



## Decision required under the Overseas Investment Act 2005: OneFortyOne Plantations Holdings Pty Ltd

<b>Date</b>	23 November 2018
<b>Security Level</b>	Commercial: In Confidence
<b>Priority</b>	High
<b>Report/Case Number</b>	1436 / 201810093
<b>Decision Required By</b>	7 December 2018

### Instructions

	Action Sought	Suggested Deadline
<b>Minister for Land Information</b>	<ol style="list-style-type: none"> <li>1. Sign the attached memorandum</li> <li>2. Forward the memorandum and annexure to the Associate Minister of Finance</li> </ol>	7 December 2018
<b>Associate Minister of Finance</b>	<ol style="list-style-type: none"> <li>1. Sign the attached memorandum</li> <li>2. Forward the memorandum and annexure to the Overseas Investment Office</li> </ol>	7 December 2018

### Contact for Telephone Discussion

Name	Position	Telephone (wk)	Cellphone	First Contact
Pedro Morgan	Principal Advisor	04 460 2785	021 476 514	✓
Kirsty Hulena	Senior Solicitor	04 460 2720		

## Executive Summary:

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1. OneFortyOne Plantations Holdings Pty Limited seeks consent to acquire approximately 2,411 hectares of forest land at Wairau Valley, Marlborough. OneFortyOne is approximately 62% Australian owned, and owns forestry assets in South Australia and Victoria, and recently acquired Nelson Forests Limited, which owns approximately 77,000 hectares of land including 24,114 hectares of freehold.
2. The land is planted predominantly in pine with a small amount of Douglas fir. There are also areas of ecological interest on the Land as well as special land.
3. The Vendor wishes to sell the land as its shareholders want to refocus their interests closer to home in the USA. The land is the only New Zealand investment owned by the Vendor and constitutes a small part of its overall business.

### Investment Plan

4. OneFortyOne's plans for the investment include:
  - (a) Expanding forest/silvicultural management systems to increase harvest volume and an increase in the number of logs processed in New Zealand;
  - (b) Commitments to processing in New Zealand and providing an advanced view of processing opportunities to New Zealand based processors;
  - (c) Support for industry and Government policies in New Zealand, including the Government's goal to plant One Billion trees;
  - (d) Investments into environmental protection and practices, including support for wilding conifer control; and
  - (e) Consulting with DOC regarding the areas of ecological interest.

### Benefits to New Zealand

5. The Land is 'forest land' as defined in the Ministerial Directive Letter issued by the Minister of Finance on 28 November 2017.
6. We consider that the granting consent to the Investment is likely to result in substantial and identifiable benefit to New Zealand and is in accordance with the Ministerial Directive Letter as:
  - (a) there is likely to be an increase in processing of logs at mills in the Nelson/Marlborough region through one or more of the measures outlined by OneFortyOne, including:
    - (i) making a forecast of wood available to local processors prior to harvest to allow them to plan for these volumes and negotiate supply; and
    - (ii) a commitment to supply a majority of logs for processing in New Zealand.
  - (b) we are satisfied that a benefit to New Zealand is likely to result from the advancement of the One Billion Trees Programme, a significant Government strategy. We consider that overseas investment into the forestry industry (including the purchase of existing forestry blocks by overseas investors) can help ensure that the forestry industry continues to be viable and economic in New Zealand. It helps encourage forestry investors to continue and invest in their operations by ensuring that there is a continued market for forest land.
7. In addition the Investment is likely to result in mechanisms to protect and enhance significant areas of indigenous vegetation including conservation covenants and the creation of enduring public access in one particular location on the Land and potential further public access in other areas.

8. We consider that the all of the criteria for consent have been met, including the criterion in section 16(1)(e)(iii) has been met. **Accordingly, we recommend that consent is granted.**

**New forestry pathways**

9. OneFortyOne sought consent under the 'benefit' test, not the new forestry pathways. However, OneFortyOne is eligible to have this application considered under the new forestry pathways if it wished.

**Instructions**

10. Please see **Appendix 2** for instructions on how to make a decision and guidance on the relevant factors and criteria for consent.

**Recommendations:**

11. I recommend that you:

- (a) determine that:

- (i) the '**relevant overseas person**' is (collectively):

Entity	Relationship
OneFortyOne Plantations Holdings Pty Ltd	The Applicant
Nelson Forests Limited	The entity that will acquire the Land
Future Fund [ s 9(2)(b)(ii) ] [ s 9(2)(b)(ii) ]	Shareholder in the Applicant
Pension Reserves Investment Management Board	Shareholder in the Applicant
Campbell Global, LLC	Investment Manager to Future Fund [ s 9(2)(b)(ii) ] and Pension Reserves Investment Management Board

- (ii) the '**individuals with control of the relevant overseas person**' are:

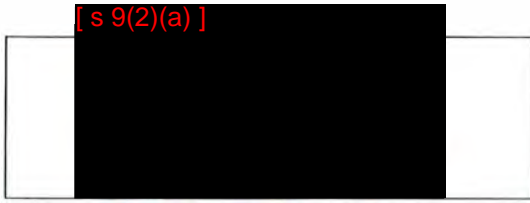
Individual	Role
Stanley George Renecker	Director of NFL and the Applicant and a member of the Campbell Global Executives team
Johnny Slade Gilleland	Director of NFL and the Applicant and a member of the Campbell Global Executives team
David Christopher Rumker	Director of NFL and the Applicant and a member of the Campbell Global Executives team
Angela Marie Davis	Director of NFL and the Applicant and a member of the Campbell Global Executives team

Individual	Role
[ s 9(2)(a) ]	Member of the Shareholder Executive Team
Linda Kay Sewell	Chief Executive Officer of the Applicant and a member of the Senior Executive Team
Glen Moody Rivers	Chief Forester of the Applicant and a member of the Senior Executive Team
Andy David Anthony Giles Knopp	Chief Financial Officer of the Applicant and a member of the Senior Executive Team
[ s 9(2)(a) ]	Member of the Shareholder Executive Team
[ s 9(2)(a) ]	Member of the Shareholder Executive Team
Wendy Anne Norris	Director of NFL and the Applicant and a member of the Shareholder Executive Team
David Andrew Keenan	Executive General Manager, Wood Products, of the Applicant and a member of the Senior Executive Team
James Gregory White	Director of NFL and the Applicant and a member of the Shareholder Executive Team
Cameron Alastair MacDonald	Executive General Manager, Forests, of the Applicant and a member of the Senior Executive Team

- (iii) the individuals with control of the relevant overseas person collectively have, business experience and acumen relevant to the overseas investment; and
  - (iv) the relevant overseas person has demonstrated financial commitment to the overseas investment; and
  - (v) all the individuals with control of the relevant overseas person are, of good character; and
  - (vi) each individual with control of the relevant overseas person is not, an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009; and
  - (vii) the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders); and
  - (viii) the benefit will be, or is likely to be, substantial and identifiable.
- (b) determine that you are satisfied that the criteria for consent in section 16 have been met; and

- (c) grant consent to the overseas investment in the form of the Proposed Decision in Appendix 1 and subject to the conditions set out in the Proposed Decision.

[ s 9(2)(a) ]



Pedro Morgan – Principal Advisor

Date

**Decision:**

12. I am satisfied that the criteria for consent in section 16 have been met; and

<u>Associate Minister of Finance:</u>	<u>Minister for Land Information:</u>
Satisfied <input checked="" type="checkbox"/>	Satisfied <input checked="" type="checkbox"/>
Not Satisfied <input type="checkbox"/>	Not Satisfied <input type="checkbox"/>

13. Consent is granted to the overseas investment in the form of the Proposed Decision in Appendix 1 and subject to the conditions set out in the Proposed Decision.

<u>Associate Minister of Finance:</u>	<u>Minister for Land Information:</u>
Consent Granted <input checked="" type="checkbox"/>	Consent Granted <input checked="" type="checkbox"/>
Consent Declined <input type="checkbox"/>	Consent Declined <input type="checkbox"/>



Associate Minister of Finance

Date



Minister for Land Information

Date

Released under the Official Information Act 1982

Report of the Overseas Investment Office  
on the application for consent by  
OneFortyOne Plantations Holdings Pty Ltd  
Case: 201810093

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## What is the Investment?

<b>Applicant</b>	<b>OneFortyOne Plantations Holdings Pty Ltd</b> (Australia 62.0%, United States of America 33.2558%, Switzerland 2.9652%, Luxembourg 1.779%)
<b>Vendor</b>	<b>M &amp; R Trust Company Limited</b> (United States of America 100.0%)
<b>Consideration</b>	\$46,000,000
<b>Recommendation</b>	Grant Consent

### Description of the Investment

1. OneFortyOne Plantations Holdings Pty Limited (**Applicant**) is seeking consent to acquire approximately 2,411 hectares of freehold land located at State Highway 63, Wairau Valley (**Land**), being an overseas investment in sensitive land. The Applicant also intends to acquire the trees planted on the land (together with the Land the **Investment**).

#### The Land

2. The Land is predominantly planted in radiata pine with a small amount of Douglas fir.



3. The Land contains both Significant Natural Areas<sup>1</sup> and part of an ecological district<sup>2</sup> called the Fishtail Ecological District (**Fishtail District**). The Fishtail District is covered by a conservation covenant registered on the title of the Land. The Fishtail District is the southern-most of three forming the Richmond Ecological Region<sup>3</sup>.

<sup>1</sup> Areas of significant indigenous vegetation and significant habitats of indigenous fauna required to be protected under the Resource Management Act 1991.

<sup>2</sup> A particular geographical region that has a characteristic landscape and range of biological communities.

<sup>3</sup> Pelorus and Para being the other two Ecological Districts.

4. The Wairau River also now runs through the Land. Originally the river was separated from the Land by Crown owned marginal strips, however over time the bed of the river has changed course and the marginal strips no longer adjoin the river.

#### *The sale and purchase agreement*

5. The Applicant entered into an agreement for sale and purchase of the Investment (**SPA**) with the Vendor (as defined below) on 15 March 2018. The SPA is subject to consent under the Overseas Investment Act (**Act**) being granted.
6. The Applicant intends to nominate its subsidiary Nelson Forests Limited (**NFL**) to acquire the Land.

#### **Vendor and reasons for sale**

7. The current owner of the Land is M & R Trust Company Limited (**Vendor**) and is an overseas person. The Vendor received consent to acquire the Land in 1996.
8. This is the only investment owned by the Vendor in New Zealand and it is a small part of its overall business. It is also in a distant location from the Vendor's main business focus in the USA. The majority of the shareholders want to refocus the Vendor's interests closer to home in the USA.
9. The forest land is immature and no income is expected for several years.

#### **Sensitive Assets**

10. The Applicant is acquiring sensitive land. See **Appendix 3**.
11. The Land is 'forest land' as defined in the Ministerial Directive Letter issued by the Minister of Finance on 28 November 2017 (**Ministerial Directive Letter**).
12. Therefore:
  - (a) we have treated the 'increased processing of primary products' and the 'advance significant government policy or strategy' factors as being of high relative importance;
  - (b) to the extent that the 'consequential benefit' factor relates to the sponsorship of community projects and donations, we have treated this factor as being of low relative importance.

## **Who is making the Investment**

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### **Applicant**

#### Who the Applicant is

13. The Applicant is an Australian company incorporated in 2012. It is primarily owned by Government and corporate retirement funds.
14. The Applicant was established to invest in plantations and other timber operations in Australia. In October 2012, the Applicant acquired the harvesting rights of the Green Triangle plantation estate from the Government of South Australia and in early 2018 acquired the sawmilling assets of Carter Holt Harvey in South Australia and the woodchip export infrastructure of Carter Holt Harvey in Portland, Victoria.
15. The Applicant's forest holdings comprise the OneFortyOne estate in Australia which consists of approximately 80,000 hectares of radiata pine and is located predominantly in South Australia, with a lesser area in Victoria, and the recently acquired NFL Estate in New Zealand (see below).



16. The Applicant currently employs approximately 490 staff members across New Zealand and Australia along with more than 500 silvicultural, transport and harvest contractors from local communities around its estates.
17. The directors of the Applicant are:
- (a) Stanley George Renecker;
  - (b) Johnny Slade Gilleland;
  - (c) Angela Marie Davis;
  - (d) David Christopher Rumker;
  - (e) James Gregory White; and
  - (f) Wendy Anne Norris.

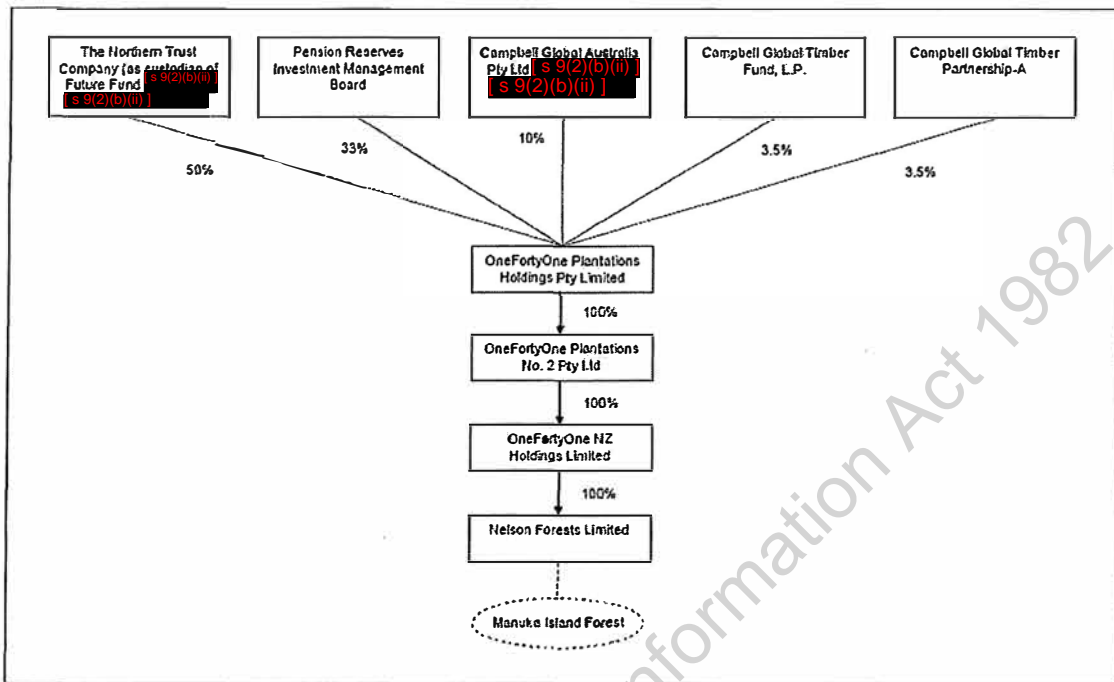
Nelson Forests Limited

18. NFL is a Cayman Islands company incorporated in 2007 and is registered as an overseas company on the New Zealand Companies Office Registry. NFL is ultimately owned by the Applicant and has the same directors as the Applicant.
19. NFL will be nominated as purchaser because the Land borders the existing NFL forestry estate. The estate includes approximately 77,000 hectares of forestry (including 24,114 hectares of freehold land), the Kaituna Sawmill in Blenheim, and Crown Forestry Licences and forestry rights (**NFL Estate**). The land will be managed by the NFL management team.

Who owns the Applicant

20. The Applicant is owned by the following shareholders:
- (a) Future Fund [ s 9(2)(b)(ii) ] (Future Fund [ s 9(2)(b)(ii) ] owns 50% of the shares in the Applicant. Future Fund [ s 9(2)(b)(ii) ] and is wholly owned by the Future Fund, a sovereign wealth fund of the Commonwealth of Australia;
  - (b) Pension Reserves Investment Management Board (PRIM) owns 33% of the shares in the Applicant. PRIM manages the Pension Reserves Investment Trust Fund (**PRIT**) on behalf of the Commonwealth of Massachusetts;
  - (c) [ s 9(2)(b)(ii) ] owns 10% of the shares in the Applicant. [ s 9(2)(b)(ii) ]
  - (d) Campbell Global Timber Fund, L.P. (CGTF) owns 3.5% of the shares in the Applicant. CGTF is a Cayman Islands limited partnership that invests in forestry assets. The general partner is ultimately owned by Campbell Global, LLC which provides fully integrated timberland and natural resource investment management services;
  - (e) Campbell Global Timber Partnership – A (CGTP-A) owns 3.5% of the shares in the Applicant. CGTP-A is an Australian investment partnership managed by Campbell Global Timber Fund GP, LLC.

21. A structure diagram setting out the structure of the Applicant, its shareholding and subsidiaries is set out below:



Who controls the Applicant

*The Board & the Senior Executives*

22. Ultimate decision making authority concerning the management of the Applicant and its affairs rest with the board of the Applicant (the **Board**). The Board made the decision to enter into this transaction (subject to shareholder approval) and would be responsible for the decision to divest in future (subject to shareholder approval).
23. The Board has formally delegated day to day management of its affairs to its senior executives:

Name	Position
Linda Sewell	Chief Executive Officer
Glen Rivers	Chief Forester
Andy Giles Knopp	Chief Financial Officer
Cameron McDonald	Executive General Manager, Forests
David Keenan	Executive General Manager, Wood Products

(together the **Senior Executives**).

*Campbell Global Executives*

24. Campbell Global LLC (**Campbell Global**) [ s 9(2)(b)(ii) ] [ s 9(2)(b)(ii) ] LLC currently manages around 1.1 million hectares of forests worldwide, representing around \$6 billion in assets for various funds and clients. The Applicant states that it is the world's second largest forestry manager.

25. Future Fund [s 9(2)(b)(i)] PRIM and [s 9(2)(b)(i)] have also entered into investment management agreements with Campbell Global, [s 9(2)(b)(ii)]

26. Those executives are:

Name	Position
Stanley George Renecker	Managing Director-Acquisitions
Johnny Slade Gilleland	Chairman, Chief Executive Officer
Angela Marie Davis	President
David Christopher Rumker	Managing Director, Chief Investment Officer

(together the **Campbell Global Executives**).

*Shareholder Executive Team*

27. As stated previously Future Fund [s 9(2)(b)(i)] and PRIM each hold over 25% of the shares in the Applicant. The approval must be sought of certain executives of these entities with respect to matters concerning the investment in the Applicant.

28. Those executives are:

Name	Position
[s 9(2)(a)]	[s 9(2)(a)] (Senior Investment Officer, Director of Real Estate and Timberland)
[s 9(2)(a)]	[s 9(2)(a)] (Executive Director and Chief Investment Officer)
[s 9(2)(b)(i)]	Future Fund [s 9(2)(b)(i)] (Chief Investment Officer)
James Gregory White	Future Fund [s 9(2)(b)(i)] (Director of NFL and the Applicant)
Wendy Anne Norris	Future Fund [s 9(2)(b)(i)] (Director of NFL and the Applicant)

(together the **Shareholder Executive Team**).

**Relevant Overseas Person**

29. We have determined that the 'relevant overseas person' is (collectively):

- (a) the Applicant;
- (b) NFL;
- (c) Future Fund [s 9(2)(b)(i)];
- (d) PRIM; and
- (e) Campbell Global.

**Individuals with Control**

30. We have determined that the 'individuals with control of the relevant overseas person' are:

Name	Role
Stanley George Renecker	Director of NFL and the Applicant and a member of the Campbell Global Executives team

Name	Role
Johnny Slade Gilleland	Director of NFL and the Applicant and a member of the Campbell Global Executives team
David Christopher Rumker	Director of NFL and the Applicant and a member of the Campbell Global Executives team
Angela Marie Davis	Director of NFL and the Applicant and a member of the Campbell Global Executives team
[ s 9(2)(a) ]	Member of the Shareholder Executive Team
Linda Kay Sewell	Chief Executive Officer of the Applicant and a member of the Senior Executive Team
Glen Moody Rivers	Chief Forester of the Applicant and a member of the Senior Executive Team
Andy David Anthony Giles Knopp	Chief Financial Officer of the Applicant and a member of the Senior Executive Team
[ s 9(2)(a) ]	Member of the Shareholder Executive Team
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Wendy Anne Norris	Director of NFL and the Applicant and a member of the Shareholder Executive Team
David Andrew Keenan	Executive General Manager, Wood Products, of the Applicant and a member of the Senior Executive Team
James Gregory White	Director of NFL and the Applicant and a member of the Shareholder Executive Team
Cameron Alastair MacDonald	Executive General Manager, Forests, of the Applicant and a member of the Senior Executive Team

## Investment Plan

31. The Applicant states that it is making the Investment to continue the growth of its business into a large-scale trans-Tasman forestry and forest products company.
32. The Applicant wishes to acquire the Investment for a long term investment, to be integrated into the NFL Estate. The Applicant is willing to make the following commitments:
- (a) *processing [ s 9(2)(b)(ii) ] of logs from the combined NFL Estate and the Land in New Zealand.* Harvesting on the Land is expected to commence approximately [ s 9(2)(b)(ii) ] after completion of the purchase of the Investment. The Applicant is willing to undertake that [ s 9(2)(b)(ii) ] of both NFL and the Investment (**Combined Commitment Period**) [ s 9(2)(b)(ii) ] logs harvested from the combined NFL Estate and the Land will be processed in New Zealand.
- Further the Applicant is willing to undertake that [ s 9(2)(b)(ii) ] [ s 9(2)(b)(ii) ] logs harvested from the Land will be processed in New Zealand.

- (b) Ensuring processors have an advanced view of the logs to come from the [ s 9(2)(b)(ii) ] Land. The Applicant will procure [ s 9(2)(b)(ii) ] available to existing and potential domestic customers a forward view on [ s 9(2)(b)(ii) ] uncommitted harvest volume across [ s 9(2)(b)(ii) ] that is available to be offered on contract. This will enable current and new entrant processors the opportunity to:
- (i) purchase the logs under long term supply agreements, subject to mutually agreed commercial terms; and
  - (ii) plan for that volume and/or consider investment in new processing capacity to take advantage of the incremental volume. Depending on the interest of existing and new entrant processors, the Applicant may consider investing itself.
- [ s 9(2)(b)(ii) ]
- (c) [ s 9(2)(b)(ii) ] The Applicant intends to expand forest/silvicultural management systems at NFL [ s 9(2)(b)(ii) ]  
[ s 9(2)(b)(ii) ]  
[ s 9(2)(b)(ii) ]  
[ s 9(2)(b)(ii) ] There is expected to be a large amount of replanting in the [ s 9(2)(b)(ii) ] due to the age profile of the trees. The Applicant expects an approximate [ s 9(2)(b)(ii) ] in harvested volume per hectare for the regeneration crop compared to the current crop as a result of this.
- (d) Supporting wilding conifer control The Applicant's plan for the Investment includes support for wilding conifer eradication. The Applicant has stated it will commit NFL to:
- (i) funding for [ s 9(2)(b)(ii) ] for up to [ s 9(2)(b)(ii) ] to work on wilding conifer eradication in the [ s 9(2)(b)(ii) ] (being a proportionate number of contractors (when comparing the current size of the NFL Estate to the size of the Land) to that which the Applicant committed to wilding conifer eradication in its application in connection with the NFL Transaction. This is expected to cost [ s 9(2)(b)(ii) ] [ s 9(2)(b)(ii) ]
  - (ii) investing [ s 9(2)(b)(ii) ] to support DOC on wilding conifer eradication in [ s 9(2)(b)(ii) ] (being a proportionate amount (when comparing the current size of the NFL estate to the size of the Property) to the amount which the Applicant committed to wilding conifer eradication in its application in connection with the NFL Transaction; and
  - (iii) replanting the forest after harvest, using reasonable endeavours to minimise the spread of wilding trees.
- (e) Supporting the Government's One Billion Trees programme.

*Australian track record*

33. The Applicant is an established forestry company in South Australia and Victoria. It submits that, using their Australian experience and connections, the leadership team will bring significant experience and contributions to the New Zealand forestry industry.



34. The Applicant submits that in the past 5 years in its Australian business the Applicant has:
- (a) grown its domestic processing and sales market by [s 9(2)(b)(i)];
  - (b) increased employment from 6 to 390 (prior to extra 100 to be added under NFL Transaction);
  - (c) increased the number of trees planted;
  - (d) trained all employees in forest fire response, management and prevention;
  - (e) increased carbon sequestration across the Kyoto Protocol compliant forests to approximately [s 9(2)(b)(ii)] in 2017 from [s 9(2)(b)(ii)] when acquired in 2012; and
  - (f) invested more than [s 9(2)(b)(ii)] on local community partnerships.
35. The Applicant submits its track record in Australia shows its growth is linked to the domestic forestry sector. It submits that its track record and its plans for the Investment are directly in line with the Forest Land Directive.

## What is likely to happen without the Investment

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### Counterfactual

As a result of *Tiroa E and Te Hape B Trusts v Chief Executive of Land Information* [2012] NZHC 147 ("*Tiroa E*"), the OIO and relevant Ministers must apply a "counterfactual test" when assessing whether an overseas investment will, or is likely to benefit New Zealand. This test, which was described by the Court as a "with and without" test, requires a comparison of what is likely to happen with the investment, and what is likely to happen without the investment (the counterfactual).

36. It is our conclusion that should the Investment not proceed, the Vendor will continue to market the Investment and will eventually sell the Investment to an Alternative New Zealand Purchaser (**ANZP**) who would acquire it for forestry purposes.
37. There are two key questions to determine what is likely to occur without the Investment:
- (a) Who is likely to own the Land?; and
  - (b) What is the likely use of the Land?

#### *Who is likely to own the Land*

38. The Investment has been marketed by CBRE through a two stage tender process. The Investment was advertised in national papers, in farming magazines as well as online.
39. CBRE advised that the market feedback was "universally positive and accompanied twelve groups through the Land for inspection and in addition facilitated three inspections by technical consultants for prospective purchasers. Twelve expressions of interest were ultimately received with nine being from ANZPs. However, the five shortlisted parties were all overseas persons.

#### *What is the likely use of the Land*

40. The Land has been used for forestry purposes since 1993/94 and was advertised by CBRE as being "quality forestry". The Land is not farmland as it is used principally for forestry and sivicultural purposes.

### *Conclusion*

41. While the five shortlisted parties were all overseas persons, the level of interest from ANZP's was high and we consider that the Investment would be sold to an ANZP under the counterfactual and that the Land would continue to be used for forestry purposes.

## **Does the Applicant meet the Investor Test criteria?**

### **Business Experience s16(1)(a)**

The relevant overseas person, or the individuals with control of the relevant overseas person, must have business experience and acumen relevant to the overseas investment. There is considerable flexibility in determining what is relevant and more or less specific expertise may be required depending on the nature of the investment. Business experience and acumen that contributes to an investment's success may be treated as relevant even though the investor may have to supplement its experience and acumen by utilising the experience and acumen of others to ensure the investment succeeds.

42. The Investment is the acquisition and management of forest land.
43. We have reviewed the biographical information provided by the Applicant for each of the individuals with control and note:
- (a) The Board collectively has considerable experience in the management of forestry assets, including mills and retailing of logs. The majority of the Board are also executives or board members of Campbell Global which manages around 1.1 million hectares of plantation forestry globally. The other board members also have considerable general business experience and acumen in investment portfolios including investment in forestry; and
  - (b) The Senior Executives who will manage the Investment on a day-to-day basis also have considerable experience in the forestry industry.
44. Having regard to the above, we are satisfied that the individuals with control of the relevant overseas persons collectively have business experience and acumen relevant to the overseas investment.

### **Financial Commitment s16(1)(b)**

The financial commitment criterion requires the relevant overseas person to have taken actions that demonstrate financial commitment to the overseas investment.

45. The 'financial commitment' criterion requires the relevant overseas person to have taken actions that demonstrate financial commitment to the Investment (intentions are not sufficient).
46. In this case we are satisfied that the relevant overseas person has demonstrated financial commitment by:
- (a) incurring significant expenses in obtaining forestry and legal advice with this respect to this transaction;
  - (b) conducting financial, operational and legal due diligence and negotiating the SPA with the Vendor;
  - (c) entering into the SPA and providing a \$2.3 million deposit; and
  - (d) arranging financing from its banks to fund the acquisition.

### **Good Character s16(1)(c)**

The decision maker must be satisfied that the individuals with control are of good character. Section 19 of the Act specifies that the decision maker must take the following factors into account (without limitation):

- (a) offences or contraventions of the law by A, or by any person in which A has, or had at the time of the offence or contravention, a 25% or more ownership or control interest (whether convicted or not);
- (b) any other matter that reflects adversely on the person's fitness to have the particular overseas investment.

47. The Applicant has provided a statutory declaration stating that the individuals with control are of good character, have not committed an offence or contravened the law as described above and know of no other matter that reflects adversely on their fitness to have the Investment. We are satisfied that the statutory declaration can be relied on as it complies with the requirements of the Oaths and Declarations Act 1957.
48. We have also conducted open source background checks on the individuals with control and found that the Applicant and Future Fund [s 9(2)(b)(i)] have both been named by the Australian Tax Office (**ATO**) as corporations that paid no tax in the 2014-15 and 2013-14 financial years respectively. However, Future Fund [s 9(2)(b)(i)] is reported to have paid more than AUD [s 9(2)(b)(i)] in tax in 2014-15.
49. The Applicant has stated that it has complied with Australian taxation law in the relevant calendar year (and each prior and subsequent year) and that the ATO has accepted its tax returns.
50. Ministers have previously considered the above matters in relation to consent 201720119 and were satisfied in that case that the good character criterion was met. We are not aware of any other matters that may adversely reflect on the good character of the individuals with control. Therefore, we are satisfied that the individuals with control are of good character.

### **Immigration Act s16(1)(d)**

Section 15 of the Immigration Act specifies that certain convicted or deported persons are not eligible for a visa or permission to enter or be in New Zealand. Section 16 provides a power to deny a visa or permission to enter New Zealand for other specified reasons, such as if the individual is likely to be a threat or risk to security or public order.

51. The Applicant has provided a statutory declaration stating that none of the individuals with control of the relevant overseas person are individuals of the kind referred to in section 15 or 16 of the Immigration Act 2009. We are satisfied that the statutory declaration can be relied on as it complies with the requirements of the Oaths and Declarations Act 1957. We have also conducted open source background checks on those individuals and found nothing relevant to this criterion.
52. Therefore, we are satisfied that none of the individuals with control of the relevant overseas person are individuals of the kind referred to in section 15 or 16 of the Immigration Act 2009.

### **Benefits that are likely to occur with the Investment**

53. We are satisfied that the Investment is likely to benefit New Zealand in regard to the following factors:

## Increased processing of primary products – s17(2)(a)(vi) - high relative importance

There are four key elements to this factor:

- Processing of primary products must be likely to increase.
- The increased processing of primary products must occur in New Zealand.
- The increased processing must be of New Zealand's primary products.
- The increased processing that is likely to result from the overseas investment must be additional to that which is likely to occur without the overseas investment.

54. The Applicant submits that the Investment is likely to lead to increased processing of logs in New Zealand and submits this is consistent with the Applicant's business in Australia and its commitments in respect of the NFL Estate. [ s 9(2)(b)(ii) ]  
[ s 9(2)(b)(ii) ]  
[ s 9(2)(b)(ii) ] This includes:
- (a) **Commitment to domestic processing:** agreeing to [ s 9(2)(b)(ii) ] logs from [ s 9(2)(b)(ii) ] and the Land being processed in New Zealand, provided there is sufficient demand; and
  - (b) **Providing domestic processors with an advanced view of processing opportunities:** making available to existing and potential domestic customers a forward view on the uncommitted harvest volume across [ s 9(2)(b)(ii) ] and the Land that is available to be offered on contract, either by adding to existing contracted volume or by way of new contracts, to grow domestic processing.

### *Without the Investment*

55. It is unclear what volume of logs an ANZP would be processed in New Zealand without the Investment. On balance we consider that an ANZP may export around 45%<sup>4</sup> of logs for processing harvested from the Land as this is in line with the average figures for the region. However, they may export more than this. The Applicant's commitment provides a degree of certainty regarding processing that therefore is not present without the Investment.
56. We also note that an ANZP is unlikely to provide a forecast of available logs as the Applicant intends to. New Zealand wood processors would therefore be less likely to be able to plan for the volumes to be harvested from the Land and there would be a higher degree of uncertainty around whether to the felled logs would be processed in New Zealand or exported. In addition the scale of NFL means that NFL is more easily able to make long term commitments to domestic processors, although we note that no specific long term agreement is currently contemplated. We also note that an ANZP would not be obligated to make binding commitments to domestic processing.

### *OIO Assessment*

57. We therefore consider that the Applicant's plans for the Land are likely to result in a degree of increased processing of wood in New Zealand via:
- (a) Its commitment to process the majority of wood harvested from the NFL Estate and the Land in New Zealand; and
  - (b) Commitment to provide an advanced view of forecast wood available for local processors relies on sawmill operators taking advantage of this.

<sup>4</sup> Forestry New Zealand figures show that for the year ending December 2015 45% of all lumber was exported in that calendar year

58. We note that the Applicant has an existing track record of increasing domestic processing in Australia. We therefore consider that the Applicant's proposed measures are likely to result in increased processing of logs in New Zealand above what is likely to occur if the Investment does not take place.
59. We recommend conditions of consent requiring the Applicant to process at least 50% of their logs in New Zealand and to provide a forecast to local processors.

**Advance significant government policy or strategy – r28(f) - high relative importance**

There are three key elements to this factor:

- The overseas investment must give effect to or advance a specific Government policy or strategy.
- The Government policy or strategy must be significant.
- The effect or advancement that is likely to result from the overseas investment must be additional to that which is likely to occur without the overseas investment.

One Billion Trees

60. The Government's One Billion Trees programme has the goal of planting one billion trees over ten years through both new planting and replanting. This programme is one of the Government's forestry-related strategies which the Ministerial Directive Letter notes the Government wishes to encourage the advancement of.
61. In order for the One Billion Trees programme to be successful, it is reliant on New Zealand continuing to have a viable, sustainable and economic forestry industry at all levels including nurseries, plantations and processing operations.

*Role of overseas investment in advancing the One Billion Trees strategy*

62. Ensuring high quality overseas investment is crucial to achieving the One Billion Trees programme. Research suggests that up to 70 per cent of plantation forest trees are in overseas ownership therefore overseas capital will be important to helping the Government advance this strategy.

*OIO assessment*

63. We consider that the acquisition of an existing forestry operation by an overseas person can advance the One Billion Trees programme where the intended continued operation of the land aligns with objectives of the programme (including not having any negative effect on any of the programme's objectives).
64. One of the objectives of the strategy is helping New Zealand meet its climate change targets. We consider the Investment will assist the Government with meeting its targets.
65. The Investment is also likely to assist in a constant volume of logs continuing to be processed domestically in the Nelson/ Marlborough region. Therefore there is unlikely to be any detrimental effect on the domestic processing industry or regional economic growth.
66. We consider that the Investment is also unlikely to have any detrimental effect on the other objectives of the One Billion Trees strategy.
67. Therefore we consider that the One Billion Trees strategy will be advanced by this Investment. We consider **this factor to be met** by virtue of the One Billion Trees Strategy.



#### Claims in regard to CER and CPTPP

68. For completeness we note that the Applicant submits that the Investment is consistent with trading agreements entered with Australia, being the Closer Economic Relations Trade Agreement and the Comprehensive and Progressive Agreement for Trans Pacific Partnership.
69. Although the Investment may be consistent with these trade agreements, we do not consider that this in itself is sufficient to advance any particular Government policy or strategy.

#### New Zealand Emissions Trading Scheme

70. Further the Applicant submits the Government's July 2017 review of the Emissions Trading Scheme makes clear the critical importance of forestry investment to New Zealand's future climate change policy settings.
71. While we acknowledge that the emissions trading scheme is an important scheme, we do not consider it can be classified as a significant Government policy or strategy.

#### **Added market competition, greater efficiency or productivity, enhanced domestic services – s17(2)(a)(iv)**

There are three key elements to this factor:

- The overseas investment must be likely to result in one or more of:
  - (i) **added market competition;**
  - (ii) **greater efficiency or productivity;** or
  - (iii) **enhanced domestic services.**
- The added market competition, greater efficiency or productivity, or enhanced domestic services must occur in **New Zealand.**
- The added market competition, greater efficiency or productivity, or enhanced domestic services that is likely to result from the overseas investment must be **additional** to that which is likely to occur without the overseas investment.

#### *Greater Efficiency and Greater Productivity*

72. The Applicant has made three claims under this element:
- (a) Increasing harvest volume per hectare;
  - (b) Tree genetics; and
  - (c) Additional planting.
73. We are satisfied that benefit is likely to occur under this factor with regard to the increased harvest volume per hectare and use of tree genetics, for the reasons set out below.

#### **Increasing harvest volume per hectare:**

74. The Applicant intends to alter silvicultural systems to introduce higher density planting which are likely to result in an approximate 15% increase in harvested volume per hectare for the replanted crop compared to the current crop as a result of this. Due to the age profile of the trees there is expected to be a large amount of replanting in the next 10 years.

#### *What would occur without the Investment*

75. Some forests in New Zealand are undertaking this in order to achieve a higher stocking rate, however this is not yet common practice and it is unclear whether ANZP's would be likely to adopt it. As such we consider these actions to be likely to result in greater productivity.

### **Tree genetics:**

76. The Applicant intends to use more advanced tree genetics to result in more efficient and productive use of the Land and produce better quality logs, resulting in less wastage.
77. The Applicant claims that deployment of more advanced genetics in planting would result in more efficient and productive use of the Land which would produce better quality logs and more of them, with less wastage (as fewer logs would be created that don't meet the required standard).
78. With improved site classification the Applicant anticipates that NFL, (including the Land) could achieve greater deployment of controlled pollinated stock on the land and capture incremental forest productivity of 10% or similar.
79. The Applicant is a member of the Southern Tree Breeders Association which provides access to a broader genetic base and advanced analytical tools to evaluate breeding traits.
80. The Applicant acknowledges there is tree genetics expertise in New Zealand although this has not been widely rolled out across New Zealand.

### *What would occur without the Investment*

81. In relation to use of better tree genetics, we note that expertise on tree genetics is available in New Zealand already. However, it is unclear whether an ANZP would have access to this or make use of it in the way the Applicant intends to. As such we consider we are satisfied the Investment is likely to result in greater productivity.

### **Additional Planting:**

82. For completeness we note that the Applicant will commit to replanting the forest on the Land after existing trees have been harvested. However we consider that an ANZP is also likely to replant the Land following harvesting.

### *Conclusion*

83. We are satisfied that this factor is **met**.

### **Indigenous vegetation/fauna – s17(2)(b)**

There are three key elements to this factor:

- The relevant land must contain **significant existing**:
  - (i) **areas of indigenous vegetation**; or
  - (ii) **habitats of indigenous fauna**.
- There must be **adequate mechanisms** in place or proposed to **protect or enhance** the significant area or habitat.
- The protection or enhancement of the significant area or habitat that is **likely to result** from the overseas investment must be **additional** to that which is likely to occur **without the overseas investment**.

84. As discussed above at paragraph 3, part of the Fishtail District forms part of the Land. The Marlborough District Council has identified as part of its Significant Natural Areas Project various species of flora and fauna of interest in the Fishtail District.
85. We have liaised with the Department of Conservation (**DOC**) regarding the indigenous vegetation and fauna on the Land. In response DOC prepared a recommendation on 15 October 2018.

86. DOC recommends the Applicant undertake the following:

DOC Recommendation	Applicant's Response
(a) The Applicant must provide an ecological report to identify indigenous flora and fauna value to DOC within 12 months of the sale.	The Applicant will commit to providing this.
(b) Any unplanted areas considered significant <sup>5</sup> to be covenanted in perpetuity within 24 months of settlement	The Applicant will commit to covenanting in perpetuity any unplanted areas considered to be significant within 24 months of settlement, provided that there is recognition of practical harvest considerations.
(c) New covenants to be entered into to require the freehold owner/Applicant (covenantor) to be responsible for ongoing weed and pest control and 5 yearly monitoring.	The Applicant would be willing to be responsible for the reasonable ongoing weed and pest management to a standard comparable to that practiced by DOC on the neighbouring Mount Richmond Forest Park land.
(d) Covenants to be QEII or DOC (Reserves Act) – the choice to be nominated and confirmed with the covenantee prior to consent.	The Applicant is willing to covenant the Land
(e) Existing covenant established in 1999 to be replaced with covenant(s) that contain the updated conditions above in (c).	The Applicant will agree to this.
(f) That any re-planting is conditioned to conform with the National Environmental Standard for Plantation Forestry.	The Applicant will commit to ensuring that any re-planting conforms with the National Environmental Standard for Plantation Forestry (to the extent applicable to such re-planting).

*What would occur without the Investment*

87. What measures ANZP's are likely to undertake in relation to the protection of indigenous vegetation or fauna on the Land is relatively uncertain. However, we consider that areas that already have some protections would be likely to have some degree of continued protection. There is however a higher degree of certainty that the environmental protection measures recommended by DOC would occur if the Investment proceeds, while some may not continue or occur at all if the Land is sold to an ANZP.

*Recommended Conditions*

88. We recommend that the Applicant is conditioned to undertake all of the actions outlined in paragraph 87. We note that QEII has declined to be involved with the covenanting of the Land on this occasion. We consider that this **factor has been met**.

<sup>5</sup> Department of Conservation guidelines for assessing significant ecological values (M Davis, NJ Head, SC Myers & SH Moore.



### Historic heritage – s17(2)(d)

There are three key elements to this factor:

- **Historic heritage** must be identified **within the relevant land**.
- There must be **adequate mechanisms** in place or proposed to **protect or enhance** the historic heritage.
- The protection or enhancement of historic heritage that is **likely to result** from the overseas investment must be **additional** to that which is likely to occur **without the overseas investment**.

89. Cobb Cottage is a historic cottage that sits on the property.

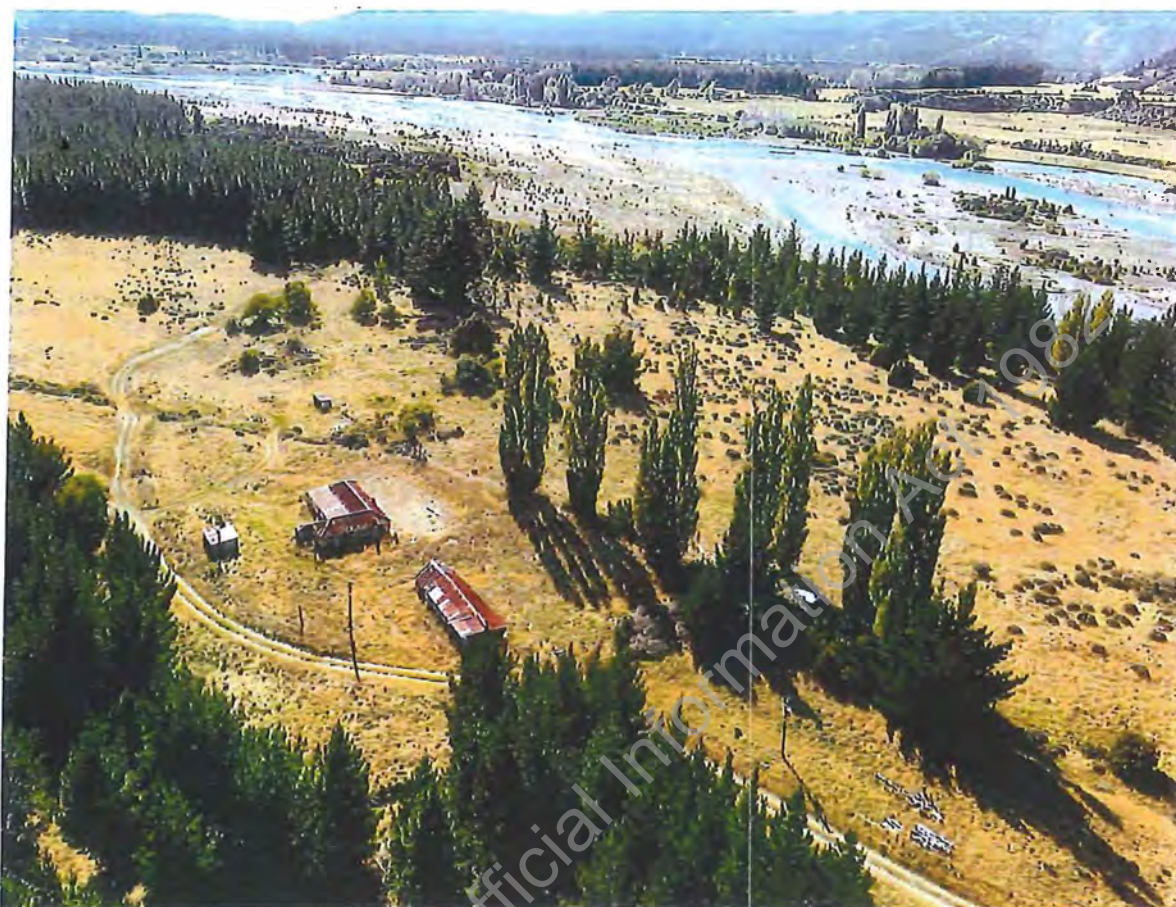
90. The Applicant is willing to commit to:

- (a) consulting with Heritage New Zealand following completion of the transaction and, if Heritage New Zealand think it appropriate, the Applicant will support the inclusion of the cottage on the New Zealand Heritage List (provided the cottage can continue to be accessed and used for overnight stays from time to time);
- (b) NFL investing (via a combination of cash and in-kind contributions) a one off \$10,000 payment to assist with the maintenance of the cottage and \$3,000 in each of the subsequent 5 years for further maintenance of the cottage and surrounding environs; and
- (c) providing access to the cottage (without charge) to fishing and hiking groups, rather than general public access.

91. Below are pictures showing the cottage and its placement on the Land:







*Without the Investment*

92. There would be no requirement for an ANZP to undertake the measures outlined at paragraph 90 above.

*OIO Assessment*

93. Given the Applicant's offer to consult, and if Heritage New Zealand deems appropriate, invest in the maintenance of the cottage we consider that the Applicant should be conditioned to the matters in paragraph 90 and as such **this factor is met** but with **low** weighting.

**Walking access– s17(2)(e)**

There are four key elements to this factor:

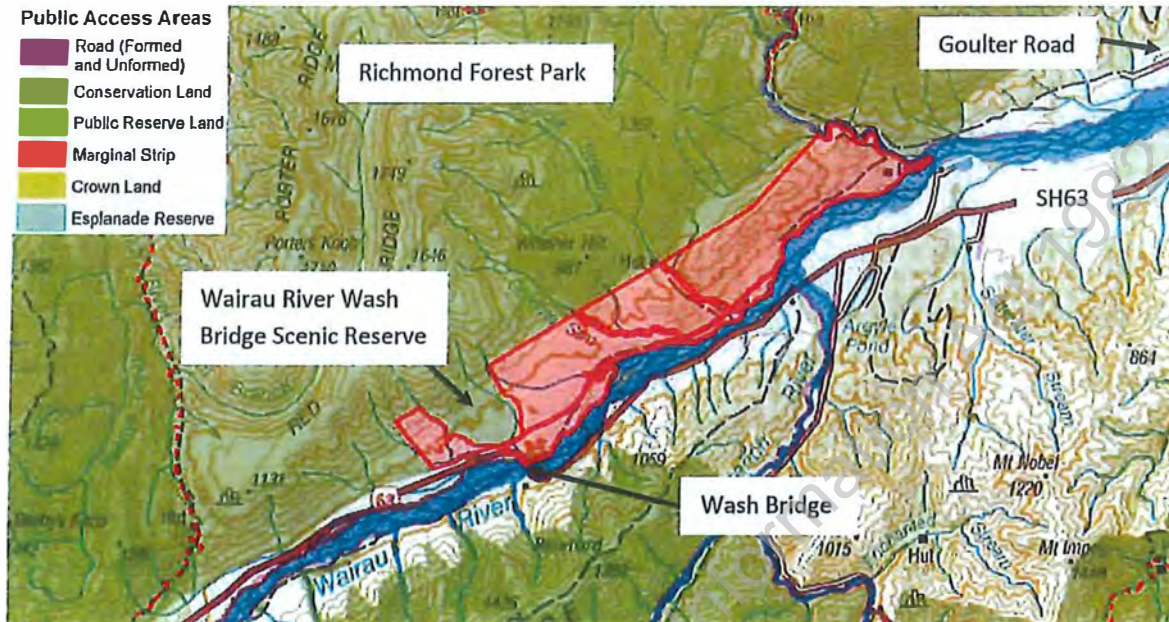
- There must be adequate mechanisms in place or proposed to provide, protect or improve walking access.
- The walking access must be over the relevant land.
- The walking access must be available to the public or any section of the public.
- The provision, protection or improvement of walking access that is likely to result from the overseas investment must be additional to that which is likely to occur without the overseas investment.

*Walking Access Commission Pre-consent Report*

94. We have liaised with the Walking Access Commission (**WAC**) in relation to access over the Land. In response, WAC prepared an OIO pre-consent report in September 2018 (**WAC Report**), with preliminary access recommendations.



95. The Land is located on the north bank of the Wairau River and is on the lowest slopes of the Richmond Range including the Red Hills and Goulter river catchment. The western and northern boundaries of the Land are bordered by public conservation land.



96. WAC recommends that the Applicant undertake the following:

WAC recommendation	Applicant's Response
(a) Establish enduring and practical public access over formed road(s) to connect SH63 close to Wash Bridge with the fords across Goulter River to public conservation land allowing for managed vehicle and hunter access	The Applicant notes concerns due to their safety responsibilities as forestry owners. The Applicant has proposed that access over the Land is monitored through the installation of an electronic gate and facilitating access through a permit system. WAC have noted that they are agreeable to the proposal however note that the recommendation must be recorded by formal Instrument on the computer register to ensure the public access is enduring and practical.
(b) Establish enduring public access along the main waterways by creating esplanade strips along the north bank of the Wairau River, the south bank of the Goulter River, and both banks of Chrome and Boulder Streams, allowing for hunter access	The Applicant will agree to this recommendation. The Applicant notes that such strips may need to be closed from time to time where forestry operations mean there are safety concerns, and the easement should record thi
(c) Develop policy to allow mountain bike access over forestry roads and tracks not covered (A) above when forestry operations allow	The Applicant will agree to this recommendation.

WAC recommendation	Applicant's Response
(d) Report back to WAC six monthly (following date of consent) on progress made towards implementing WAC's public access recommendations	The Applicant will agree to this recommendation.

#### *Recommended Conditions*

97. We recommend that the Applicant is conditioned to undertake all of the actions outlined in paragraph 95, with 95(a) conditioned per the Applicant's concerns. Based on them undertaking to adhere to such conditions, we consider that this **factor has been met**.

#### **Consequential benefits – r28(a)**

There are three key elements to this factor:

- There must be a **consequential benefit to New Zealand**.
- The benefit must not have been considered under another factor, it must be **another consequential benefit**.
- The consequential benefit that is **likely to result** from the overseas investment must be **additional** to that which is likely to occur **without the overseas investment**.

98. The Applicant's commitments to wilding control (see paragraph 32(d) above) are in addition to the commitments given in relation to the NFL Transaction.

99. For completeness the Applicant has also cited support for the New Zealand Forestry Service and Forest Stewardship Council certification as consequential benefits of the Investment. We do not accept these as consequential benefits as they are likely to occur with an ANZP.

#### *OIO Assessment*

100. There is benefit to the Applicant supporting wilding conifer control. DOC has estimated that 20%<sup>6</sup> of New Zealand will be invaded by wilding conifer threats within 20 years without rapid action. **This factor is met**.

#### **Special land – s17(2)(f)**

Special Land is foreshore, seabed, riverbed or lakebed.

#### *Overview of the Special Land*

101. The Land includes part of the Wairau River, Chrome Stream, Boulder Stream and Goulter River (**Special Land**). The Wairau River is a large braided river which is largely covered by marginal strips under section 24(3) of the Conservation Act.
102. As the Wairau River has moved over time, the marginal strips along the river are not continuous and there is now special land included within the Land. This is also likely to be the case for its associated tributaries.
103. In accordance with the Overseas Investment Regulations 2005 (**Regulations**), the special land has been offered to the Crown for nil consideration.

<sup>6</sup> <https://www.doc.govt.nz/nature/pests-and-threats/common-weeds/wilding-conifers/>

104. We note that only the first step needs to be completed before an application for consent is determined (section 17(2)(f) of the Act relates to the offer of the special land rather than its acquisition by the Crown). We will forward a separate report in due course regarding whether the Crown should acquire the Special Land.
105. In the interim, we recommend that a consent condition be imposed requiring the Applicant to deal with the Crown in accordance with the Regulations, including requiring the Applicant to be bound by any arrangement that the relevant Vendor entered into with the Crown in relation to the special land (preserving the Crown's position). The proposed consent conditions are set out in **Appendix 1**. Based on this, we consider that this **factor is met**.

## **Benefit to New Zealand Test - s16(1)(e)(ii)**

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### *Benefit Test*

106. In order for consent to be granted, the Applicant must demonstrate that the:
- (a) the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders); and
  - (b) that benefit will be, or is likely to be, substantial and identifiable.
107. We have assessed the benefit likely to result from this Investment in accordance with the forestry land directive contained in the Ministerial Directive Letter.
108. We have undertaken our assessment having regard to the characteristics of the Land and the nature of the interest being acquired (reflecting the proportional nature of the benefit test). In this case, the Applicant proposes to acquire a freehold or beneficial interest in approximately 2,411 hectares of land used for forestry.

### *Forestry land directive*

109. In relation to forestry land, the Ministerial Directive Letter notes that:
- The Government recognises that overseas investment in the forestry sector, and the associated downstream processing industries, has the potential to add significant value to the overall economy and the environment.*
- The Government wishes to encourage an increase in the value added processing of raw products and the advancement of its forestry related strategies.*
110. The Ministerial Directive Letter encourages value added processing of raw products and the advancement of the Government's forestry-related strategies by elevating the importance of two factors:
- (a) The 'increased processing of primary products' factor (section 17(2)(a)(vi)); and
  - (b) The 'advance significant Government policy or strategy' factor (regulation 28(f)).

### *Benefit to New Zealand*

111. We are satisfied that the Investment is likely to result in the following benefits:
- (a) the advancement of the Billion Trees Programme, a significant Government strategy;
  - (b) an increase in processing of logs at mills in the Nelson/Marlborough region through one or more of the measures outlined by the Applicant, including:
  - (c) making a forecast of wood available to local processors prior to harvest to allow them to plan for these volumes and negotiate supply; and
  - (d) a commitment to supply a majority of logs for processing in New Zealand;



- (e) an increase in harvest volumes per hectare leading to increased productivity;
- (f) mechanisms to protect and enhance significant areas of indigenous vegetation or fauna on the Land including granting of conservation covenants over existing significant natural areas;
- (g) the gift by the Vendor to the Crown of the special land on the Land;
- (h) the potential protection and maintenance of Cobb Cottage, and its use by organised hiking and trout fishing groups;
- (i) supporting wilding conifer control; and
- (j) providing public access to the Land.

112. The Applicant has stated that it intends to be a long-term, stable investor in the forestry sector in New Zealand. It has a track record of large-scale forestry investment in Australia that has resulted in benefit there, including increased domestic processing of logs. If the Investment does not proceed and the Land is sold to an ANZP it seems unlikely that the benefits and initiatives outlined above will occur.

### **Substantial and Identifiable Benefit**

113. In making this recommendation, we have had particular regard to the two high relative importance factors – processing of primary products and the advancement of a significant government policy or strategy.
114. In particular, we consider that the Investment is likely to advance the Billion Trees Programme. We consider that overseas investment into the forestry industry (including the purchase of existing forestry blocks by overseas investors) can help ensure that the forestry industry continues to be viable and economic in New Zealand. It helps encourage forestry investors to continue to invest in their operations by ensuring that there is a continued market for forestry land.
115. The Investment is likely to result in additional protection for flora and fauna across the Land. These mechanisms are an opportunity to secure enduring protections for areas that are of significant environmental value.
116. The Investment is also likely to protect and enhance public access. The Applicant has agreed to create additional access routes and public access easements.
117. Having regard to all of the benefits that are likely to result from the Investment, our overall assessment is that the overseas investment will, or is likely to be, of **substantial and identifiable benefit** to New Zealand.

### **Benefits not likely to occur**

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118. We considered that the factors below were either not relevant to the Investment or a benefit to New Zealand was unlikely to arise with regard to those factors. The Applicant made submissions in relation to some of these factors. However, we were **not** satisfied that the evidence provided showed that these benefits were likely to result from the Investment.

119. The following factors were therefore not met:

<b>Factor</b>	<b>Reason not met / not relevant</b>
Jobs – 17(2)(a)(i)	The Applicant has made no claims under this factor. As such this factor is <b>not met</b> .

Factor	Reason not met / not relevant
New technology or business skills – 17(2)(a)(ii)	The Applicant submits it will introduce new forestry skills and technology to the Investment such as fire management and tree genetics and world class health and safety systems. We do not consider that sufficient information has been supplied regarding the type of technologies and skills to be introduced and how these differ from systems already present in New Zealand. This factor is <b>not met</b> .
Increased export receipts – 17(2)(a)(iii)	The Applicant's submits its commitment to domestic processing is likely to see a growth in export receipts. Although a growth in export receipts may occur, we consider that the Applicant has provided insufficient information to demonstrate this and that this factor is <b>not met</b> .
Additional investment for development purposes – 17(2)(a)(v)	The Applicant submits that its commitment to domestic processing will enable local processors to have the confidence to make further investments in their plants. Regardless the Applicant has been unable to provide any potential forecast or evidence for additional capital for development being invested. As such this factor is <b>not met</b> .
Trout, salmon, wildlife and game – s17(2)(c)	The Applicant submits that it will introduce a water quality monitoring programme to assist with reducing sediment in waterways on the Land as well as an environmental management system. While we consider that the Applicant's projects to reduce sediment into waterways on the Land are likely to result in some benefit to New Zealand, it is not clear from the Applicant's submissions where there are areas of significant habitats of trout, salmon, wildlife and game within the Land, or how any specific areas may be better protected. As such this factor is <b>not met</b> .
Key person in a key industry – 28(b)	While the Applicant may be a key person in a key industry, they are already involved in the New Zealand forestry industry following their acquisition of NFL. As such this factor is <b>not met</b> .
Affect image, trade or international relations – 28(c)	If a decline is well-reasoned and was due to criteria for consent not being met, then we consider that this would be unlikely to adversely affect New Zealand's image/trade. As such this factor is <b>not met</b> .
Owner to undertake other significant investment – 28(d)	The Applicant has claimed for additional investment to be made by it, rather than the Vendor as is required with this factor. As such this factor is <b>not met</b> .
Previous investments – 28(e)	While the Applicant has made a considerable previous investment in its purchase of NFL, this transaction occurred too recently to consider whether this investment has been of benefit to New Zealand. As such this factor is <b>not met</b> .



Factor	Reason not met / not relevant
Enhance the viability of other investments – 28(g)	The Land is relatively small in the context of the Applicants overseas investments. We do not believe that not purchasing the Land will affect the ongoing viability of the Applicant's overseas investments. As such this factor is <b>not met</b> .
Strategically important infrastructure – 28(h)	The Applicant considers this factor not to be relevant as there is no strategically important infrastructure on the Land. As such this factor is <b>not relevant</b> .
Economic interests – r28(i)	The Applicant claims that the acquisition of the Land will result in the addition of critical scale to the NFL Estate and will lead to more logs being processed in New Zealand over time. While we accept that more logs will be processed as a result of the acquisition of the Land we consider it unlikely to have a material effect on New Zealand's economic interests and as such this factor is <b>not met</b> .
Oversight and participation by New Zealanders – 28(j)	The Applicant is entirely overseas owned and controlled. This factor is <b>not met</b> .

## Consent criteria

120. As detailed above, we are satisfied that the criteria in section 16 are met, and therefore consent should be granted to the Investment.

## Third Party Submissions

121. No third party submissions were received.

## Appendices

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Released under the Official Information Act 1982

**Appendix 1 - Proposed Decision**

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Released under the Official Information Act 1982

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

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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.

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### Consent

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**Decision date:** [date]

The following people have been given the following **consent**:

<b>Case</b>	201810093
<b>Consent</b>	OneFortyOne Plantations Holdings Pty Ltd may acquire the Land via its subsidiary Nelson Forests Limited subject to the Conditions set out below.
<b>Consent holder/s</b>	OneFortyOne Plantations Holdings Pty Ltd and Nelson Forests Limited We will also refer to each Consent holder and the Consent holders together as <b>you</b> .
<b>Land</b>	Approximately 2,411 hectares of freehold land located at State Highway 63, Wairau Valley, Marlborough contained in Record of Title MB6B/657
<b>Timeframe</b>	You have until 31 March 2019 to acquire the Land.

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### Conditions

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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 the Overseas Investment Office as **OIO, us or we**.

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### Special conditions

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

Details	Required date
<b>Special condition 1: New Zealand log processing</b>	
<p>At least <span style="background-color: black; color: red;">s. 8(2)(b)(i)</span> of the logs harvested from the land each year must be processed in New Zealand (subject to there being sufficient demand from New Zealand processors).</p> <p>If they are not, Standard condition 6 will apply and we may require you to dispose of the Land.</p> <p>For the avoidance of doubt, we will not require you to enter a security deed prior to acquisition of the Land as described in Standard condition 6.</p>	<p>Until 30 November 2023</p>
<b>Special condition 2: Forecast of logs to New Zealand processors</b>	
<ol style="list-style-type: none"> <li>1. The Land must be incorporated into the formal process established under special condition 3 of consent 201720119 (which requires you to provide domestic wood processors in the Nelson / Marlborough region with a forecast of the uncommitted harvest volume).</li> <li>2. Once the Land is acquired you must ensure that this process is followed.</li> </ol> <p>If you do not, Standard condition 6 will apply and we may require you to dispose of the Land.</p> <p>For the avoidance of doubt, we will not require you to enter a security deed prior to acquisition of the Land as described in Standard condition 6.</p>	<p>By 30 November 2019</p> <p>Until 30 November 2023</p>
<b>Special condition 3: Conservation conditions</b>	
<p><b>Ecological Report</b></p> <ol style="list-style-type: none"> <li>1. You must procure an ecological report which identifies: <ol style="list-style-type: none"> <li>a. the indigenous fauna and flora values; and</li> <li>b. the areas of significant indigenous vegetation and significant habitats of indigenous fauna; on the Land.</li> </ol> </li> <li>2. You must use the Department of Conservation's (<b>DOC</b>) guidelines for assessing significant ecological values (Davis et. al. 2016) to assess the significance of habitats.</li> </ol>	<p>By 30 November 2019</p>

<ol style="list-style-type: none"> <li>3. You will provide the report to DOC for review.</li> <li>4. You must instruct the provider of the report to take into account any comments on the report that are reasonably requested by DOC.</li> <li>5. You must provide us with a copy of the report.</li> <li>6. You must not clear or plant any areas of significant indigenous vegetation with exotic species, unless: <ol style="list-style-type: none"> <li>(a) both the ecological report is complete and the covenants referred to below in special conditions 3.7 to 3.8 have been registered; or</li> <li>(b) planting or clearing is necessary due to safety risks associated with weather, fire or forestry operations, or to protect the environment from damage.</li> </ol> </li> </ol>	<p>By 30 November 2019</p> <p>Within 20 working days of the request</p> <p>Immediately after DOC's changes have been incorporated</p> <p>Until the report is completed</p>
<p><b>Covenants</b></p> <ol style="list-style-type: none"> <li>7. The existing covenant on the title on the Land dated 11 November 1999 is to be replaced with a conservation covenant under the Reserves Act 1977.</li> <li>8. Once the ecological report at 3.1 above has been completed, submitted to and reviewed by and agreed with DOC, you will covenant in perpetuity any part of the Land identified as being areas of significant indigenous vegetation and significant habitats of indigenous fauna, provided that: <ol style="list-style-type: none"> <li>(a) boundaries of covenanted areas will be established in consultation with DOC. Any conflict between protecting the indigenous values and exotic forest access or harvest will be resolved at this time on the ground between the parties;</li> <li>(b) where minor disturbance within covenanted areas is necessary for forest operations, consent from DOC (which will not be unreasonably withheld) will first be obtained.</li> </ol> </li> <li>9. Where covenants are created you must: <ol style="list-style-type: none"> <li>(a) covenant that you will be responsible for on-going weed and pest control on the Land, to be monitored on a 5 yearly basis;</li> <li>(b) engage an independent provider (to be agreed with DOC) to carry out a baseline survey to establish the values and condition</li> </ol> </li> </ol>	<p>As soon as possible and no later than 30 November 2020</p> <p>As soon as possible and no later than 30 November 2020</p>



<p>of each covenanted area within six months of the establishment of each covenant and, after that, every five years from that date (or such other date as agreed with DOC), the results being shared with DOC;</p> <ul style="list-style-type: none"> <li>(c) prior to undertaking any monitoring, agree the monitoring methodology with DOC;</li> <li>(d) discuss the results from the monitoring with DOC with a view to ensuring the ongoing protection of the values; and</li> <li>(e) meet the cost of the baseline survey and implementing the covenants.</li> </ul>	
<p><b>Replanting</b></p> <p>10. Any replanting undertaken by you is to be undertaken in accordance with the National Environmental Standard for Plantation Forestry, including:</p> <ul style="list-style-type: none"> <li>(a) applying riparian setbacks to the whole property including the Wairau and Goulter Rivers, Chrome, Boulder and Stoney streams;</li> <li>(b) protecting the connection between Eve's Stream and the Wairau River; and</li> <li>(c) excluding any planting in the active Wairau River bed,</li> </ul> <p>in each case, only to the extent required to comply with the National Environmental Standard for Plantation Forestry.</p>	<p>At any time replanting is undertaken</p>
<p><b>Wilding Conifer</b></p> <p>11. You must take all reasonable steps to minimise the risk of natural regeneration of exotic tree species (<b>wildings</b>) outside of the planted area, including through the selection of sites for planting.</p> <p>12. You must take reasonable steps to remove all wildings from the areas of the land you do not intend to plant.</p> <p>13. You must remove all wildings of the same species as the trees planted on the land from within 1000 metres of the boundary of the land.</p> <p>This does not require the removal of wildings from areas which are already home to a non-wilding exotic tree crop (such as neighbouring pine forest</p>	<p>Before planting</p> <p>By 30 June 2019 and every two years thereafter</p> <p>By 30 June 2019 and annually thereafter for a 5 year period</p>

<p>land) or wildings which are older than the conifers planted for commercial purposes on the land.</p> <p>This is subject to receiving the permission of the adjoining land owner.</p> <p>14. You must make available at your own cost 1 contractor for up to 3 weeks each year for five years (equivalent to at least 120 person hours per year) to work on wilding conifer control that:</p> <p>(a) benefits the Mount Richmond Forest Park; or</p> <p>(b) removes conifers from neighbouring land that are older than the conifers planted for commercial purposes on the land.</p> <p>15. You must invest <span style="background-color: black; color: red;">s 9(2)(b)(ii)</span> per year for five years to support the Department of Conservation on wilding conifer control in Mount Richmond Forest Park.</p>	<p>By 30 June 2019 and annually thereafter for a 5 year period</p> <p>By 30 June 2019 and annually thereafter for a 5 year period</p>
<p><b>Environment Improvement Committee</b></p> <p>16. You will continue to operate an Environment Improvement Committee and any other measures implemented by Nelson Forests Limited to protect indigenous vegetation and habitats.</p> <p>These measures must include:</p> <p>(a) complying with the New Zealand Forest Accord and the Tasman Accord;</p> <p>(b) bringing the forest up to Forest Stewardship Council certification;</p> <p>(c) implementing a plan for weed and pest control;</p> <p>(d) protecting nesting areas of New Zealand falcon/karerea;</p> <p>(e) implement a kea management plan.</p>	<p>At all times</p>
<p><b>Costs</b></p> <p>17. You are responsible for all costs relating to Special condition 3, including DOC's costs.</p>	

## Dispute resolution

18. If you and DOC cannot agree on matters contained in special condition 3 (**dispute**) you must refer the dispute to mediation. You and DOC will agree on a suitable person to act as mediator or, if you cannot agree, you will ask the Arbitrators' and Mediators' Institute of New Zealand Inc. to appoint a mediator. The mediation will be in accordance with the Mediation Protocol of the Arbitrators' and Mediators' Institute of New Zealand Inc.
19. If the dispute is not resolved within 60 days after a mediator is appointed, you must refer the dispute to arbitration. You and DOC will agree on a suitable person to act as arbitrator. If you cannot agree, you will ask the President of the Arbitrators' and Mediators' Institute of New Zealand Inc. to appoint an arbitrator. The arbitration will be in accordance with New Zealand Law and the Arbitration Protocol of the Arbitrators' and Mediators' Institute of New Zealand Inc.

## Special condition 4: Cobb Cottage

1. You must consult with Heritage New Zealand following acquisition of the Land and, if Heritage New Zealand think it appropriate, you must support the inclusion of Cobb cottage on the New Zealand Heritage List;
2. If Cobb Cottage is added to the Heritage New Zealand list, you must contribute (through a combination of cash and in-kind contributions) a one-off [ s 9(2)(b)(ii) ] to assist with the maintenance of the cottage for the first year after it is added to the Heritage List and [ s 9(2)(b)(ii) ] in each of the subsequent 5 years after it has been added to the Heritage List for further maintenance of the cottage and surrounding environs.
3. If Cobb Cottage is added to the Heritage New Zealand list, you must provide use of the cottage (without charge) to fishing and hiking groups (provided that you may temporarily close such access and stop such use where you believe it is necessary due to forestry operations or for safety reasons (including fire risk and weather conditions), or to protect the environment or the cottage from damage).

By 30 November 2019

## Special condition 5: Access Conditions

### Public access to connect SH63 with public conservation access

1. You must create an easement under the Walking Access Act 2008 (Walkway) or under section 237B of the Resource Management Act 1991 (access strip) providing for public access over formed road(s) to connect SH63 (close to Wash Bridge) with the fords across Goulter River to public conservation land as agreed between the Applicant and the Walking Access Commission (**WAC**) provided that any access by vehicles, and/or any person wishing to carry a firearm(s), through such an easement must be by permit only. The permit basis will be operated by you and you must not unreasonably withhold or delay the granting of any such permits. The conditions of the easement will provide that all public access may be closed where you believe it is necessary due to forestry operations or for safety reasons (including fire risk and weather conditions), or to protect the environment from damage.
2. Public access along this route must be practical along existing routes and fords, but you shall not be required to fund any improvements on those routes.
3. You must meet the cost of implementing the outlined access.

As soon as possible and no later than 30 November 2020

### Public access to waterways

4. You must create esplanade strips along the north bank of the Wairau River, the South bank of the Goulter River, and both banks of Chrome and Boulder Streams, allowing for walking access, under section 235 of the Resource Management Act 1991 (provided that you may close such access where you believe it is necessary due to forestry operations or for safety reasons (including fire risk and weather conditions), or to protect the environment from damage).
5. You must meet the cost of implementing the outlined access.

As soon as possible and no later than 30 November 2020

### Mountain bike access

6. You must develop a policy in consultation with the WAC to allow mountain bike access over forestry

As soon as possible and no later than 30

<p>roads and tracks not covered already by Special Condition 5 and implement this policy. You must meet the cost of implementing the outlined access.</p>	<p>November 2020</p>
<p><b>Access across existing marginal strips and existing right of way easement</b></p> <p>7. You must ensure that public access across the four existing marginal strips as depicted on Part Section 7 Block XI Patriarch Survey District and the existing right of way easement created by Transfer 208695.2 is not blocked and remains open. This does not temporary denial of access due to safety risks associated with weather, fire or forestry operations, or to protect the environment from damage.</p>	<p>At all times</p>
<p><b>Access across existing marginal strips and existing right of way easement</b></p> <p>8. You must ensure that public access across the four existing marginal strips as depicted on Part Section 7 Block XI Patriarch Survey District and the existing right of way easement created by Transfer 208695.2 is not blocked and remains open. This does not prohibit temporary closures due to safety risks associated with weather, fire or forestry operations, or to protect the environment from damage.</p>	<p>At all times</p>
<p><b>DOC access to conservation land</b></p> <p>9. You will grant any reasonable request from DOC for access (including both walking and vehicle access) through the land to neighbouring conservation land. This condition does not prevent a temporary denial of access due to safety risks associated with weather, fire or forestry operations, or to protect the environment from damage.</p>	<p>At all times</p>
<p><b>Ongoing consultation</b></p> <p>10. You will consult with DOC and WAC regarding whether any improvements need to be made to existing public walking and cycle access through the Land</p>	<p>By 30 November 2019</p>
<p><b>Dispute resolution</b></p> <p>10. If you and WAC cannot agree on matters contained in special condition 5 (<b>dispute</b>) you</p>	



<p>must refer the dispute to mediation. You and WAC will agree on a suitable person to act as mediator or, if you cannot agree, you will ask the Arbitrators' and Mediators' Institute of New Zealand Inc. to appoint a mediator. The mediation will be in accordance with the Mediation Protocol of the Arbitrators' and Mediators' Institute of New Zealand Inc.</p> <p>If the dispute is not resolved within 60 days after a mediator is appointed, you must refer the dispute to arbitration. You and WAC will agree on a suitable person to act as arbitrator. If you cannot agree, you will ask the President of the Arbitrators' and Mediators' Institute of New Zealand Inc. to appoint an arbitrator. The arbitration will be in accordance with New Zealand Law and the Arbitration Protocol of the Arbitrators' and Mediators' Institute of New Zealand Inc.</p>	
<p><b>Reporting to WAC</b></p> <p>11. You must report to WAC on a six monthly basis from the date of grant of consent on your progress towards complying with special condition</p>	<p>On-going until the condition is complied with</p>
<p><b>Special condition 6: Special Land</b></p>	
<p>1. You must, upon becoming the registered proprietor of the Land, adopt and be bound by any offer, arrangement or agreement that the vendor has made, reached or entered into with the Crown in relation to the Special Land that forms part of the Land (Special Land means foreshore, seabed, riverbed or lakebed).</p> <p>2. You must, within 10 working days of being requested to do so by the Crown:</p> <ul style="list-style-type: none"> <li>(a) enter into a deed of covenant with the Crown to be bound;</li> <li>(b) deal with the Crown in accordance with the requirements of the Act as if it were the party making the initial offer of the Special Land to the Crown;</li> <li>(c) enter into negotiations in good faith to ensure the Special Land is transferred to the Crown on terms acceptable to the Crown and in accordance with Regulations; and/or</li> <li>(d) agree to an encumbrance or covenant in gross being registered to protect the Crown's</li> </ul>	<p>As soon as requested to do so by the Crown.</p>

<p>interest upon the Crown's request.</p> <p>3. The Crown reserves the right to caveat the Land until an encumbrance or covenant has been registered.</p> <p>4. You will be responsible for all of the costs incurred as a result of the transfer of the Special Land.</p> <p>If you do not, Standard condition 6 will apply and we may require you to dispose of the Land.</p>	
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### Standard conditions

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

Details	Required date
<b>Standard condition 1: acquire the Land</b>	
<p>You must acquire the Land:</p> <ol style="list-style-type: none"> <li>by the date stated in the Consent.</li> </ol> <p>If you do not, your Consent will lapse or become invalid and you must not acquire the Land, and</p> <ol style="list-style-type: none"> <li>using the acquisition, ownership and control structure you described in your application.</li> </ol> <p>Note, only you – the named Consent holder - may acquire the Land, not your subsidiary, trust or other entity.</p>	As stated in the Consent
<b>Standard condition 2: tell us when you acquire the Land</b>	
<p>You must tell us in writing when you have acquired the Land.</p> <p>Include details of:</p> <ol style="list-style-type: none"> <li>the date you acquired the Land (<b>Settlement</b>),</li> <li>consideration paid (plus GST if any),</li> <li>the structure by which the acquisition was made and who acquired the Land, and</li> <li>copies of any transfer documents and Settlement statements.</li> </ol>	As soon as you can, and no later than two months after Settlement

**Standard condition 3: allow us to inspect the Land**

Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions.

We will give you at least two weeks' written notice if we want to do this.

You must then:

1. Allow a person we appoint (**Inspector**) to:
  - (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.
2. Take all reasonable steps to facilitate an Inspection including:
  - (a) directing your employees, agents, tenants or other occupiers to permit an Inspector to conduct an Inspection,
  - (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.

During an Inspection:

- (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,
- (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.

At all times

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**Standard condition 4: remain of good character**

You and the Individuals Who Control You:

1. must continue to be of good character, and
2. must not become an individual of the kind referred to in [section 15](#) or [section 16](#) of the Immigration Act 2009.

In summary, these sections describe convicted or deported people who are not eligible for visa or entry permission to enter or be in New Zealand and people who are considered likely to commit an offence or to prevent a threat or risk to security, public order or the public interest.

The **Individuals Who Control You** are individuals who:

- (a) are members of your governing body,
- (b) directly or indirectly, own or control 25% or more of you or of a person who itself owns or controls 25% or more of you, and
- (c) are members of the governing body of the people referred to in paragraph (b) above.

At all times

**Standard condition 5: tell us about changes that affect you, the people who control you, or people you control**

You must tell us in writing if any of the following events happens to any of the Consent holders:

1. You, any Individual Who Controls You, or any person in which you or any individual who controls you hold (or at the time of the offence held) a 25% or more ownership or control interest commits an offence or contravenes the law anywhere in the world. This applies whether or not you or they were convicted of the offence. In particular, please tell us about any offences or contraventions that you are charged with or sued over and any investigation by enforcement or regulatory agencies or professional standard bodies.
2. An Individual Who Controls You ceases to be of good character; commits an offence or contravenes the law (whether they were convicted or not); becomes aware of any other matter that reflects adversely on their fitness to have the Land; or becomes an individual of the kind referred to in section 15 or 16 of the Immigration

Within 20 working days after the change



<p>Act 2009 (see standard condition 4).</p> <p>3. You cease to be an overseas person or dispose of all or any part of the Land.</p> <p>4. You, any Individual Who Controls You, or any person in which you or any Individual Who Controls You hold (or at the time of the event held) a 25% or more ownership or control interest:</p> <ul style="list-style-type: none"> <li>(a) becomes bankrupt or insolvent</li> <li>(b) has an administrator, receiver, liquidator, statutory manager, mortgagee's or chargee's agent appointed, or</li> <li>(c) becomes subject to any form of external administration.</li> </ul>	
<p><b>Standard condition 6: dispose of the Land if you do not comply with key Special conditions</b></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>We may also require you to execute a security deed before you may acquire the Land. The security deed:</p> <ul style="list-style-type: none"> <li>1. must be in the form we require,</li> <li>2. must be executed and delivered to us before you acquire the Land,</li> <li>3. gives us power to appoint a receiver to dispose of the Land if you do not do that as required by this Standard condition 6,</li> <li>4. will provide, among other things, that if we appoint a receiver, the receiver may dispose of the Land, deduct his or her costs from the proceeds of sale, and pay the remainder to you.</li> </ul> <p>If all or part of this Standard condition 6 applies to a Special condition, we have said so in that condition.</p> <p>We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p>	
<p><b>Value the Land:</b> obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.</p>	<p>Within six weeks of the date of our notice.</p>

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

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## **Appendix 2 - Instructions**

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1. Ministers must grant consent to this overseas investment if they are satisfied that all of the criteria in section 16 of the Overseas Investment Act 2005 (“the Act”) are met. They must decline to grant consent if they are not satisfied that all of the criteria in section 16 are met. Ministers must not take into account any criteria or factors other than those identified in sections 16 and 17, and regulation 28 of the Overseas Investment Regulations 2005 (“the Regulations”).
2. In the attached Report the Overseas Investment Office identifies each of the criteria and factors under sections 16 and 17, and regulation 28 that Ministers are required to consider in this case.

### **“Forest Land” Directive**

3. The overseas investment involves the acquisition of ‘forest land’ being land that is non-urban and over 5 hectares in size (excluding any associated land), but where the existing principal use of the land is forestry. Therefore, in accordance with directions from Ministers, we have treated the following factors as being of high relative importance:<sup>7</sup>
  - (a) the “increased processing of primary products” factor (section 17(2)(a)(vi)); and
  - (b) the ‘advance significant Government policy or strategy’ factor (regulation 28(f)).

### **Conditions**

4. Conditions may be imposed on any consent that is granted, under section 25. The attached Report recommends some conditions that Ministers may wish to consider imposing in this case.
5. If you wish to make any changes to the conditions of consent, those changes should be discussed with the Overseas Investment Office, and the other Minister, before being finalised.

### **Decision**

6. The decision that you are required to make should be based on information available to you that you consider is sufficiently reliable for that purpose. The information that the Overseas Investment Office has taken into account in making its recommendation is summarised in the attached Report.
7. If you propose to disagree with the decision of the other Minister, you should discuss your proposed decision with the Overseas Investment Office and the other Minister.
8. If required, staff from the Overseas Investment Office are available to brief you on the Office’s recommendations.

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<sup>7</sup> Ministerial Directive letter date 28 November 2017, paras 18-20.

## Appendix 3 - Sensitive Land

1. Manuka Island Forest property Wash Bridge, State Highway 63, Upper Wairau Valley

<b>Land Interest</b>	<b>Freehold Interest</b> (approximately 2411.0360 hectares)
<b>CTs</b>	CT MB6B/657 (Marlborough)
<b>Sensitivity</b>	Is more than 5 hectares of non-urban land
	Adjoins land that is over 0.4 hectares and is held for conservation purposes under the Conservation Act 1987
	Adjoins land that is over 0.4 hectares and is a scientific, scenic, historic, or nature reserve under the Reserves Act 1977 that is administered by the Department of Conservation

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