

To: Hon Stuart Nash, Delegatee for Minister of Finance
Hon Eugenie Sage, Minister for Land Information

ASSESSMENT REPORT: Nelson Forests Limited
Special Forestry Test – Application for Standing Consent

Date	30 July 2020	Classification	IN CONFIDENCE: Commercially sensitive
OIO reference (Report reference)	201900078 BRF 21-037	Priority	High

Action Sought

Minister	Action	Suggested Deadline
Hon Eugenie Sage, Minister for Land Information	1. Review the attached report and decide whether to grant consent to the application 2. Forward the report and attachments to Hon Stuart Nash	4 September 2020
Hon Stuart Nash, Delegatee for Minister of Finance	1. Review the attached report and decide whether to grant consent to the application 2. Forward the report and attachments to the Overseas Investment Office	4 September 2020

LINZ Contacts

Name	Position	Contact number	First contact
Michael Appleyard	Manager Applications (Residential & Forestry)	022 038 2988	<input checked="" type="checkbox"/>

Minister's office to complete

1 = Was not satisfactory 2 = Fell short of my expectations in some respects 3 = Met my expectations 4 = Met and sometimes exceeded my expectations 5 = Greatly exceeded my expectations					
Overall Quality	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Comments					
<input type="checkbox"/> Noted	<input type="checkbox"/> Seen	<input type="checkbox"/> Approved	<input type="checkbox"/> Overtaken by events		
<input type="checkbox"/> Withdrawn	<input type="checkbox"/> Not seen by Minister	<input type="checkbox"/> Referred to:			

ASSESSMENT REPORT: Nelson Forests Limited

Overview

Purpose

1. We seek Ministers' decision on the application by **Nelson Forests Limited** for a Standing Consent (forestry activities) under the Overseas Investment Act 2005 (the Act).

Key information

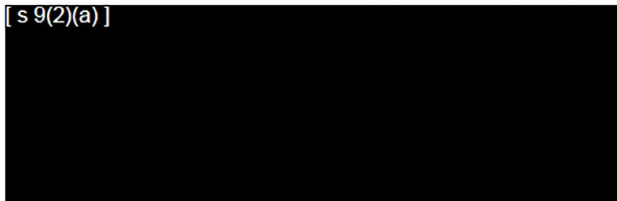
Applicant	Nelson Forests Limited (Australia 63.5%, United States of America 33.73%, Switzerland 1.73%, Luxembourg 1.04%)
Application type	Standing Consent (forestry activities) for overseas investments in sensitive land.
Proposed standing consent	For the Applicant to settle a maximum of 25 overseas investment transactions, to acquire interests in no more than: <ul style="list-style-type: none">• 20,000 hectares of sensitive land - excluding areas that may be subdivided and sold (in total);• Up to 10,000 hectares of sensitive land per transaction; and• Use-by date: 30 September 2023 (3-year duration) – though note Applicant has requested 5 years
Relevant tests	<ul style="list-style-type: none">• Investor Test - s16(2)• Standing Consent (Forestry Activities) – s23A & Schedule 4, clause 3

Provisional recommendations

2. This Application includes a transaction of national interest that requires a mandatory national interest assessment (section 20A of the Act) because it involves a non-New Zealand government investor. This means if you decide the Application meets the investor test, and standing consent (forestry activities) test you must refer the investment to the Minister of Finance for a decision about whether the transactions are contrary to New Zealand's national interest. Once the Minister of Finance has made his decision (section 20C of the Act), you will be able to make the final decision about whether to grant or decline the Application.
3. Our provisional recommendation (subject to the Minister of Finance not declining consent under section 20C) is to **grant consent**.
4. We note the following:
 - (a) while our provisional view is that the standing consent should be granted, this is ultimately a matter to be decided by Ministers;
 - (b) the consent is limited to investments in sensitive land (that is, it does not cover investments in significant business assets);

- (c) the proposed standing consent (if granted) will permit the Applicant to acquire both existing forest land and land for conversion into forest (e.g. farm land). It will also allow the Applicant to acquire interests in forestry land owning entities;
 - (d) we also consider that a planting condition should be imposed, given the Applicant may purchase some unforested land to convert to plantation forest (with planting to be completed within 2 years of acquisition, unless otherwise agreed with the Overseas Investment Office).
5. If you agree to grant consent, we recommend that you make the determinations set out in paragraphs 6-10 and paragraph 14 below.

[s 9(2)(a)]



Michael Appleyard
 Manager Applications (Residential & Forestry)
 Date: 30 / 07 / 2020

Decision

6. I determine that:
- (a) the 'relevant overseas person' is (collectively):

Entity	Role
Nelson Forests Limited (NFL)	Applicant and acquiring entity
OneFortyOne Plantations Holdings Pty Ltd (OFO)	Ultimate holding company of the Applicant
Future Fund [s 9(2)(b)(ii)] [s 9(2)(b)(ii)] (Future Fund [s 9(2)(b)(ii)])	Shareholder in OFO (50% shareholding)
Pension Reserves Investment Management Board (PRIM)	Shareholder in OFO (33% shareholding)
Campbell Global, LLC (Campbell)	Investment Manager to Future Fund [s 9(2)(b)(ii)] PRIM and [s 9(2)(b)(ii)]

- (b) the 'individuals with control of the relevant overseas person' are the directors and Senior Executives of NFL and OFO, the Shareholder Executives, and the Campbell Global Executives, (that is, the 14 individuals described in paragraph 64 below);
7. With regard to the investor test, I determine that:
- (a) the individuals with control of the relevant overseas person collectively have business experience and acumen relevant to the overseas investment;
 - (b) the relevant overseas person has demonstrated financial commitment to the overseas investment;

- (c) all the individuals with control of the relevant overseas person are of good character; and
 - (d) 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 (which sections list certain persons not eligible for visas or entry permission under the Immigration Act); and
8. With regard to the **remaining criteria for a standing consent**, I determine that:
- (a) The following conditions will be, or are likely to be, met:
 - (i) Conditions that must be imposed for the purpose of ensuring that the special test relating to forestry activities is met for each overseas investment under the Standing Consent;
 - (ii) Conditions that must be imposed requiring farm land / farm land securities to be offered for acquisition on the open market to non-overseas persons;
 - (iii) Conditions that must be imposed requiring that the OIO be notified of each transaction settled under the Standing Consent; and
 - (iv) Additional conditions that may be imposed including conditions limiting the land that can be acquired under the Standing Consent;
 - (b) The Applicant has adequate processes in place for meeting the requirements of Regulation 29 (that is – the continuation of existing arrangements, existing conditions of consent, and log supply obligations);
 - (c) The Applicant has a strong track record of compliance with the Act and with conditions and other requirements imposed under it;
9. I am satisfied that the **investor test**, as outlined in paragraph 7 above, has been met; and

Hon Stuart Nash

Hon Eugenie Sage

Satisfied

Satisfied

Not Satisfied

Not Satisfied

10. I am satisfied, the **remaining criteria for a standing consent**, as outlined in paragraph 8 above, have been met:

Hon Stuart Nash

Hon Eugenie Sage

Satisfied

Satisfied

Not Satisfied

Not Satisfied

National interest assessment

11. This investment includes a transaction of national interest under section 20A because the transaction involves an investment by a non-NZ government investor.

- (c) all the individuals with control of the relevant overseas person are of good character; and
- (d) 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 (which sections list certain persons not eligible for visas or entry permission under the Immigration Act); and

8. With regard to the **remaining criteria for a standing consent**, I determine that:

- (a) The following conditions will be, or are likely to be, met:
 - (i) Conditions that must be imposed for the purpose of ensuring that the special test relating to forestry activities is met for each overseas investment under the Standing Consent;
 - (ii) Conditions that must be imposed requiring farm land / farm land securities to be offered for acquisition on the open market to non-overseas persons;
 - (iii) Conditions that must be imposed requiring that the OIO be notified of each transaction settled under the Standing Consent; and
 - (iv) Additional conditions that may be imposed including conditions limiting the land that can be acquired under the Standing Consent;
- (b) The Applicant has adequate processes in place for meeting the requirements of Regulation 29 (that is – the continuation of existing arrangements, existing conditions of consent, and log supply obligations);
- (c) The Applicant has a strong track record of compliance with the Act and with conditions and other requirements imposed under it;

9. I am satisfied that the **investor test**, as outlined in paragraph 7 above, has been met; and

Hon Stuart Nash

Satisfied

Not Satisfied

Hon Eugenie Sage

Satisfied

Not Satisfied

10. I am satisfied, the **remaining criteria for a standing consent**, as outlined in paragraph 8 above, have been met:

Hon Stuart Nash

Satisfied

Not Satisfied

Hon Eugenie Sage

Satisfied

Not Satisfied

National interest assessment

11. This investment includes a transaction of national interest under section 20A because the transaction involves an investment by a non-NZ government investor.

12. The next steps depend on whether Ministers are satisfied that the standard tests have been met. **If satisfied** that all the tests at paragraphs 6 to 10 above are met, then advise the Minister of Finance that consideration under section 20C is necessary using the letter in Attachment 3. **If not satisfied** that all tests at paragraphs 6 to 10 are met then record your decision below and the regulator will advise the Minister of Finance that consideration under section 20C is not necessary, then confirm the decision to decline consent.

Hon Stuart Nash

Hon Eugenie Sage

Satisfied (sign attached letter)

Satisfied (sign attached letter)

Not Satisfied (go to para 14.3)

Not Satisfied (go to para 14.3)

13. The Minister of Finance advised by letter dated 22 / 8 / 2020 that the investment is:



Not contrary to New Zealand's national interests

- You may grant the application - if the Minister of Finance has not advised that actions to mitigate risks are desirable, proceed to paragraph 14.1.
- If the Minister of Finance has indicated that actions to mitigate risks to New Zealand's national interests are desirable, proceed to paragraph 14.2 and consider the conditions proposed in new Attachment.



Contrary to New Zealand's national interests

- You must have regard to the Minister of Finance's decision to decline consent and proceed to paragraph 14.3.

Decision about whether to grant or decline the application

14. The ultimate decision of Ministers, is to:

12. The next steps depend on whether Ministers are satisfied that the standard tests have been met. **If satisfied** that all the tests at paragraphs 6 to 10 above are met, then advise the Minister of Finance that consideration under section 20C is necessary using the letter in Attachment 3. **If not satisfied** that all tests at paragraphs 6 to 10 are met then record your decision below and the regulator will advise the Minister of Finance that consideration under section 20C is not necessary, then confirm the decision to decline consent.

Hon Stuart Nash

Satisfied (sign attached letter)



Not Satisfied (go to para 14.3)



Hon Eugenie Sage

Satisfied (sign attached letter)



Not Satisfied (go to para 14.3)



13. The Minister of Finance advised by letter dated 22 / 10 / 2020 that the investment is:



Not contrary to New Zealand's national interests

- You may grant the application - if the Minister of Finance has not advised that actions to mitigate risks are desirable, proceed to paragraph 14.1.
- If the Minister of Finance has indicated that actions to mitigate risks to New Zealand's national interests are desirable, proceed to paragraph 14.2 and consider the conditions proposed in new Attachment.



Contrary to New Zealand's national interests

- You must have regard to the Minister of Finance's decision to decline consent and proceed to paragraph 14.3.

Decision about whether to grant or decline the application

14. The ultimate decision of Ministers, is to:

Hon Stuart Nash

Hon Eugenie Sage

14.1 Grant consent subject to the conditions in the Proposed Decision in Attachment 2

Grant consent subject to the conditions in the Proposed Decision in Attachment 2

14.2 Grant consent with amended conditions provided in new Attachment _____ on ____ / ____ / 2020

Grant consent with amended conditions ~~provided in new Attachment~~
~~Attachment~~ dated 7/9/20 and agreed by email on 8 / 9 / 2020

14.3 Decline consent

Decline consent

EM Sage

Hon Stuart Nash

Hon Eugenie Sage

Delegatee for Minister of Finance

Minister for Land Information

Date: ____ / ____ / 2020

Date: 9 / 9 / 2020

Released under the Official Information Act 1982

Hon Stuart Nash

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Hon Eugenie Sage

14.1 Grant consent subject to the conditions in the Proposed Decision in Attachment 2

Grant consent subject to the conditions in the Proposed Decision in Attachment 2

14.2 Grant consent with amended conditions provided in new Attachment _____

Grant consent with amended conditions provided in new Attachment _____

on 12 / 15 / 2020

on ____ / ____ / 2020

[Handwritten signature]

07 04

14.3 Decline consent

Decline consent

[Handwritten signature: Stuart Nash]

Hon Stuart Nash

Hon Eugenie Sage

Delegatee for Minister of Finance

Minister for Land Information

Date: 25 / 02 / 2020

Date: ____ / ____ / 2020

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PROPOSED DECISION – Updated version – 7 September 2020

Standing Consent for Overseas Person to Acquire Sensitive New Zealand Land

Read this consent carefully - you must comply with all the conditions. If you do not, you may be required to dispose of interests in land acquired under this consent and/or be subject to fines or other penalties. We may also vary or revoke this standing consent.

Consent

Decision date: **[THIS APPLICATION HAS NOT BEEN DECIDED YET]**

The following people have been given the following consent:

Case	201900078
Consent type	Standing Consent (forestry activities) for overseas investments in sensitive land.
Consent holder/s	Nelson Forests Limited (company number 7507276) (you or the Consent Holder).
Consent	You may give effect to overseas investments in sensitive land, subject to the limits and conditions set out below.
Limits	<p>(a) You may settle no more than 25 overseas investment transactions.</p> <p>(b) You may acquire interests in no more than 15,000 hectares of sensitive land in total.</p> <p>(c) The maximum land area per transaction is:</p> <p>(i) 2,500 hectares per transaction involving an acquisition of interests in land that is already used exclusively or nearly exclusively for forestry activities; and</p> <p>(ii) 500 hectares per transaction involving an acquisition of interests in land that is Non-Forest Land, including farm land being acquired for conversion to forestry.</p> <p>(d) You must not acquire residential land.</p> <p>(e) This standing consent cannot be used to acquire an investment in a strategically important business (SIB) as described in section 20A(1)(c) or (d) of the Act.</p>
Use-by date	[30 September 2023] (Use-by Date)

Conditions

Your Consent is subject to the special conditions, standard conditions and reporting conditions (**Conditions**) set out below. You must comply with them all. Be aware that if you do not comply with the Conditions the Consent may be revoked or varied, you may

be subject to fines or other penalties, and you may also be required to dispose of interests in land acquired under this Consent.

We may vary the Conditions after you notify us of a transaction to record any existing arrangements, conditions of consent, or log supply obligations you must comply with. We may also vary the conditions for other purposes with your agreement. We may do so by adding schedules to this consent (one for each investment transaction requiring variation).

In the Consent and the Conditions, we refer to the Overseas Investment Office as **OIO, us or we**.

Special conditions

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

Definitions

Act means the Overseas Investment Act 2005

Land means the relevant land in relation to an overseas investment in sensitive land acquired under this Standing Consent.

Legal Review means a review by a New Zealand lawyer who has experience with the Act, to confirm a transaction is covered by this Consent and what the Consent Holder must do to comply with the Conditions.

Non-Forest Land means land that is **not** used exclusively, or nearly exclusively, for forestry activities.

Notice of Intention to Offer means a notice in respect of special land (i.e. marine and coastal area or a bed of a river or lake) under regulation 13 of the Overseas Investment Regulations 2005 that meets the requirements of regulation 14 and is in the form published on our website (as updated from time to time).

Notification Template means the notification template for transactions settled under a standing consent published on our website and updated from time to time.

Planting Plan means a plan that describes how the land will be planted and identifies and explains: The area of land suitable for planting, the relevant land-use class(es) of the Land (in particular whether any of the Land is classified Land Use Class 1-5), the area you will plant with trees and type of trees you will plant, and a map showing the same.

Regulations means Overseas Investment Regulations 2005.

Sensitive Land Certificate means a certificate for the purposes of Schedule 1 of the Overseas Investment Act 2005 (as published on our website and updated from time to time) completed by a land professional or lawyer experienced in providing such certificates.

Standing Consent Checklist means the pre-investment checklist for standing consents published on our website and updated from time to time.

Termination Period means the period during which the Consent Holder may terminate a transaction, on grounds which include that the transaction is not covered by the Consent or the Consent Holder cannot comply with the Conditions.

Worker Accommodation means accommodation that complies with section 16A(4)(c) of the Act.

Any term or expression that is defined in the Act or Regulations and used, but not defined, in this consent has the same meaning as in the Act or Regulations.

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Details	Required date
Special Condition 1: due diligence	
<p>You must do the following:</p> <ol style="list-style-type: none"> 1. complete a Standing Consent Checklist (if we have published one); 2. obtain a Sensitive Land Certificate; 3. obtain confirmation from the Vendor as to whether there are any requirements that must be met under regulation 29(2) (e.g. any existing arrangements, conditions of consent, or log supply obligations); and 4. obtain a Legal Review. 	Before entering into transaction or during the Termination Period.
<p>You must not settle a transaction in reliance on this Consent unless that transaction is covered by this Consent and you can comply with the Conditions.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the interest in land you acquired in breach of this condition.</p>	At all times.
Special Condition 2: offer any Farm Land on the open market	
<p>You must not settle a transaction involving farm land or farm land securities (Farm Land) unless the criterion in section 16(1)(f) of the Act (Advertising Criterion) has been met.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of any interest in land you acquired in breach of this condition.</p>	Before settlement.
Special Condition 3: notice of individual acquisitions	
<p>You must notify us of each transaction settled under this Standing Consent using our Notification Template (Notification).</p> <p>To avoid doubt, the Notification must include (as applicable):</p> <ol style="list-style-type: none"> 1. the Planting Plan referred to in Special Condition 5; and 2. confirmation of your decision to retain or divest dwellings under Special Condition 8. 	As soon as you can, and no later than 2 months of settlement.
Special Condition 4: land must be used for forestry activities	
The Land must be used exclusively, or nearly exclusively, for forestry activities except as otherwise permitted by Special Condition 9 (permitted temporary activities).	At all times.

If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.	
<p>For the avoidance of doubt, this condition does not require you to do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law.</p> <p>However, if circumstances arise that mean you are not likely to be able to use the Land exclusively or nearly exclusively for forestry activities as required by this condition (e.g. you are declined resource consent for conversion of the Land to forestry activities), you must:</p>	
1. advise the OIO in writing of the circumstances; and	Within 2 months of the circumstance occurring.
2. if required by the OIO, dispose of the interest in the Land.	Within the timeframes set by the OIO.
Special Condition 5: Non-Forest Land	
If you acquire Non-Forest Land, you must prepare a Planting Plan that shows how you will utilise the land purchase in terms of forestry activities.	Before Notification.
The Planting Plan should align with best industry practice and may be updated to reflect changes in government policy/strategy (e.g. to improve forestry practices or land use). The Planting Plan may reflect plans to subdivide and/or sell portions of the land (e.g. if part(s) of the land are best suited for activities other than forestry, such as farming). If material changes are made to the Planting Plan, you must notify the OIO.	Notify the OIO within 2 months of updating the Planting Plan, and in any case prior to planting.
<p>You must complete planting a crop of trees on the Non-Forest Land in accordance with the Planting Plan (provided that plan improvements may be made to align with best industry practice, government policy/strategy, and/or legal requirements).</p> <p>For the avoidance of doubt, this condition does not require you to do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. For example, you are not required to plant contrary to restrictions imposed as part of a resource consent.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	Within 2 years of settlement, unless an alternative period or arrangement is agreed in writing with the OIO.
For the avoidance of doubt, these conditions do not prohibit you from selling part(s) of the Land (for example, if part of the land is best suited for activities other than forestry, so you plan to subdivide it for sale).	

Special Condition 6: trees must be replanted after harvest	
<p>You must replace each crop of trees you harvest on the Land with a new crop of trees (Replant). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <ol style="list-style-type: none"> 1. Replant with the same species of tree or use the same silvicultural regime; 2. Replant land held under a forestry right that expires upon the completion of harvesting or within 2 years of harvesting; or 3. do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>This condition does not limit Special Condition 4.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	<p>Within 2 years of harvest, unless an alternative period or arrangement is agreed in writing with the OIO.</p>
Special Condition 7: residential use restrictions	
<p>The Land must not be used, or held for future use, for any residential purposes except for:</p> <ol style="list-style-type: none"> 1. Worker Accommodation; or 2. as otherwise permitted by Special Condition 9 (permitted temporary activities). <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	<p>At all times.</p>

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Special Condition 8: divestment of Surplus Dwellings	
If you acquire Land containing any dwellings, you must decide whether you intend to retain or divest the dwelling(s).	Before Notification (or as otherwise agreed in writing with the OIO).
<p>If you decide to divest dwellings (Surplus Dwellings), you must:</p> <ol style="list-style-type: none"> 1. relocate the Surplus Dwelling(s) from the Land; or 2. sell those parts of the Land that contain those Surplus Dwelling(s) to a third party who is not your associate. 	<p>Within 1 year of settlement if no subdivision is necessary;</p> <p>or</p> <p>Within 2 years of settlement if subdivision is necessary.</p>
Special Condition 9: permitted temporary activities	
<p>The Land may be used for the following temporary activities:</p> <ol style="list-style-type: none"> 1. the Land may be grazed prior to being planted with a crop of trees; and 2. Surplus Dwellings may be rented while you undertake the process of divesting them in accordance with Special Condition 8. 	Temporarily – for the period set out in the condition.
Special Condition 10: existing arrangements, consent conditions, and log supply obligations	
<p>You must ensure all requirements set out in regulation 29(2) are met, including:</p> <ol style="list-style-type: none"> 1. specific obligations identified in a Notification and included in a schedule to this Consent; and 2. obligations that are not identified in a Notification. <p>In summary, the above requirements are to:</p> <ol style="list-style-type: none"> 1. maintain and implement any existing arrangements for specified purposes; 2. to do, or not do, things as required by any existing conditions of consent that are for a specified purpose; and 3. supply logs as required by any existing log supply obligations. <p>(together, the Obligations).</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	At all times.
Special Condition 11: special land	
If regulations 29(9)-(10) apply, you must not settle a transaction under this Consent unless any special land has	At all times.

been offered to the Crown in accordance with the Regulations.	
You must provide us with the information we need to commence the special land offer process, being: <ol style="list-style-type: none"> 1. a Notice of Intention to Offer; and 2. a Sensitive Land Certificate. 	Before you enter into a transaction, or as soon as practicable afterwards, but (in any event) before you settle a transaction.
Unless the Crown waives its right to acquire the special land at the outset under regulation 15(3)(a), you must work with us to complete a special land agreement (or agreements, as the case may be) that meets the requirements of regulation 22 (Special Land Agreement).	Before the offer of special land is made.
If the Crown accepts the offer of special land, you must adopt and be bound by the Special Land Agreement and transfer the special land to the Crown on the terms set out in the Special Land Agreement.	Upon becoming the registered owner of the Land.
This special condition will be deemed to have been complied with if the relevant Ministers make a decision to waive the offer of special land in accordance with regulation 15(1).	

Standard conditions

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

Details	Required date
Standard Condition 1: acquire the land	
<p>If you acquire an interest in land under this Consent, you must do so:</p> <ol style="list-style-type: none"> 1. by the Use-by Date stated in the Consent. 2. using the acquisition, ownership and control structure you described in your application. <p>Note, only you – the named Consent Holder - may acquire the interest in Land, not your subsidiary, trust or other entity.</p>	As stated in the Consent.
Standard Condition 2: allow us to inspect the Land	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions.</p> <p>We will give you at least two weeks' written notice if we want to do this.</p>	At all times.

<p>You must then:</p> <ol style="list-style-type: none"> 1. Allow a person we appoint (Inspector) to: <ol style="list-style-type: none"> (a) enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (Inspection), (b) remain there as long as is reasonably required to conduct the inspection, (c) gather information, (d) conduct surveys, inquiries, tests and measurements, (e) take photographs and video records, and (f) do all other things reasonably necessary to carry out the Inspection. 2. Take all reasonable steps to facilitate an Inspection including: <ol style="list-style-type: none"> (a) directing your employees, agents, tenants or other occupiers to permit an Inspector to conduct an Inspection, (b) being available, or requiring your employees, agents, tenants or other occupiers to be available, at all reasonable times during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required. <p>During an Inspection:</p> <ol style="list-style-type: none"> (a) we will not compel you and your employees, agents, tenants or other occupiers to answer our questions or to let us look at, copy or take away documents, (b) our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection. 	
<p>Standard Condition 3: remain of good character</p>	
<p>You and the Individuals Who Control You:</p> <ol style="list-style-type: none"> 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. <p>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 be a threat or risk to security, public order or the public interest.</p>	<p>At all times.</p>

<p>The Individuals Who Control You are individuals who:</p> <ul style="list-style-type: none"> (a) are members of your governing body, (b) directly or indirectly, own or control 25% or more of you or of a person who itself owns or controls 25% or more of you, and/or (c) are members of the governing body of the people referred to in paragraph (b) above. 	
<p>Standard Condition 4: tell us about changes that affect you, the people who control you, or people you control</p>	
<p>You must tell us in writing if any of the following events happens to any of the Consent Holders:</p> <ol style="list-style-type: none"> 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 Act 2009 (see standard condition 3). 3. You cease to be an overseas person or dispose of all or any part of the interest in Land. 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: <ul style="list-style-type: none"> (a) becomes bankrupt or insolvent, (b) has an administrator, receiver, liquidator, statutory manager, mortgagee's or chargee's agent appointed, or (c) becomes subject to any form of external administration. 	<p>Within 20 working days after the change.</p>
<p>Standard Condition 5: dispose of the interest(s) in Land if you do not comply with key Special Conditions</p>	
<p>If all or part of this Standard Condition 5 applies to a special condition, we have said so in that condition.</p> <p>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 interest(s) in Land.</p>	

We will give you written notice if we require you to dispose of the interest(s) in Land acquired under this Standing Consent. Unless the notice provides otherwise, you must:	
Value the interest in Land: obtain and send us a copy of a market valuation of the relevant interest in Land from a New Zealand registered valuer.	Within six weeks of the date of our notice.
Market the Land: instruct a licensed real estate agent to actively market the relevant interest in Land for sale on the open market.	Within six weeks of the date of our notice.
Dispose of the Land: dispose of the relevant interest in Land to a third party who is not your associate.	Within six months of our notice.
Offer without reserve: if you have not disposed of the relevant interest in Land within six months of our notice, offer the interest in Land for sale by auction or tender without a reserve price or minimum bid and dispose of the interest in Land.	Within nine months of our notice.
Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the relevant interest in Land.	By the last day of every March, June, September and December after our notice or at any other time we require.
Report disposal to us: send us, in writing, evidence: <ul style="list-style-type: none"> (a) that you have disposed of the relevant interest in Land, (b) of disposal (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor), (c) the purchaser is not your associate. 	Within one month after the relevant interest in Land has been disposed of.
Standard Condition 6: automatic condition regarding national security	
You must not, in relation to sensitive assets in which a relevant investment is made, act or omit to act with a purpose or an intention of adversely affecting national security or public order.	At all times.

Reporting conditions

We need information from you so we can monitor your progress against the Conditions.

You must notify us of **each transaction** settled under this Standing Consent as set out in **Special Condition 3**.

In addition, you must lodge an **annual report** by **30 November** each year until the OIO confirms in writing that annual reporting is no longer required.

Each annual report must:

1. be sent to oiomonitoring@linz.govt.nz (or otherwise submitted using the OIO's [Webform](#));
2. contain information about your progress in implementing the Special Conditions, including those set out in a schedule to this Standing Consent; and
3. follow the format of, and provide any additional information required by, the relevant annual report template published on our website.

If requested in writing by the OIO, the Consent Holder must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:

1. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted; or
2. the Conditions.

DRAFT
Released under the Official Information Act 1982

Schedules

We may vary the conditions after you notify us of a transaction to record any existing arrangements, conditions of consent, or log supply obligations you must comply with. We may also vary the conditions for other purposes with your agreement. We may do so by adding schedules to this Consent (one for each investment transaction requiring variation).

Released under the Official Information Act 1982

DRAFT

Executive summary

1. The Applicant is Nelson Forests Limited (**NFL**). NFL is ultimately wholly-owned by OneFortyOne Plantations Holdings Pty Ltd (**OFO**) through its wholly-owned New Zealand subsidiary OneFortyOne NZ Holdings Limited (**OFO NZ**).
2. NFL has the largest forest estate in the Nelson / Marlborough regions¹, and has an annual harvest of 1.2 million cubic metres of logs. It is a forest products business with assets including mature, sustainable yield plantation forests. It has interests in approximately 80,000 hectares of predominantly radiata pine (of which 66,000 hectares are productive). Approximately 51,000 hectares this land NFL does not own but uses as licensee pursuant to several Crown forestry licences (**CFLs**).
3. NFL owns the Kaituna Sawmill, located near Renwick in Marlborough. Approximately 60% of NFL's harvested wood is processed locally, through the Kaituna Sawmill and other processors such as Carter Holt Harvey. The remaining 40% of harvested wood is exported, mainly to China and Korea.
4. OFO is an Australian company, established in 2012 to invest in plantations and other timber operations in Australia. It is primarily owned by Government and corporate retirement funds.
5. OFO acquired all of the shares in NFL in September 2018, with consent from Ministers. It has since received one further consent, granted by Ministers in January 2019, for the acquisition of 2,411 hectares of land being Manuka Island Forest, in Marlborough.
6. NFL itself has been granted 4 previous consents under the Act, between 2007 and 2017, and OFO has been granted the two recent consents mentioned above. The proposed acquisitions under this standing consent will continue the delivery of benefits previously recognised by both the OIO and Ministers under previous consents.

Proposed Standing Consent - Special Forestry Test

7. The Applicant has applied for a standing consent to acquire interests in sensitive land under the Special Forestry Test (**SFT**) set out in section 16A(4) of the Act.
8. These interests include potential freehold, leasehold, and forestry rights.
9. The Applicant is seeking to make further investments in New Zealand to continue the growth of its business, and therefore OFO's business, into a trans-Tasman vertically integrated forestry and forest products business.
10. NFL requires a standing consent in order to [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]
11. [s 9(2)(b)(ii)]
12. As NFL is the freehold owner of only 29,000 hectares out of 80,000 hectares in its total estate, it does not own the land for the majority of its forest estate. [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]

¹ NFL's existing estate is within the areas of the Tasman District Council, Nelson City Council, and Marlborough District Council

13. The Applicant holds approximately 50,500 hectares as licensee under various CFLs , and 500 hectares of forestry rights with local owners. [s 9(2)(b)(ii)]

14. [s 9(2)(b)(ii)]

15. A standing consent will allow NFL to acquire interests in land without having to apply for a one-off consent for each transaction. This will lead to a more efficient acquisition process for NFL and will enhance the competitiveness of its bids to vendors.

Request

16. NFL requests a standing consent to acquire up to 67,303 hectares over a 5-year term, nationwide. That maximum area comprises 17,303 hectares of land currently held by it as licensor under CFLs, and 50,000 hectares for acquisitions of new land. It proposes up to 36 transactions, capped at 20,000 hectares per transaction. However, in the event that a standing consent is granted for a 3-year term, the Applicant has made updated submissions regarding the total area and other limits. These are summarised at paragraph 103 and in the table at paragraph 106 of this Assessment Report.

Preliminary recommendation

17. Standing consents are a new application pathway under the Act, having been introduced in October 2018. Due to the uncertainty of their operation, the granting of a standing consent represents a high degree of trust. To mitigate the risks, and in line with previous forestry standing consents granted, we have provided a preliminary recommendation of 20,000 hectares over a 3-year term, nationwide, capped at 10,000 hectares over 25 transactions.
18. The scope of the proposed standing consent under our preliminary recommendation is set out in the following table:

Limit type	Limit
Interest type	No limit (e.g. Freehold, Leasehold, Forestry Rights, interests in forestry owning companies).
Maximum transactions	25.
Land type	Forest land, and land for afforestation. May include farm land, and special land.
Location	Nationwide – expected to be the territories of the Tasman District Council, Nelson City Council, and Marlborough District Council, but other regions may be considered
Maximum area	20,000 hectares (total)
Maximum area per transaction	10,000 hectares.

² This agreement was entered into before the Overseas Investment Amendment Act 2018 came into force, bringing forestry rights into the regime, and therefore consent was not required for this acquisition.

Use-by date	30 September 2023
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19. Additional guidance for applying the Act is set out in **Attachment 1**.

Conditions

20. Various mandatory and discretionary conditions of consent will be imposed which will ensure that all standing consent (forestry activities) requirements will be met. These consent conditions are included in **Attachment 2**.

National interest assessment

21. The investment is a transaction of national interest under the mandatory criteria of section 20A of the Act because the proposed transactions would involve an investment by a non-NZ government investor.
22. The Applicant is indirectly 50% owned by The Northern Trust Company as custodian of Future Fund [s 9(2)(b)(ii)] ("Future Fund") which is ultimately owned by the Commonwealth of Australia. Also, the Pension Reserves Investment Management Board as trustee of the Pensions Reserves Investment Trust ("PRIM") has a 33% shareholding indirectly in the Applicant. PRIM is ultimately owned by the Commonwealth of Massachusetts.
23. As the investment is a transaction of national interest the Minister of Finance must consider whether the transaction is contrary to New Zealand's national interest under section 20C of the Act, if you consider that the standard tests are met for this investment.
24. The Supplementary Ministerial Directive Letter of 8 June 2020 from the Minister of Finance directs the regulator to provide advice to him about whether a transaction is in the national interest. We prepare a separate report to the Minister of Finance for the national interest assessment.
25. The Minister of Finance will determine whether the investment is contrary to the national interest. If the Minister of Finance determines that the investment:
- (a) is contrary to New Zealand's national interest, then consent must be declined
 - (b) is **not** contrary to New Zealand's national interests, then you may grant consent if the other tests are satisfied
 - (c) is **not** contrary to New Zealand's national interests but that actions are desirable to manage the risks posed by the investment, then you should consider what conditions are necessary to mitigate the risks posed by the investment.

Timeframes

26. NFL seeks a decision as soon as practicable, however, it can continue to apply under the one-off consent pathways should it need to.

Applicant and investor test

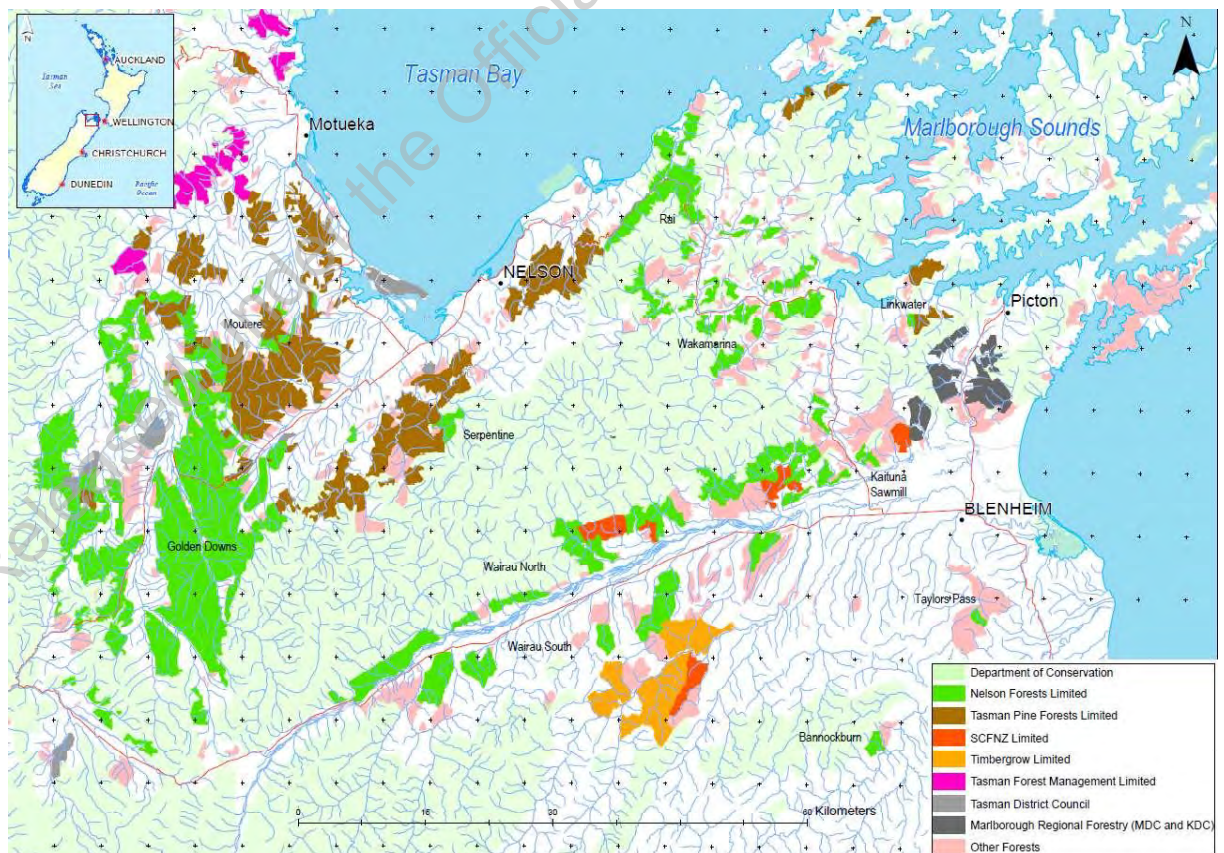
27. This section describes the Applicant and addresses the first criterion for a standing consent – whether the investor test criteria in the Act are likely to be met.

Who will make investments under the standing consent?

28. The Applicant is Nelson Forests Limited (**NFL**).
29. NFL is a New Zealand limited liability company (registration number 7507276). It was incorporated in the Cayman Islands in 2007, however transferred its jurisdiction to New Zealand in 2019³.
30. NFL is ultimately wholly-owned by OneFortyOne Plantations Holdings Pty Ltd (**OFO**), which is an Australian incorporated company whose shareholders are overseas persons. NFL is therefore an overseas person under the Act.

NFL's existing forestry estate

31. The Applicant's assets include mature, sustainable yield plantation forests of approximately 80,000 hectares (of which 66,000 hectares are productive) of predominantly radiata pine in Nelson and Marlborough (**NFL Estate**).
32. NFL's interests include freehold land, Crown forestry licenses (**CFLs**), and about 500 hectares of forestry rights with local owners.
33. The NFL Estate is shown shaded bright green in the image below, provided by the Applicant.



³ On 31 May 2019 NFL deregistered as an exempted company in the Cayman Islands (and also deregistered as an overseas company in New Zealand), and it was registered by way of continuation as a New Zealand limited liability company.

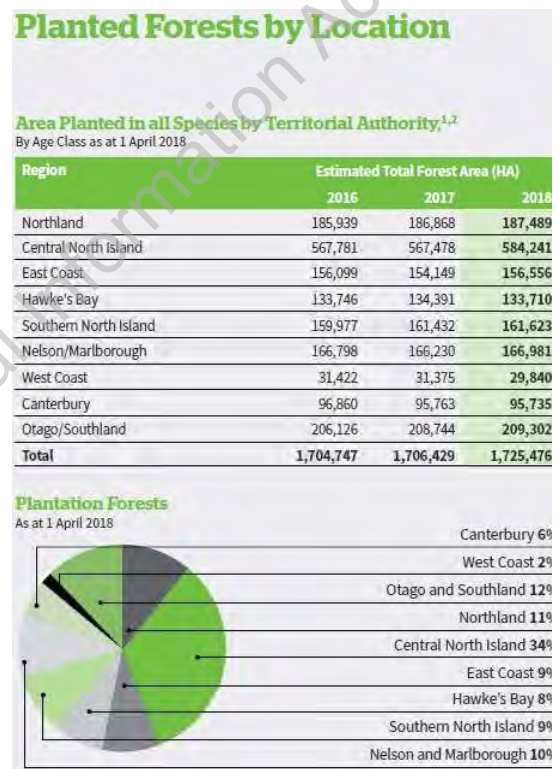
Business activities of NFL

34. NFL is a forest products business. It has the largest forest estate in Nelson / Marlborough and is the largest forest manager and log marketing organisation in Nelson / Marlborough.
35. The Applicant is also one of the larger forestry managers / owners in New Zealand, as shown in an extract (below, left) from the Forest Owners Association “Facts and Figures 2018/19”. The figure of 77,428 hectares (under the name ‘One Fourty (sic) One Plantations’) as at 31 December 2018 was before the Applicant acquired Manuka Island Forest of 2,411 hectares.
36. For context, a second extract (below, right) gives the estimated total area of planted forests in Nelson / Marlborough as 166,981 hectares as at the end of 2018. The NFL Estate therefore accounts for approximately half of all planted forests in Nelson / Marlborough.

Commercial Planted Forest Ownership and Management

As at 31 December 2018

Firm/Entity	Forest Management Productive Area (ha)
	(TIMO) Property Management
Hancock Forest Management (NZ) Ltd	186,284
Hancock Natural Resource Group	186,284
Kaingaroa Timberlands	184,910
Rayonier New Zealand Ltd	116,771
Global Forest Partners LP	12,342
One Fourty One Plantations	77,428
Emslaw One	111,371
Juken New Zealand	32,291
Tasman Pine Forests	36,801
Pan Pac Forest Products	36,091
China Forestry Group Corporation	21,981
The Rohatyn Group	7,209
Aratu Forests Ltd	28,081
Wenita	27,391
Roger Dickie NZ	26,576
Forest Management NZ Ltd	26,571
Port Blakely Ltd	27,851
Ngai Tahu Forestry	25,741
Forest Enterprises	19,738
City Forests	17,281
PF Olsen Ltd	1,250
NZ Forest Managers ¹	54,361
Summit Forests NZ Limited	36,221
Totals	257,270



37. NFL owns the Kaituna Sawmill (shown in the image below), and a log trading business. The Kaituna Sawmill produces 65,000 cubic metres of lumber annually, being high grade appearance products suitable for furniture and finishing timbers, and high grade treated products suitable for outdoor use or in structural applications.



38. NFL also owns Nelson Management Limited (**NML**), which manages the day to day operations of NFL and employs all NFL's employees.
39. NFL has a workforce of 116 full-time equivalent employees and provides approximately 600 more jobs indirectly through contractors across the supply chain. The Applicant submits that it is a key presence in the local economy.
40. All of NFL's forest management area is certified by the Forest Stewardship Council (**FSC**), which is an international non-governmental organisation promoting environmentally appropriate, socially beneficial, and economically viable management of the world's forests.
41. With an annual harvest of 1.2 million cubic metres, approximately 60% of NFL's harvested wood is processed locally (at the Kaituna Sawmill and other local processors). The remaining harvested wood is exported, mainly to China and Korea.

Crown forestry licences

42. NFL currently holds (as licensee) a number of CFLs which together account for a total of approximately 50,500 hectares of the NFL Estate. The CFLs, and the respective area of each, are shown in the table below. The licensor of each CFL is the iwi group(s) listed next to that CFL in the table.

CFL forest	Licensor / ultimate beneficial owner	Land area (ha)
Golden Downs East	Toa Rangatira Investment Properties Limited	17,622.5010
Golden Downs West	Toa Rangatira Investment Properties Limited	15,618.9704
	Ngāti Tama Ki Te Waipounamu Trust	1,024.0423
	Te Atiawa o Te Waka-a-Maui Trust; and Ngāti Tama Ki Te Waipounamu Trust	5,986.2260
	Te Atiawa o Te Waka-a-Maui Trust	1,060.5060
Rai Marlborough	Ngāti Tama Ki Te Waipounamu Trust	361.9397
	Te Atiawa o Te Waka-a-Maui Trust	4,417.9856

Rai Nelson	Ngāti Tama Ki Te Waipounamu Trust	4,451.9875
Total CFL land area		50,544.1585
[s 9(2)(b)(ii)]		[s 9(2)(b)(ii)]

43. [s 9(2)(b)(ii)]

44. [s 9(2)(b)(ii)]

Business activities of the OneFortyOne Group

- 45. OFO is an Australian company, incorporated in 2012. It is primarily owned by Government and corporate retirement funds.
- 46. OFO was established to invest in plantations and other timber operations in Australia. In October 2012 it acquired the harvesting rights of the Green Triangle plantation estate from the Government of South Australia.
- 47. Its forest holdings in Australia consists of approximately 80,000 hectares of radiata pine located mainly in South Australia, but with a lesser area in Victoria. It has 590 employees in Australia.
- 48. [s 9(2)(b)(ii)] Since 2012 it has expanded supply to all local mills in Australia and increased supply to Australian domestic customers. In January 2018 it acquired Carter Holt Harvey's sawmill in Mount Gambier, South Australia, and woodchip operations at Portland, Victoria.
- 49. The acquisition of NFL in 2018 (case number 201610039) was OFO's first investment in New Zealand, and the acquisition of Manuka Island Forest in 2019 (case number 201810093) was its second⁵.
- 50. It is seeking to make further investments in New Zealand to continue the growth of its forestry business into a trans-Tasman vertically integrated forestry and forest products company. The transactions to be entered into under the standing consent would be key steps in the strategy.

Overview of assessment: investor test

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Relevant overseas persons (ROP) and individuals with control (IWC) confirmed	ROP/IWC identified	ROP and IWC identified.	Paras 63 - 64 Section 15 of the Act.

⁴ For completeness we note that the exemption in the Act (Schedule 3, cl. 7) for Crown forestry licences converting to forestry rights does not apply if the term of the forestry right (including rights of renewal) exceeds 35 years.

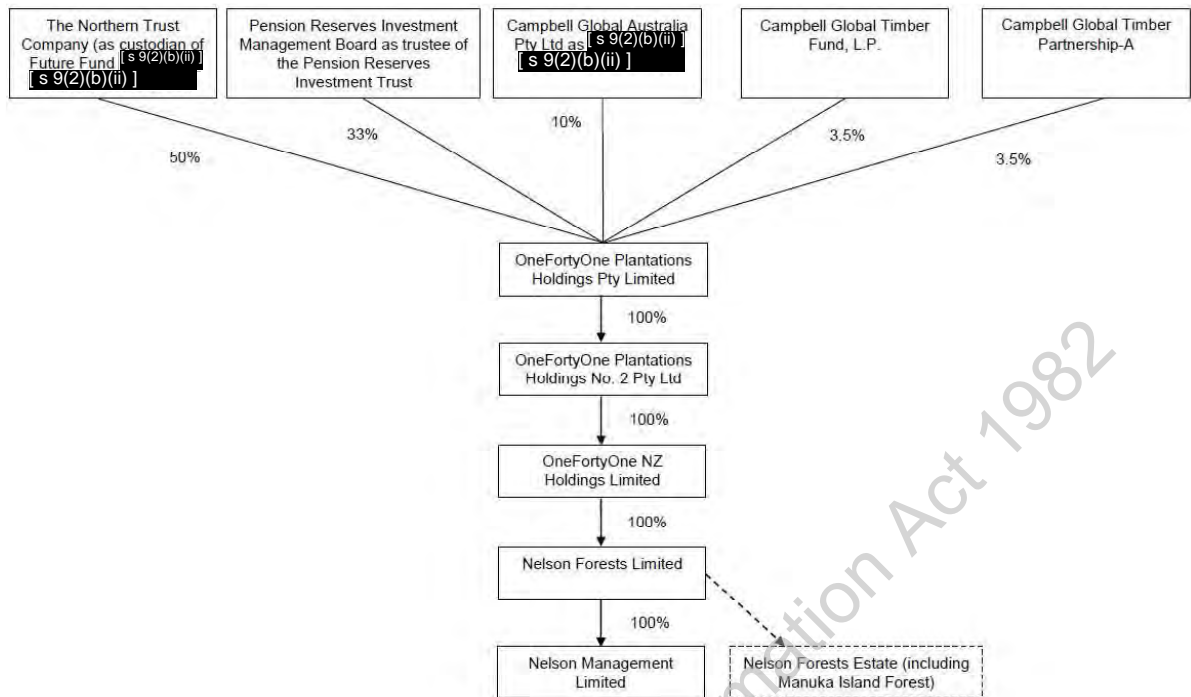
⁵ OFO received OIO consent to acquire Manuka Island Forest, with NFL as the acquiring entity.

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Collectively have business experience and acumen relevant to the investment	Test met	The IWC have extensive experience in the forestry industry.	Paras 65 - 72 Section 16(2)(a) of the Act.
ROP demonstrated financial commitment	Test met	In addition to the costs of preparing this application, the Applicant has demonstrated financial commitment through its previous investments in forestry land in New Zealand. The Applicant anticipates that proposed investments will be funded by equity from existing shareholders of OFO and/or bank debt. (There will be nil consideration for any CFLs converted to forestry rights as NFL would continue to pay rent on the same terms). No additional assessment required.	Section 16(2)(b) of the Act.
Good character	Test met	We are satisfied that the IWC are of good character. The Applicant is a repeat investor and has met investor test requirements in previous applications. 11 of the 14 IWC for this application are the same as those assessed in the most recent application for consent granted in January 2019.	Paras 73 - 77 Section 16(2)(c) of the Act.
Not an individual of the kind ineligible for a visa or entry permission under ss 15 or 16 of the Immigration Act 2009	Test met	Statutory declarations provided confirming that each individual is not of the kind referred to in ss 15 or 16 of the Immigration Act. No additional assessment required.	Section 16(2)(d) of the Act.

Ownership and control of the Applicant

Who controls NFL and its parent entities for the purposes of this investment?

51. The Applicant has provided a structure diagram setting out the structure of NFL, the OneFortyOne group of companies, and its shareholders.



52. NFL is part of the OneFortyOne group, with OFO as the ultimate holding company.
53. OFO holds the Applicant via OneFortyOne Plantations Holdings No. 2 Pty Ltd, and OneFortyOne NZ Holdings Limited (**OFO NZ**), which are both passive holding companies. OFO NZ is a special purpose vehicle which was incorporated to undertake the acquisition of NFL by OFO.
54. OFO, and therefore NFL, are owned by the following shareholders:
- Future Fund [s 9(2)(b)(ii)] whose custodian is The Northern Trust Company (**Future Fund** [s 9(2)(b)(ii)]), owns 50% of the shares in OFO. Future Fund [s 9(2)(b)(ii)] It is wholly owned by the Future Fund, being the sovereign wealth fund of the Commonwealth of Australia. The Future Fund was established by the Australian Government in 2006 to meet unfunded superannuation liabilities. It currently has A\$147 billion under management;
 - Pension Reserves Investment Management Board (**PRIM**) owns 33% of the shares in OFO. PRIM manages the Pension Reserves Investment Trust Fund which was created to assist the Commonwealth of Massachusetts in reducing its unfunded pension liability;
 - [s 9(2)(b)(ii)] owns 10% of the shares in OFO. [s 9(2)(b)(ii)] [s 9(2)(b)(ii)]
 - Campbell Global Timber Fund, L.P. (**CGTF**) owns 3.5 of the shares in OFO. CGTF is a Cayman Islands limited partnership, owned by institutional and high net worth investors, 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.
 - Campbell Global Timber Partnership – A (**CGTP-A**) owns 3.5% of the shares in OFO. CGTP-A is an Australian investment partnership managed by Campbell Global Timber Fund GP, LLC.

55. Future Fund [s 9(2)(b)(ii)] PRIM, and [s 9(2)(b)(ii)] have each entered into an investment management agreement with Campbell Global, LLC (**Campbell**). [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]

Campbell was founded in 1981 and provides fully integrated timberland and natural resource investment management services. Campbell currently manages (for various funds) approximately 706,420 hectares of forests worldwide, representing approximately \$4.8 billion in assets.

56. [s 9(2)(b)(ii)]

Who controls the Applicant and its parent entities for the purpose of this investment?

57. The board of NFL consists of 7 directors. NFL has the same directors as OFO. This includes 4 directors who are Campbell executives. These directors are set out in the Individuals with Control Table below.
58. Ultimate decision-making authority for the management of NFL rests with the Board of NFL. It would accordingly be NFL's Board who would approve and carry out any transactions under the standing consent. The Board could also approve significant capital and operating expenditure and approve divestments. There are certain matters for which approval of the Applicant's shareholders would be required.
59. The Board of NFL has delegated the day-to-day management of NFL's affairs to certain senior executives, which would include any of the transactions to be entered into under this standing consent. The senior executives holding this delegation are, from OFO, Linda Sewell (CEO), Andy Knopp (CFO), Cameron MacDonald (Executive General Manager – Australia), and from NFL Lees Seymour – Executive General Manager – NZ).
60. The directors of NFL along with the senior executives mentioned above are the individuals who will collectively supervise the board and management of NFL, and who must approve significant strategic decisions transactions entered into under the standing consent.

Funding of acquisitions under the standing consent

61. [s 9(2)(b)(ii)]
62. For any new interests in land (both freehold and new forestry rights) to be acquired to grow its estate, consideration will be agreed at the time of entering into the transaction. If NFL undertakes an acquisition of [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)] The Applicant expects that these acquisitions will likely involve equity from existing shareholders of OFO and / or bank debt.

Relevant overseas person and individuals with control

63. For the reasons set out above, we have determined that the 'relevant overseas person' (ROP) is (collectively):

Entity	Role
Nelson Forests Limited (NFL)	Applicant and acquiring entity

OneFortyOne Plantations Holdings Pty Ltd (OFO)	Ultimate holding company of the Applicant
Future Fund [s 9(2)(b)(ii)] [s 9(2)(b)(ii)] (Future Fund [s 9(2)(b)(ii)])	Shareholder in OFO (50% shareholding)
Pension Reserves Investment Management Board (PRIM)	Shareholder in OFO (33% shareholding)
Campbell Global, LLC (Campbell)	Investment Manager to Future Fund [s 9(2)(b)(ii)] PRIM and [s 9(2)(b)(ii)]

64. We have determined that the 'individuals with control of the relevant overseas person' (**IWC**) are:

Individual	Role
Stanley George Renecker	Director of NFL, OFO, and Executive of Campbell
Johnny Slade Gilleland	Director of NFL, OFO, and Executive of Campbell
Angela Marie Davis	Director of NFL, OFO, and Executive of Campbell
David Christopher Rumker	Director of NFL, OFO, and Executive of Campbell
James Gregory White	Director of NFL, OFO, and Future Fund [s 9(2)(b)(ii)]
Sarah Emma Carne	Director of NFL, OFO, and Head of Listed Tangibles of Future Fund [s 9(2)(b)(ii)]
Vanessa Cynthia May Stoddart	Director of NFL and OFO
Linda Kay Sewell	CEO of OFO
Andy David Anthony Giles Knopp	CFO of OFO
Cameron MacDonald	'Executive General Manager – Australia' of OFO
	Managing Director of NFL, and 'Executive General Manager – NZ' of OFO
[s 9(2)(a)]	Director of Real Estate & Timberland [s 9(2)(a)]
	Executive Director and Chief Investment Officer [s 9(2)(a)]
	Chief Investment Officer of Future Fund [s 9(2)(b)(ii)]

Business experience and acumen

Section 16(2)(a) of the Act.

The relevant overseas person, or the individuals with control of the relevant overseas person, must have business experience and acumen relevant to the overseas investments permitted under the standing consent. 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.

65. The standing consent will allow the Applicant to acquire up to 20,000 hectares of land to be used for forestry activities. [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)] Land to be acquired is may be a mixture of existing forestry and other land to be converted to forest. The maximum transaction size will be 10,000 hectares.
66. We have reviewed the biographical information provided by NFL for each of the IWC. We note the IWC collectively have extensive experience in managing and decision-making in the context of acquisition and management of a portfolio of forestry and investment management and have relevant qualifications from reputable domestic and international universities.
67. The Applicant has extensive experience in forest asset management. Currently NFL has the largest forestry estate in the Nelson / Marlborough regions, with approximately 80,000 hectares. It is also one of the larger forest owners / managers in New Zealand, as shown in the table above at paragraph 36. NFL owns the Kaituna Sawmill, and a log trading business called External Resources. The Applicant submits that its managing director Lees Seymour and his New Zealand based management team are one of the most experienced forest management teams in New Zealand.
68. We also note that the business of OFO includes the management of approximately 82,000 productive hectares of radiata pine in Australia, in addition to the NFL Estate. (NFL's 7 directors are the same as the directors of OFO, following its acquisition of NFL).
69. Of NFL's board, 4 directors are also directors or board members of Campbell and therefore have access to considerable institutional knowledge. The Applicant submits that Campbell is one of the largest and most well-respected timber plantation managers in the world.
70. The remaining 3 members of the board of NFL are representatives of Future Fund [s 9(2)(b)(ii)] whose infrastructure and timberland portfolio currently stands at 8% of the total fund's size or approximately A\$12.7 billion.
71. The Senior Executive Team who manage the Applicant and its investments on a day to day basis also has considerable experience in the forestry industry. For example, the Senior Executive Team includes:
- Linda Sewell, who is the CEO of OFO, has been in that position since 2013, and before then was CEO of HVP Plantations for 7 years.
 - Lees Seymour who is NFL's Managing Director, is a qualified forester, has chaired the New Zealand Forest Industries Council, and has been a board member of a number of forest industry organisations. He is also the current president of the Nelson Tasman Chamber of Commerce.

72. Having regard to the above, **we are satisfied** that the IWC collectively have business experience and acumen relevant to the overseas investment.

Good character assessment

Section 16(2)(c) of the Act.

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):

- 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);
- any other matter that reflects adversely on the person's fitness to have the particular overseas investment.

73. NFL has provided a statutory declaration stating that the IWC 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 this 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.
74. Most of the IWC have been the subject of recent and ongoing good character checks as part of recent applications. Of the 14 IWC associated with this application, 11 were included in the IWC selection for the most recent consent granted by Ministers to OFO in January 2019 (case 201810093).
75. Open source background checks on the IWC reveal that OFO and Future Fund ^(S 91) have both been named by the Australian Tax Office as corporations that paid no tax in the 2014-15 and 2013-14 financial years respectively. In the previous application mentioned above the Applicant stated that it had complied with Australian taxation law in the relevant calendar year (and each year prior and subsequent) and that the Australian Tax Office has accepted its tax returns. Ministers have previously considered these matters in relation to consents 201810093 and 201720119 and were satisfied in both cases that the good character criterion was met.
76. In addition, we have undertaken open source checks for the IWC for the intervening period since the most recent consent was granted and nothing further of concern has been found.
77. Overall, **we remain satisfied** that the IWC of the relevant overseas person are of good character.

Provisional conclusion – Investor test

78. Our provisional conclusion is that the investor test is met.

Applicant's compliance record

79. The criteria for a standing consent include the requirement that the Applicant has a 'strong record' of compliance with the Act (and, if relevant, corresponding laws overseas) (Schedule 4, cl 3(2)(d) of the Act).
80. This section describes the compliance history of the Applicant, and its parent company OFO, and our assessment as to whether it qualifies as a 'strong record'.
81. NFL and OFO have between them obtained 6 consents under the Act. NFL obtained 4 consents between 2007 and 2017.

82. In 2007 Ministers granted two consents to NFL for the acquisition of the estate then known as the 'Nelson Forest Estate'⁶. At that time the Nelson Forest Estate consisted of 77,629 gross hectares, including approximately 16,174 hectares of freehold and leasehold land, and the Kaituna Sawmill. The majority of the Nelson Forest Estate was held pursuant to Crown forest rights, which did not then require consent.
83. In 2018 Ministers granted consent to OFO to acquire 100% of the shares in NFL, including 25,119 of freehold land. Under this consent OFO also acquired NFL's log trading business (External Resources), and 100% of the shares in NML. The OIO has recently received the first annual report provided under this consent.
84. Most recently, in early 2019, OFO was granted consent (with NFL as the acquiring entity) to acquire sensitive land in Marlborough.
85. The previous consents are set out in the following table.

Case No.	Consent holder	Application type	Investment
200720052	NFL	Benefit to NZ (2005 Act)	Significant business assets and sensitive land being a 49% interest in the Nelson Forest Estate including 16,049 ha of land
200720053	NFL	Benefit to NZ (2005 Act)	Significant business assets and sensitive land being a 51% interest in the Nelson Forest Estate including 16,049 ha of land
201510035	NFL	Benefit to NZ (2005 Act)	224 ha of land being McEwan Forest and Monterey Forest, Dovedale Road, Nelson
201610039	NFL	Benefit to NZ (2005 Act)	9,454 ha of land in the Wairau Valley, Marlborough
201720119	OFO	Benefit to NZ (2005 Act)	Significant business assets and sensitive land being 100% of the shares of NFL including 25,114 ha of land
201810093	OFO	Benefit to NZ (2005 Act)	2,411 hectares of land at Wairau Valley, Marlborough

86. The Applicant is familiar with OIO reporting conditions and submits that it has a strong track record with compliance with the Act, including satisfying relevant conditions, and providing complete and accurate information.
87. We note that since the acquisition by OFO of NFL in 2018 the directors of NFL and the directors of OFO are the same. The IWC for this application are largely the same as those for applications granted consent under case numbers 201610039 and 201720119. NFL's Managing Director, who is an IWC, has been with NFL since 2007.

⁶ Two consents were granted under cases 200720052 and 200720053 (a 49% interest and a 51% interest respectively) for the acquisition of the Nelson Forest Estate, which was owned in corresponding shares by two separate vendors.

88. The requirement that the Applicant has a strong track record can be met by both compliance with the Act, as well as compliance with corresponding laws in territories other than New Zealand, taken together. In our view, given that the directors of NFL and OFO are the same, it is reasonable for the Applicant to draw upon OFO's record of compliance of the Act, as well as with corresponding laws in Australia, to supplement NFL's own track record.

Australian Foreign Investment Review Board (FIRB)

89. The Applicant submits that OFO has previously obtained approvals under the FIRB regime for a number of forestry acquisitions in Australia, and that it is not aware of any past breaches by it of the FIRB regime.
90. In 2018 OFO obtained an exemption certificate under the FIRB regime (akin to a standing consent) for a period of three years in respect of future acquisitions of certain kinds of interests in Australian land in the Green Triangle region and adjacent areas. Under the exemption certificate the interests in Australian land must be no more than AUD \$100 million in total.
91. In terms of compliance with the Act, the OIO has undertaken one "investigation" of OFO, in June 2019, relating to the consent number 201810093⁷. OFO was unable to comply with a condition requiring it to remove wilding pines as their business was disrupted by the Pigeon Valley fire which occurred in February and March 2019. The silviculture contractor workforce was unable to work on wilding conifer work as it was deployed at the fire and staffed fire appliances to provide a rapid response. The consent holder advised the OIO that it is working to employ a new contractor. The OIO accepted the explanation provided by OFO.
92. The OIO has recently requested an update from OFO on progress with finalising plans to carry out the removal of wildings pines and OFO has provided a satisfactory response. We are continuing to engage with the Applicant and are satisfied with the nature of the Applicant's engagement with the Office to date. We consider that this matter is minor in nature and of no consequence in the context of the Applicant's overall compliance history.

Provisional conclusion

93. Our provisional conclusion is that the Applicant has a strong track record of compliance with the Act and with conditions and other requirements imposed under it.

⁷ Consent 201720119 also includes a condition relating to removal of wilding pines, and compliance with this condition is affected by the same issue.

Requested Standing Consent

94. This section describes the Applicant's reasons for seeking a standing consent, the nature of the standing consent it has requested, and our assessment of that request.

Reason for the Standing Consent

95. NFL is a forestry company, and all interests acquired under the standing consent will be used for forestry related activities.
96. The proposed investments under the standing consent will allow it to continue the growth of its business, and consequently the business of the OFO, into a trans-Tasman vertically integrated forestry and forest products business.
97. The business plans of NFL and OFO have been previously considered to deliver benefits to New Zealand recognised, by Ministers as being substantial and identifiable, through recent consents granted.
98. In particular, OFO's acquisition of the NFL Estate was recognised as (among other benefits) being likely to lead to an increase in processing of logs at mills in Nelson / Marlborough through long-term supply arrangements, a feasibility study into further investments in the Kaituna Sawmill or a new processing facility in the region, and a general commitment to supply a majority of logs for processing in New Zealand⁸.
99. The Applicant submits that a standing consent would likely further enhance these benefits. Whether through acquiring additional land to plant further trees, [s 9(2)(b)(ii)] [s 9(2)(b)(ii)] having a larger estate will enable NFL to increase its wood supply, enabling greater commitment and long-term security to domestic processors.
100. [s 9(2)(b)(ii)]
101. Of its total estate of approximately 80,000 hectares, NFL only owns the freehold to 29,000 hectares. [s 9(2)(b)(ii)] [s 9(2)(b)(ii)]
102. Accordingly, while NFL has applied for a maximum of 67,303 hectares, [s 9(2)(b)(ii)] [s 9(2)(b)(ii)]
- (a) [s 9(2)(b)(ii)]
- (b) [s 9(2)(b)(ii)]

⁸ Consent 201720119 includes a condition that the consent holder must ensure that the majority of logs harvested each year from the entire NFL Estate are processed in New Zealand (subject to there being sufficient demand from local processors) until October 2023.

103. In the event that a standing consent is granted with a 3-year duration, NFL strongly considers that the maximum area should be 37,303 hectares, [s 9(2)(b)(ii)]
 [s 9(2)(b)(ii)]
 [s 9(2)(b)(ii)] NFL submits that it would require a standing consent to allow for at least 30,000 hectares in total in order to provide room for NFL to acquire sufficient new land.

104. [s 9(2)(b)(ii)]

105. Further, the Applicant believes that a standing consent will enhance the competitiveness of its bids to vendors for new forest land, or land to be planted, to add to its existing estate. Vendors would have the comfort of knowing that a transaction is not at risk of consent being declined and have confidence that a transaction can be completed in a timelier manner than if a one-off consent was needed.

Scope of the Standing Consent

106. The following table outlines the scope of the standing consent requested and our assessment as to the appropriateness of that request:

Limit	Requested	OIO comment
Interest type(s)	Forestry rights, freehold, or leasehold	NFL (in effect) seeks no limit on the type of interests it can acquire under the standing consent. [s 9(2)(b)(ii)] We consider this request appropriate given the reasons for consent.
Land type(s)	Forest land, and land for afforestation.	The most recent applications made by NFL and OFO have been for existing forests. For example, NFL's acquisition of 224 ha in Nelson, NFL's acquisition of 9,454 ha in the Wairau Valley (to which it already held CFL rights to), and OFO's acquisition of 2,411 ha of forest land in the Wairau Valley. However, NFL is requesting that the standing consent include land for conversion to forestry. We consider this request appropriate given NFL's reasons for seeking consent.
Farm land	Yes.	We consider it appropriate that the standing consent allows the acquisition of farmland as NFL expects to acquire land for conversion into forestry. Special Condition 2 will require any farm land to be advertised in accordance with the Act prior to acquisition.
Special land	Yes.	Land acquired for forestry purposes often contains special land. OFO has experience with the special land offer process via its previous application (case 201810093).

Limit	Requested	OIO comment
		<p>We consider it appropriate that the standing consent allow the acquisition of land containing special land.</p> <p>Special Condition 11 will require any special land to be offered to the Crown in accordance with the Act.</p>
Residential land	No	NFL is not requesting that the standing consent include residential land.
Location	Nationwide	<p>NFL expects that acquisitions of additional land will be in the Nelson / Marlborough region, although it would like flexibility to be able to pursue opportunities for acquisitions in other parts of New Zealand that align with its export requirements and domestic processing goals. The Applicant submits that given its reputation in the industry and strong environmental track record it would expect this flexibility for nationwide opportunities.</p> <p>On balance, we consider this flexibility is appropriate given the Applicant's track record and plans for growth.</p>
Maximum area	67,303 (5-year duration) or 37,303 (3-year duration)	<p>[s 9(2)(b)(ii)]</p> <p>NFL's request would include [s 9(2)(b)(ii)] up to 50,000 ha for acquisitions of new forests, or land to be planted.</p> <p>As mentioned at paragraph 103 above, over a 3-year duration, NFL requests that the maximum area should be 37,303 hectares – [s 9(2)(b)(ii)]</p> <p>[s 9(2)(b)(ii)]</p> <p>We consider that a maximum area of 20,000 ha is reasonable due to the relative newness of the Special Forestry Test, the need to approach standing consents carefully, and high degree of trust required. We also consider this area appropriate given the need for consistency with previous forestry standing consent decisions granted to date. In particular, the standing consent granted to Pan Pac Forest Products Limited (Pan Pac) (case 201900044) was limited to 20,000 ha.</p> <p>[s 9(2)(b)(ii)]</p> <p>[s 9(2)(b)(ii)]</p> <p>[s 9(2)(b)(ii)] However, adding approximately 50,000 ha of additional land, over 5 years, represents close to doubling the size of NFL's estate (currently 80,000 ha in total with 66,000 ha productive area).</p>

Limit	Requested	OIO comment
Max transactions	36 (5-year duration) or 31 (3-year duration)	NFL requests 36 transactions over a 5-year standing consent [s 9(2)(b)(ii)] [REDACTED] [s 9(2)(b)(ii)] [REDACTED]. However, if a standing consent is granted with duration of 3 years, NFL requests 31 transactions. We consider that the appropriate maximum number of transactions is 25 given that the maximum area recommended is 20,000 ha, which will reduce the number of transactions that are possible.
Maximum area per transaction	20,000 ha (5-year duration) or 10,000 ha (3-year duration)	NFL originally requested a maximum area of 20,000 ha per transaction to allow it flexibility to carry out large transactions. The two largest acquisitions carried out by NFL and OFO (not including their respective acquisitions of the entire estate) are 2,411 ha and 9,454 ha. This request therefore appears higher than can be justified from the Applicant's track record. However, if a standing consent is granted for 3 years, NFL considers the maximum area per transaction should be 10,000 ha. We consider 10,000 ha to be an appropriate maximum area per transaction. This limit would be consistent with the maximum area granted to a previous standing consent.
Duration	5 years	NFL seeks a duration of 5 years to acquire up to 6,303 ha [s 9(2)(b)(ii)] [REDACTED] [s 9(2)(b)(ii)] [REDACTED]. Recently NFL has reiterated their request for a 5-year duration in light of the disruptions caused by COVID-19 as they submit that the opportunity for transactions may be delayed. However, at this time we consider 3 years to be an appropriate duration for the standing consent. This is consistent with a similar previous standing consent granted recently.

Provisional conclusion

107. Our provisional conclusion is that the scope of the standing consent requested by the Applicant is appropriate with regard to the limits for interest types, land types, and location, which are justified by its business plans and reasons for requesting a standing consent.
108. However, for the reasons stated above, the maximum area and maximum area per transaction are too large. These requested limits are not consistent with limits imposed by Ministers in standing consents granted to date (in particular a similar standing consent). Further, the limits originally requested by the Applicant are not supported by the Applicant's recent track record of land acquisition.
109. We recommend that the standing consent be limited to a maximum area of 20,000 hectares, with a maximum of 10,000 hectares per transaction.

Future compliance with conditions / Applicant's processes

110. This section addresses the remaining criteria for a standing consent:
- (a) that the conditions imposed on the standing consent (including mandatory conditions) will, or are likely to be, met; and
 - (b) the Applicant has adequate processes in place for meeting the requirements set out in regulations (e.g. continuing existing arrangements, existing consent conditions, and log supply obligations).
111. This section first describes the processes and systems NFL will use to meet the above criteria. It then, by way of two assessment tables, addresses whether these criteria have been met.
112. We have proposed special conditions which will ensure that adequate processes are undertaken to ensure compliance.

Processes for complying with requirements

113. NFL has been investing in New Zealand since it received consent to acquire the majority of its existing estate in 2007. It has made 6 successful applications under the Act (including two by its ultimate parent company, OFO).
114. NFL submits that it will use the following processes for identifying the relevance of different criteria, and to ensure that these and all standing consent conditions are complied with:
- (a) **Pre-acquisition Review:** NFL will ensure that pre-acquisition due diligence includes thorough analysis (including, if required, legal review) of each proposed transaction under the standing consent to ensure that it is within the scope of the consent and the conditions can be complied with.
 - (b) **Land Certificate:** NFL will engage an experienced land certificate provider to confirm whether the land contains residential land, special land or farm land before acquisition.
 - (c) **Vendor Warranty:** NFL will, via the relevant agreement for sale and purchase, seek a warranty from the vendor that it has complied with the farm land advertising requirements [(unless the Land Certificate has already been obtained that confirms the relevant land does not contain any farm land)].
 - (d) **Vendor Disclosure Obligation:** NFL will also, via the relevant agreement for sale and purchase, require the vendor to disclose all existing arrangements, existing conditions of consent, and log supply obligations.
 - (e) **Termination Clause:** NFL will, via the relevant agreement for sale and purchase, have the ability to terminate the transaction if the relevant land is residential land or the vendor warranty is untrue.
 - (f) **Gatekeeper:** NFL will appoint a staff member to be the gatekeeper for the standing consent and have overall responsibility for ensuring all requirements are met. This person will have:
 - (i) a checklist of requirements and steps that must be satisfied in respect of a transaction (**Gatekeepers Checklist**);
 - (ii) be required to give an internal sign-off before the transaction proceeds to settlement; and
 - (iii) be responsible for ensuring OIO is notified of each transaction as required by the conditions and the relevant transaction fee is paid.

- (g) **Forest Management Plan:** NFL will ensure existing arrangements are implemented and maintained by recording such arrangements in its Forest Management Plan for the relevant land.
 - (h) **Manager Training:** NFL will provide information and training to key manager(s) to ensure that they are familiar with the requirements of each Forest Management Plan and any other relevant conditions or restrictions under the standing consent.
5. We note that these are Applicant's submissions and differ from the specific consents conditions we recommend imposing on any consent granted (although the approach is similar).

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Adequate processes in place		
The final criterion for a standing consent is that the Applicant has adequate processes in place for meeting the requirements set out in regulations (e.g. continuing existing arrangements, existing consent conditions, and log supply obligations). The table below addresses this criterion.		
Requirement (refer to regulations 29(2)(a)-(c) and 29(5))	Adequate processes?	OIO Analysis
Indigenous vegetation / fauna – Any existing arrangements in place protecting areas of indigenous vegetation or habitats of indigenous fauna will be implemented and maintained	Yes	<p>We are satisfied that NFL has adequate processes in place having regard to:</p> <ul style="list-style-type: none"> • the Vendor Disclosure Obligation; • Manager Training and the Gatekeeper role/steps; and • the use of Forest Management Plans. <p>Further, in the case of Māori reservation land, the Land Certificate.</p> <p>Further, in the case of wāhi tapu and historic heritage, the Pre-acquisition Review.</p> <p>We also note that these processes will be augmented by additional steps required by the proposed consent conditions (e.g. by requiring the completion of any pre-acquisition standing consent checklist we publish).</p>
Trout, Salmon, Wildlife and Game – Any existing arrangements in place protecting areas of habitats of trout, salmon, wildlife protected under section 3 of the Wildlife Act 1953, or game as defined in section 2(1) of that Act will be implemented and maintained	Yes	
Public access – Any existing arrangements providing access to land for members of the public or any section of the public will be implemented and maintained	Yes	
Historic Heritage – Any existing arrangements in place protecting any historic place or historic area that is entered on the New Zealand Heritage List/Rārangi Kōrero under the Heritage New Zealand Pouhere Taonga Act 2014 will be implemented and maintained	Yes	
Wāhi Tapu – Any existing arrangements in place protecting any wāhi tapu or wāhi tapu area that— <ul style="list-style-type: none"> • is entered on the New Zealand Heritage List/Rārangi Kōrero under the Heritage New Zealand Pouhere Taonga Act 2014; or • is identified in the terms of any lease or forestry right, if the lease or forestry right is, in relation to the overseas investment, the interest in land, or one of the interests in land, described in section 12(a) of the Act will be implemented and maintained 	Yes	
Māori reservation land – Any existing arrangements in place protecting any land that is set apart as Māori reservation and that is wāhi tapu under section 338 of Te Ture Whenua Māori Act 1993 will be implemented and maintained	Yes	
Existing consent conditions – Any existing consent conditions that require or prohibit actions on the relevant land in relation to the above matters will be complied with	Yes	

Existing log supply obligations – If there is an existing contractual obligation under which logs from the land must be supplied for processing in New Zealand, logs will be supplied or continue to be supplied as required by the supply obligation (so long as the obligation remains in place)

Yes

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Compliance with conditions of consent

Complying with Conditions			
<p>The Act requires that standing consents include conditions about requirements relating to the Special Forestry Test, farm land advertising, and notifying the OIO of transactions settled under the consent (mandatory conditions). The Act also provides for additional conditions including conditions limiting the scope of the standing consent (discretionary conditions). The criteria for consent include the requirement that these mandatory and discretionary conditions will, or are likely to be, met.</p> <p>The table below details these mandatory and discretionary conditions, confirms they have been imposed on the consent, and addresses whether they are likely to be complied with.</p>			
Requirement	Special Condition	Met / Likely to be met?	OIO Analysis
<p>Forestry activities</p> <p>The land will be, or will likely be, used exclusively, or nearly exclusively, for forestry activities (s16A(4)(a)).</p>	4, 5 and 9	Yes	<p>We are satisfied that this condition is likely to be met having regard to the Applicant's track record of compliance and:</p> <ul style="list-style-type: none"> the nature of NFL's business – it is a large well-resourced company, it has been investing in New Zealand forestry since 2007, and is the largest forest operator in Nelson and Marlborough; NFL's reasons for acquiring land under the standing consent – to grow its forestry estate, to continue the growth of its business into a vertically integrated forestry and forest products business, and to secure wood supply for domestic processing; Manager Training and the Gatekeeper role/steps; and the use of Forest Management Plans. <p>Special Condition 4 will require any land to be used exclusively, or nearly exclusively, for forestry activities.</p> <p>Special Condition 5 will require the Applicant prepare a planting plan for acquisitions of non-forest land, and to plant a crop of trees on non-forest land within a set timeframe.</p> <p>Special condition 9 will also permit certain temporary / transitional activities such as grazing and the renting of dwellings pending their divestment.</p>

<p>Residential land</p> <p>Any residential land adjoins non-residential land that also forms part of the relevant land (s16A(4)(b)) (permitted residential land)</p>	<p>Limits on consent, 7 and 1</p>	<p>Yes</p>	<p>NFL does not wish to acquire residential land. We are satisfied that it will not do so having regard to its track record of compliance and:</p> <ul style="list-style-type: none"> • the Land Certificate it will obtain confirming whether the land contains residential land; • the Legal Review and the Termination Clause; and • the Gatekeeper role/steps. <p>The Standing Consent contains a limit on page 1 that prohibits the acquisition of residential land. In addition:</p> <ul style="list-style-type: none"> • Special condition 7 will require that land not be used or held for future use for any residential purposes except forestry worker accommodation and certain permitted temporary / transitional activities; • Special Condition 1 requires certain due diligence steps, including obtaining a Land Certificate (which will identify if there is any residential land) and Legal Review (which will confirm whether the transaction is within the consent limits).
<p>Residential purposes</p> <p>Relevant land will not be used, or held for future use, for any residential purposes other than for a permitted purpose (i.e. worker accommodation supporting forestry activities on the relevant land) (s16A(4)(c))</p>	<p>8 and 9</p>	<p>Yes</p>	<p>We are satisfied that this condition is likely to be met having regard to NFL's track record of compliance and:</p> <ul style="list-style-type: none"> • the nature of NFL's business – which is entirely forestry related. It is a large well-resourced company, it has been investing in New Zealand forestry since 2007, and is the largest forest operator in Nelson and Marlborough; • Manager Training and the Gatekeeper role/steps; and • the use of Forest Management Plans. <p>Also refer to Special Condition 8 which provides for the divestment of surplus dwellings and Special Condition 9 which provides transitional arrangements that allow some temporary residential use in limited cases.</p>
<p>Regulations</p>	<p>10</p>	<p>Yes</p>	<p>We are satisfied that this condition is likely to be met having regard to NFL's track record of compliance and:</p> <ul style="list-style-type: none"> • the Legal Review; • Vendor Disclosure Obligation;

<p>That any requirements set out in regulations in accordance with subsection (5) will be, or are likely to be, met (s16A(4)(d)). In summary - continuing existing arrangements, existing consent conditions, and log supply obligations.</p>			<ul style="list-style-type: none"> • Manager Training and the Gatekeeper role/steps; and • the use of Forest Management Plans. <p>Special condition 10 requires existing arrangements, consent conditions, and log supply obligations to continue.</p>
<p>Replanting</p> <p>Crops of trees will be, or will likely be, replaced with a new crop of trees after harvest (s16A(4)(e)).</p>	<p>6</p>	<p>Yes</p>	<p>We are satisfied that this condition is likely to be met having regard to NFL's track record of compliance and:</p> <ul style="list-style-type: none"> • the nature of NFL's business – which is entirely forestry related, and it is the largest forestry operator in Nelson and Marlborough; • Manager Training and the Gatekeeper role/steps; and • the use of Forest Management Plans. <p>The primary tree species planted will be pinus radiata. The expected rotation timeframe for radiata is 25-30yrs. The Applicant expects that once harvested, land will be replanted within 12 – 18 months (subject to environmental issues).</p> <p>Special condition 6 requires trees to be replanted after harvest.</p>
<p>Special land</p> <p>Special land to be offered to the Crown in accordance with the Regulations (s16A(4)(f)).</p>	<p>11</p>	<p>Yes</p>	<p>We are satisfied that this condition is likely to be met having regard to NFL's track record of compliance (including previous experience via OFO with special land) and:</p> <ul style="list-style-type: none"> • the Legal Review; and • the Land Certificate it will obtain confirming whether the land contains residential land. <p>Special condition 11 requires special land to be offered to the Crown in accordance with the requirements of the Regulations.</p>
<p>Farm land advertising</p> <p>Farm land to be offered for acquisition on the open market to non-overseas persons in accordance with the Regulations (cl 3(b) of Schedule 4, and s16(1)(f)).</p>	<p>2</p>	<p>Yes</p>	<p>We are satisfied that this condition is likely to be met having regard to NFL's track record of compliance and:</p> <ul style="list-style-type: none"> • the Pre-acquisition Review; • the Land Certificate it will obtain confirming whether the land contains farm land (an assessment which will be confirmed by the Pre-acquisition Legal Review); and

			<ul style="list-style-type: none"> the Vendor Warranty and Termination Clause. <p>Special condition 2 requires farm land to be offered on the open market to non-overseas persons.</p>
<p>Notification conditions</p> <p>The regulator will be, or will likely be, notified of each transaction entered into under the standing consent in accordance with the requirements of the consent (clause 3(c) of Schedule 4)</p>	3	Yes	<p>We are satisfied that this condition is likely to be met having regard to NFL's track record of compliance and Manager Training and the Gatekeeper role/steps.</p> <p>Special condition 11 requires the consent holder to notify the OIO of each transaction settled under the standing consent using the notification template published on our website.</p> <p>Special condition 3 requires the consent holder to notify the OIO of each transaction settled under the standing consent using the notification template published on our website.</p>
<p>Other conditions</p> <p>Additional conditions, including conditions limiting the scope of the standing consent, will be, or are likely to be, complied with (clause 4 of Schedule 4).</p>	Various, refer conditions	Yes	<p>We are satisfied that this condition is likely to be met having regard to NFL's track record of compliance and:</p> <ul style="list-style-type: none"> the Legal Review; and the Gatekeeper role/steps.

Released under the Official Information Act 1982

Provisional conclusion

116. Our provisional conclusion is that the conditions criterion (conditions will, or are likely to, be met) and the processes criterion (applicant has adequate process in place for meeting requirements of the Special Forestry Test) are **met**.

Provisional recommendation

117. Our provisional recommendation is to grant consent, as we consider that all criteria for granting a standing consent have been met.

118. If you agree, we refer you to **Attachment 2** to review the Proposed Decision (including consent conditions), and to paragraphs 6-14 of this Assessment Report to record your decision.

List of Attachments

Attachment 1 - Guidance for applying the Act

Attachment 2 - Proposed Decision and consent conditions

Attachment 3 - Letter

List of other documents in the Bundle

- A. Application
- B. Investment Plan (Appendix 1 of the Application)
- C. Existing Crown forestry licences (CFLs) held by NFL (Appendix 2 of the Application)
- D. Maps showing CFL Land locations (Appendix 3)
- E. Applicant's ownership information (Appendix 7 of the Application)
- F. IWC curriculum vitae (Appendix 11 of the Application)

ATTACHMENT 1 - GUIDANCE FOR APPLYING THE ACT

Standing Consent criteria

1. The relevant Ministers may grant a standing consent (forestry activities) if the relevant Ministers are satisfied that the following four criteria have been met (Schedule 4, clause 3(2) of the Act):
 - (a) the investor test (section 16(2) of the Act):
 - (i) that the relevant overseas person has, or (if that person is not an individual) the individuals with control of the relevant overseas person collectively have, business experience and acumen relevant to that overseas investment; and
 - (ii) that the relevant overseas person has demonstrated financial commitment to the overseas investment;
 - (iii) that the relevant overseas person is, or (if that person is not an individual) all the individuals with control of the relevant overseas person are, of good character; and
 - (iv) that the relevant overseas person is not, or (if that person is not an individual) each individual with control of the relevant overseas person is not, an individual of a kind referred to in section 15 or 16 of the Immigration Act 2009 (which sections list certain persons not eligible for visas or entry permission under that Act).
 - (b) the following conditions will be, or are likely to be, met (Schedule 4, clause 3(2)):
 - (i) conditions that must be imposed for the purpose of ensuring that the Special Forestry Test is met for each overseas investment under the Standing Consent;
 - (ii) conditions that must be imposed requiring farm land / farm land securities to be offered for acquisition on the open market to non-overseas persons;
 - (iii) conditions that must be imposed requiring that the OIO be notified of each transaction settled under the Standing Consent; and
 - (iv) additional conditions that may be imposed including conditions limiting the land that can be acquired under the Standing Consent;
 - (c) the Applicant has adequate processes in place for meeting the requirements of Regulation 29 (that is – the continuation of existing arrangements, existing conditions of consent, and log supply obligations);
 - (d) the Applicant has a strong track record of compliance with the Act and with conditions and other requirements imposed under it.

Conditions

2. The Act requires that standing consents include conditions about requirements relating to:
 - (a) the Special Forestry Test;
 - (b) farm land advertising; and
 - (c) notifying the OIO of transactions settled under the consent (mandatory conditions).
3. The Act also provides for additional conditions including conditions limiting the scope of the standing consent (discretionary conditions).

4. The conditions proposed in **Attachment 2** include all mandatory conditions. 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

5. 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 Assessment Report.
6. 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.
7. If required, staff members from the Overseas Investment Office are available to brief you on the Office's recommendations.

Good character criterion

8. Section 16(2)(c) of the Act requires that Ministers be satisfied that the relevant overseas person (**ROP**) or, (if that person is not an individual) all the individuals with control of the relevant overseas persons (**IWC**) are of good character.
9. The term "good character" is not defined in the Act. The majority of the Select Committee reporting back on the Bill in 2005 confirmed that the "good character" test was needed as it is important to ensure that all persons investing in New Zealand are people unlikely to act inappropriately and bring New Zealand into disrepute.
10. When undertaking the good character assessment, Ministers must be satisfied that the character of all IWC is sufficient so that they should be granted the privilege of owning or controlling sensitive New Zealand assets.
11. The good character test is applicable to individuals, not entities such as body corporates. However, where the investment is to be carried out by a body corporate, the character of the relevant individuals who control the body corporate will need to be considered. Where an offence or contravention is committed by a person to which an individual had a 25% or more ownership or control interest, this is a mandatory consideration. Where the individual's interest in the person is less than this, there generally must be other grounds to reasonably infer participation by the individual in the alleged wrongdoing.
12. Section 19(1) of the Act states that the following factors must be taken into account (without limitation) in assessing whether or not a person is of good character:
 - (a) offences or contraventions of the law by the person, or by any person in which the individual 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.
13. All relevant matters must be weighted up before making a decision that an individual is of good character. If the decision-maker wishes to rely on a matter to which the applicant has not had an opportunity to respond, then such an opportunity to respond needs to be given to the applicant.

14. How much weight should be given to a particular matter depends on a number of factors, including how closely linked the particular matter is with the investment being made. While submissions on weighting given by the ROP or IWC may be considered, the ultimate decision as to the weighting to be given to relevant matters is for the decision-makers.
15. Matters which might be relevant include:
 - (a) credible allegations of offending or contraventions of the law (assessing whether the allegation is sufficiently linked to an IWC);
 - (b) investigations, prosecutions or other enforcement action by regulatory or professional bodies;
 - (c) track record in New Zealand.
16. Matters which are unlikely to be relevant include:
 - (a) adverse information that does not relate to an IWC (for example, offences or contraventions by a relevant overseas person which occurred before the particular individual became involved with the ROP);
 - (b) where the decision maker is satisfied that allegations about a ROP or IWC have been fully investigated by the relevant regulatory or other authority and the person or individual has been cleared of any wrongdoing;
 - (c) adverse information that does not impact on the character of a ROP or IWC.
17. Briefly, some of the things we consider when weighing up “good character” include:
 - (a) connection to the IWC or ROP: we assess the level of control between any of the IWC of the ROP and the particular matter. For example, a breach of safety rules by an employee of subsidiary company where the company was fined would likely have a low (or no) connection with an IWC who was an executive director of the parent company, whereas an executive decision by a company to illegally collude with a competitor would likely have a high connection with that IWC.
 - (b) relevance to this investment: we assess how relevant the particular matter is to the nature of this particular investment. For example, a dangerous driving conviction by an IWC would have low relevance in connection with the acquisition of a dairy farm, whereas a conviction for discharging farm effluent into a waterway would have a high relevance to the acquisition of a dairy farm.
 - (c) what actions, if any, were taken to remedy the situation and reduce the chances of it reoccurring.
18. The onus is on the applicant to satisfy the decision maker that all IWC are of good character.
19. If the decision maker has doubts about the character of an IWC which result in it not being satisfied that the test for good character has been met, then the application for consent must be declined.

National interest assessment

20. It is a criterion of consent under section 16(g) that if the overseas investment involves a transaction of national interest, then before consent can be granted the Minister of Finance must not have declined consent to the transaction on the grounds that it is contrary to New Zealand’s national interests under section 20C. The Act does not exclude standing consents from consideration under the national interest test, and the policy intent was for standing consents to be included.

21. Before making your decision, you must establish whether the transaction is a transaction of national interest. A transaction is of national interest if it involves investment by non-New Zealand government investors or investments into strategically important businesses under section 20A. The Minister of Finance has discretion and may also notify the applicant that the transaction is a transaction of national interest under section 20B.
22. The Supplementary Ministerial Directive Letter (8 June 2020) sets out at paragraph 5 that the starting point is to begin with the assumption that an investment is in New Zealand's national interest. Paragraph 6 of the Supplementary Directive Letter directs the regulator to only advise that a transaction should be escalated to a national interest assessment under s20B if the proposed investment:
 - could pose risks to New Zealand's national security or public order,
 - would grant an investor significant market power within an industry or result in vertical integration of a supply chain,
 - has foreign government or associated involvement that was below the 10 per cent threshold for automatic application of the national interest test, but granted that government (and/or its associates) disproportionate levels of access to or control of sensitive New Zealand assets; or
 - would have outcomes that were significantly inconsistent with or would hinder the delivery of other Government objectives.
23. You are not bound by the Supplementary Ministerial Directive Letter, so you may also discuss with the Minister of Finance whether it may be wise to call-in an application for a national interest assessment under section 20B. The decision about whether a transaction is a transaction of national interest under section 20B rests with the Minister of Finance. The decision whether to notify the Applicant that an investment involves a transaction of national interest under section 20B, and the decision whether to decline consent under section 20C cannot be exercised by the same Minister or Ministers who are the decision makers on an application (section 24).
24. If you are satisfied that the investment does not involve a transaction of national interest, you may grant consent, provided you are satisfied that all other relevant criteria are met.
25. If the investment does involve a transaction of national interest, you determine the investor test and standing consent test, but you may only grant consent after the Minister of Finance has considered the transaction under section 20C and has not declined consent to the transaction on the grounds that it is contrary to national interest.

ATTACHMENT 2 - PROPOSED DECISION

Standing Consent for Overseas Person to Acquire Sensitive New Zealand Land

Read this consent carefully - you must comply with all the conditions. If you do not, you may be required to dispose of interests in land acquired under this consent and/or be subject to fines or other penalties. We may also vary or revoke this standing consent.

Consent

Decision date: **[THIS APPLICATION HAS NOT BEEN DECIDED YET]**

The following people have been given the following consent:

Case	201900078
Consent type	Standing Consent (forestry activities) for overseas investments in sensitive land.
Consent holder/s	Nelson Forests Limited (company number 7507276) (you or the Consent Holder).
Consent	You may give effect to overseas investments in sensitive land, subject to the limits and conditions set out below.
Limits	(a) You may settle no more than 25 overseas investment transactions. (b) You may acquire interests in no more than: (i) 20,000 hectares of sensitive land (in total); and (ii) 10,000 hectares of sensitive land per transaction. (c) You must not acquire residential land.
Use-by date	[30 September 2023] (Use-by Date)

Conditions

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

We may vary the Conditions after you notify us of a transaction to record any existing arrangements, conditions of consent, or log supply obligations you must comply with. We may also vary the conditions for other purposes with your agreement. We may do so by adding schedules to this consent (one for each investment transaction requiring variation).

In the Consent and the Conditions, we refer to the Overseas Investment Office as **OIO**, **us** or **we**.

Special conditions

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

Definitions

Act means the Overseas Investment Act 2005

Land means the relevant land in relation to an overseas investment in sensitive land acquired under this Standing Consent.

Legal Review means a review by a New Zealand lawyer who has experience with the Act, to confirm a transaction is covered by this Consent and what the Consent Holder must do to comply with the Conditions.

Non-Forest Land means land that is **not** used exclusively, or nearly exclusively, for forestry activities.

Notice of Intention to Offer means a notice in respect of special land (i.e. marine and coastal area or a bed of a river or lake) under regulation 13 of the Overseas Investment Regulations 2005 that meets the requirements of regulation 14 and is in the form published on our website (as updated from time to time).

Notification Template means the notification template for transactions settled under a standing consent published on our website and updated from time to time.

Planting Plan means a plan that describes how the land will be planted and identifies and explains: The area of land suitable for planting, the area you will plant with trees and type of trees you will plant, and a map showing the same.

Regulations means Overseas Investment Regulations 2005.

Sensitive Land Certificate means a certificate for the purposes of Schedule 1 of the Overseas Investment Act 2005 (as published on our website and updated from time to time) completed by a land professional or lawyer experienced in providing such certificates.

Standing Consent Checklist means the pre-investment checklist for standing consents published on our website and updated from time to time.

Termination Period means the period during which the Consent Holder may terminate a transaction, on grounds which include that the transaction is not covered by the Consent or the Consent Holder cannot comply with the Conditions.

Worker Accommodation means accommodation that complies with section 16A(4)(c) of the Act. Any term or expression that is defined in the Act or Regulations and used, but not defined, in this consent has the same meaning as in the Act or Regulations.

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Details	Required date
Special Condition 1: due diligence	
<p>You must do the following:</p> <ol style="list-style-type: none"> 1. complete a Standing Consent Checklist (if we have published one); 2. obtain a Sensitive Land Certificate; 3. obtain confirmation from the Vendor as to whether there are any requirements that must be met under regulation 29(2) (e.g. any existing arrangements, conditions of consent, or log supply obligations); and 4. obtain a Legal Review. 	<p>Before entering into transaction or during the Termination Period.</p>
<p>You must not settle a transaction in reliance on this Consent unless that transaction is covered by this Consent and you can comply with the Conditions.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the interest in land you acquired in breach of this condition.</p>	<p>At all times.</p>
Special Condition 2: offer any Farm Land on the open market	
<p>You must not settle a transaction involving farm land or farm land securities (Farm Land) unless the criterion in section 16(1)(f) of the Act (Advertising Criterion) has been met.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of any interest in land you acquired in breach of this condition.</p>	<p>Before settlement.</p>
Special Condition 3: notice of individual acquisitions	
<p>You must notify us of each transaction settled under this Standing Consent using our Notification Template (Notification).</p> <p>To avoid doubt, the Notification must include (as applicable):</p> <ol style="list-style-type: none"> 1. the Planting Plan referred to in Special Condition 5; and 2. confirmation of your decision to retain or divest dwellings under Special Condition 8. 	<p>As soon as you can, and no later than 2 months of settlement.</p>
Special Condition 4: land must be used for forestry activities	
<p>The Land must be used exclusively, or nearly exclusively, for forestry activities except as otherwise permitted by Special Condition 9 (permitted temporary activities).</p>	<p>At all times.</p>

<p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	
<p>Special Condition 5: Non-Forest Land</p>	
<p>If you acquire Non-Forest Land, you must prepare a Planting Plan that ensures this land will be used exclusively or nearly exclusively for forestry activities.</p>	<p>Before Notification.</p>
<p>You must complete planting a crop of trees on the Non-Forest Land in accordance with the Planting Plan.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	<p>Within 2 years of settlement, unless an alternative period or arrangement is agreed in writing with the OIO.</p>
<p>Special Condition 6: trees must be replanted after harvest</p>	
<p>You must replace each crop of trees you harvest on the Land with a new crop of trees (Replant). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <ol style="list-style-type: none"> 1. Replant with the same species of tree or use the same silvicultural regime; 2. Replant land held under a forestry right that expires upon the completion of harvesting or within 2 years of harvesting; or 3. do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>This condition does not limit Special Condition 4.</p> <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	<p>Within 2 years of harvest, unless an alternative period or arrangement is agreed in writing with the OIO.</p>
<p>Special Condition 7: residential use restrictions</p>	
<p>The Land must not be used, or held for future use, for any residential purposes except for:</p> <ol style="list-style-type: none"> 1. Worker Accommodation; or 2. as otherwise permitted by Special Condition 9 (permitted temporary activities). <p>If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.</p>	<p>At all times.</p>

Special Condition 8: divestment of Surplus Dwellings	
If you acquire Land containing any dwellings, you must decide whether you intend to retain or divest the dwelling(s).	Before Notification (or as otherwise agreed in writing with the OIO).
If you decide to divest dwellings (Surplus Dwellings), you must: <ol style="list-style-type: none"> 1. relocate the Surplus Dwelling(s) from the Land; or 2. sell those parts of the Land that contain those Surplus Dwelling(s) to a third party who is not your associate. 	Within 1 year of settlement if no subdivision is necessary; or Within 2 years of settlement if subdivision is necessary.
Special Condition 9: permitted temporary activities	
The Land may be used for the following temporary activities: <ol style="list-style-type: none"> 1. the Land may be grazed prior to being planted with a crop of trees; and 2. Surplus Dwellings may be rented while you undertake the process of divesting them in accordance with Special Condition 8. 	Temporarily – for the period set out in the condition.
Special Condition 10: existing arrangements, consent conditions, and log supply obligations	
You must ensure all requirements set out in regulation 29(2) are met, including: <ol style="list-style-type: none"> 1. specific obligations identified in a Notification and included in a schedule to this Consent; and 2. obligations that are not identified in a Notification. In summary, the above requirements are to: <ol style="list-style-type: none"> 1. maintain and implement any existing arrangements for specified purposes; 2. to do, or not do, things as required by any existing conditions of consent that are for a specified purpose; and 3. supply logs as required by any existing log supply obligations. (together, the Obligations).	At all times.
If you do not comply with this condition, Standard Condition 5 will apply and we may require you to dispose of the relevant investment.	
Special Condition 11: special land	
If regulations 29(9)-(10) apply, you must not settle a transaction under this Consent unless any special land has	At all times.

been offered to the Crown in accordance with the Regulations.	
You must provide us with the information we need to commence the special land offer process, being: <ol style="list-style-type: none"> 1. a Notice of Intention to Offer; and 2. a Sensitive Land Certificate. 	Before you enter into a transaction, or as soon as practicable afterwards, but (in any event) before you settle a transaction.
Unless the Crown waives its right to acquire the special land at the outset under regulation 15(3)(a), you must work with us to complete a special land agreement (or agreements, as the case may be) that meets the requirements of regulation 22 (Special Land Agreement).	Before the offer of special land is made.
If the Crown accepts the offer of special land, you must adopt and be bound by the Special Land Agreement and transfer the special land to the Crown on the terms set out in the Special Land Agreement.	Upon becoming the registered owner of the Land.
This special condition will be deemed to have been complied with if the relevant Ministers make a decision to waive the offer of special land in accordance with regulation 15(1).	

Standard conditions

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

Details	Required date
Standard Condition 1: acquire the land	
<p>If you acquire an interest in land under this Consent, you must do so:</p> <ol style="list-style-type: none"> 1. by the Use-by Date stated in the Consent. 2. using the acquisition, ownership and control structure you described in your application. <p>Note, only you – the named Consent Holder - may acquire the interest in Land, not your subsidiary, trust or other entity.</p>	As stated in the Consent.
Standard Condition 2: allow us to inspect the Land	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions.</p> <p>We will give you at least two weeks' written notice if we want to do this.</p> <p>You must then:</p>	At all times.

<p>1. Allow a person we appoint (Inspector) to:</p> <ul style="list-style-type: none"> (a) enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (Inspection), (b) remain there as long as is reasonably required to conduct the inspection, (c) gather information, (d) conduct surveys, inquiries, tests and measurements, (e) take photographs and video records, and (f) do all other things reasonably necessary to carry out the Inspection. <p>2. Take all reasonable steps to facilitate an Inspection including:</p> <ul style="list-style-type: none"> (a) directing your employees, agents, tenants or other occupiers to permit an Inspector to conduct an Inspection, (b) being available, or requiring your employees, agents, tenants or other occupiers to be available, at all reasonable times during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required. <p>During an Inspection:</p> <ul style="list-style-type: none"> (a) we will not compel you and your employees, agents, tenants or other occupiers to answer our questions or to let us look at, copy or take away documents, (b) our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection. 	
Standard Condition 3: remain of good character	
<p>You and the Individuals Who Control You:</p> <ul style="list-style-type: none"> 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. <p>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 be a threat or risk to security, public order or the public interest.</p> <p>The Individuals Who Control You are individuals who:</p>	<p>At all times.</p>

<p>(a) are members of your governing body,</p> <p>(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/or</p> <p>(c) are members of the governing body of the people referred to in paragraph (b) above.</p>	
<p>Standard Condition 4: tell us about changes that affect you, the people who control you, or people you control</p>	
<p>You must tell us in writing if any of the following events happens to any of the Consent Holders:</p> <ol style="list-style-type: none"> 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 Act 2009 (see standard condition 3). 3. You cease to be an overseas person or dispose of all or any part of the interest in Land. 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: <ol style="list-style-type: none"> (a) becomes bankrupt or insolvent, (b) has an administrator, receiver, liquidator, statutory manager, mortgagee's or chargee's agent appointed, or (c) becomes subject to any form of external administration. 	<p>Within 20 working days after the change.</p>
<p>Standard Condition 5: dispose of the interest(s) in Land if you do not comply with key Special Conditions</p>	
<p>If all or part of this Standard Condition 5 applies to a special condition, we have said so in that condition.</p> <p>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 interest(s) in Land.</p>	

<p>We will give you written notice if we require you to dispose of the interest(s) in Land acquired under this Standing Consent. Unless the notice provides otherwise, you must:</p>	
<p>Value the interest in Land: obtain and send us a copy of a market valuation of the relevant interest in Land from a New Zealand registered valuer.</p>	<p>Within six weeks of the date of our notice.</p>
<p>Market the Land: instruct a licensed real estate agent to actively market the relevant interest in Land for sale on the open market.</p>	<p>Within six weeks of the date of our notice.</p>
<p>Dispose of the Land: dispose of the relevant interest in Land to a third party who is not your associate.</p>	<p>Within six months of our notice.</p>
<p>Offer without reserve: if you have not disposed of the relevant interest in Land within six months of our notice, offer the interest in Land for sale by auction or tender without a reserve price or minimum bid and dispose of the interest in Land.</p>	<p>Within nine months of our notice.</p>
<p>Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the relevant interest in 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>Report disposal to us: send us, in writing, evidence:</p> <ul style="list-style-type: none"> (a) that you have disposed of the relevant interest in Land, (b) of disposal (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor), (c) the purchaser is not your associate. 	<p>Within one month after the relevant interest in Land has been disposed of.</p>

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Reporting conditions

We need information from you so we can monitor your progress against the Conditions.

You must notify us of **each transaction** settled under this Standing Consent as set out in **Special Condition 3**.

In addition, you must lodge an **annual report** by **30 November** each year until the OIO confirms in writing that annual reporting is no longer required.

Each annual report must:

1. be sent to oiomonitoring@linz.govt.nz (or otherwise submitted using the OIO's [Webform](#));
2. contain information about your progress in implementing the Special Conditions, including those set out in a schedule to this Standing Consent; and
3. follow the format of, and provide any additional information required by, the relevant annual report template published on our website.

If requested in writing by the OIO, the Consent Holder must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:

1. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted; or
2. the Conditions.

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Schedules

We may vary the Conditions after you notify us of a transaction to record any existing arrangements, conditions of consent, or log supply obligations you must comply with. We may also vary the conditions for other purposes with your agreement. We may do so by adding schedules to this Consent (one for each investment transaction requiring variation).

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ATTACHMENT 3 - LETTER

Date stamp:

BRF 21-037

Hon Grant Robertson

Minister of Finance

[location]

PARLIAMENT BUILDINGS

CC. Vanessa Horne, Group Manager (Overseas Investment), vhorne@linz.govt.nz

Dear Minister,

National interest assessment under the Overseas Investment Act 2005

We seek your decision about whether the following investment is contrary to New Zealand's national interests.

Nelson Forests Limited (the Applicant) seeks a Special Forestry Test standing consent (case reference 201900078) to acquire interests (freehold, leasehold, and forestry rights) in forest land, and land for afforestation. The Applicant has requested, over a 3-year duration, a standing consent to acquire up to 37,303 hectares. The Applicant has requested a nationwide scope for a maximum of 25 transactions.

This investment requires a national interest assessment because it is an investment involving a non-New Zealand government investor (section 20A of the Act).

The Applicant is indirectly 50% owned by The Northern Trust Company as custodian of Future Fund [s 9(2)(b)(ii)] ("Future Fund") which is ultimately owned by the Commonwealth of Australia. Also, the Pension Reserves Investment Management Board as trustee of the Pensions Reserves Investment Trust ("PRIM") has a 33% shareholding indirectly in the Applicant. PRIM is ultimately owned by the Commonwealth of Massachusetts.

We consider that this investment meets the investor test and standing consent test under the Overseas Investment Act 2005 (sections 16(2) and 23A & Schedule 4, clause 3). Before we can determine whether to grant or decline the application we need your decision about whether the investment is contrary to the New Zealand's national interests (sections 16(1)(g) and 20C of the Act).

The Overseas Investment Office will provide you with separate advice about the national interest assessment.

Yours sincerely,

Hon Stuart Nash
Delegatee for Minister of Finance

Hon Eugenie Sage
Minister for Land Information