLE

Chicago Daily News • Saturday, September 10, 2007 PROPERTY TIMES 43

PropertyTIMES

RURAL

**THIS WEEK'S
FEATURED PROPERTY**



ADDRESS
486 Cookeshall Rd, Tuzapeka West

LAND AREA
784.8631ha bushland

PRICE
For sale by tender. Closes 12 noon, Thursday, October 20

FEATURES
A full range of improvements include a five stand woolshed and covered yards with a deer handling facility, three haybarns, cattle yards, implement shed and workshop. Two bonuses – main five-bedroom, and renovated three-bedroom. Springhills presents a rare opportunity to purchase a property that is set up to generate income from a wide range of livestock and a forestry and carbon income streams.

AGENTS
PGG Wrightson Ltd, 17 Factory Rd, Morningside, Phons (03) 470-0317
Brend Irving 027 457 7034
Craig Bailey 027 488 4391

www.pggw.co.nz, ID DUHQ8862

PGG Wrightson

‘Springhills’

DEVELOPED and faithfully farmed by the Haines family for 60 years, this well-located property is just 10kms from Lawrence, 55kms to Bulweria, and 60kms from Dunedin.

Springhills provides an excellent mixed farming operation with 40 paddocks fenced for sheep and cattle, 60 deer fenced paddocks, 40 fenced treeblocks plus various established shelter rows with contours ranging from undulating paddocks rolling into some steeper gullies, good access via rocky central roading from Cookeshall Rd and Tuzapeka West Rd.

Springhills is a low altitude property averaging 300MASL with 100-800mm rainfall.

A full range of farming buildings comprise a five-stand woolshed and large covered yard incorporating the deer handling facilities, three haybarns, implement shed and workshop, super bin and cattle yards. The main homestead is a large three-

bedroom home with open-plan living, second lounge, and sunroom. There is internal access to a double garage as well established in an extensive garden setting. A beautifully renovated three-bedroom cottage, open plan kitchen, dining living onto a deck area, office and carport.

Currently stocked with 500 MA Fines, 600 MA Stags, 450 ewe ewes, 50 beef cows, 40 R2 and 70 R1 cattle. The property is grazing hoggets and trading stock along with some cut and carry. Approx 140ha of MA forest, 20ha planted ready for planting 2003, along with 120ha of established trees.

Springhills provides a rare opportunity to purchase a property that is set up to generate income from a wide range of livestock and a forestry and carbon income streams.

Inspection is invited by calling the vendors solicitors.



Full Range of buildings and established shelter.



Established forestry.

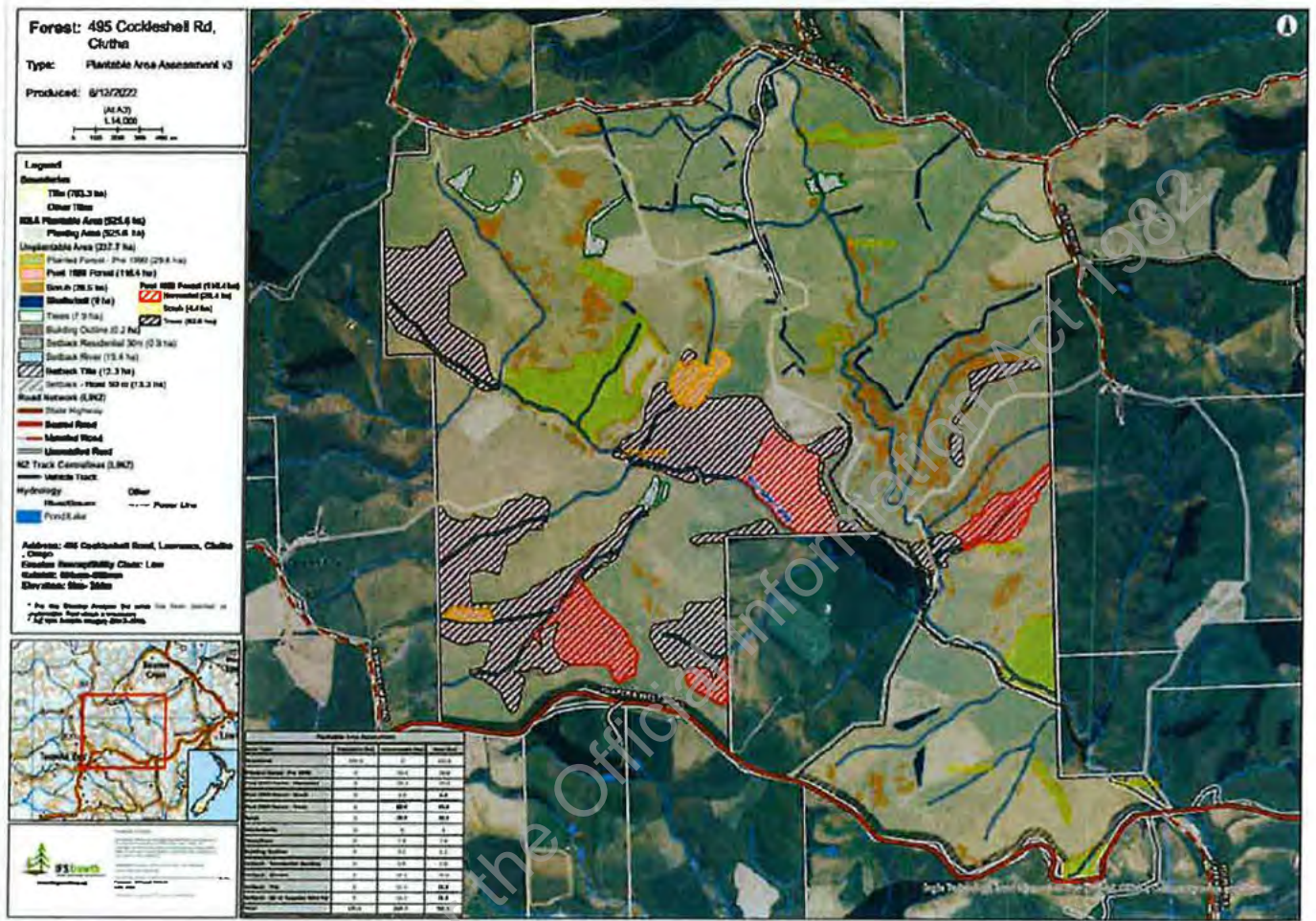


Rolling contour with fenced internal access.



Woolshed and deer facilities.

ATTACHMENT 6 – PLANTING PLAN



ATTACHMENT 7 – CURRENT AND PROPOSED USE TABLE

495 Cockleshell Road, Tupeka West, Otago		
Land use	Current (ha)	Proposed (ha)
Farm land (total)	570.8558 ha	0 ha
New planting / afforestation – at 1000 stems per ha	N/A	524.3558 ha
Scrub	28.3 ha	28.5 ha
Shelterbelts and trees	16.9 ha	16.9 ha
Pre-1990 land	29.8 ha	29.8 ha
Post 1989 land	116.4 ha	116.4 ha
Setbacks – waterways, roads, boundaries	N/A	46.1 ha
Houses	1.8 ha	N/A
Land to be divested/subdivided and sold (total)	N/A	2 ha
Total land use	764.0558 ha	764.0558 ha

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