

BRF 24-236 OI Assessment Report 202300376 – South Island Resource Recovery Limited

Ki / To: Hon David Seymour, Associate
Minister of Finance
Hon Chris Penk, Minister for Land
Information

Rā / Date: 16 February 2024

Ngā mahi e hiahiatia ana / Action Sought

Minita/Minister	Hohenga/Action	Rā Mutunga/Deadline
Hon David Seymour, Associate Minister of Finance	<ol style="list-style-type: none"> Review this report and consult with each other if desired; Determine whether to grant consent and, if so, on what conditions; and Indicate your decision from page 4. 	12 March 2024
and Hon Chris Penk, Minister for Land Information		

Toitū Te Whenua LINZ Whakapā / Contacts

Ingoa/Name	Tūnga/Position	Nama waea/ Contact number	Whakapā tuatahi/ First contact
Anneke Turton	Leader, Assessment	(04) 830 2513	<input type="checkbox"/>
Emma Bailey	Senior Solicitor	(04) 462 4409	<input type="checkbox"/>

Pūtake/Purpose statement

We seek your decision on an application for consent to establish a business and acquire an interest in sensitive land under the Overseas Investment Act 2005 (**Act**).

Summary

Applicant	South Island Resource Recovery Limited China 60% New Zealand 40%
Vendor	[s 9(2)(a)] New Zealand 100%
Business	Establish a waste to energy business in New Zealand
Investment	Acquisition of sensitive land and significant business assets
Land	Approximately 14.85 hectares of land located at Morven Glenavy Road, Waimate.
Consideration	[s 9(2)(b)(ii)]
Sensitivity	Is more than 5 hectares of non-urban land Includes farm land
Pathway	Benefit to New Zealand and Significant Business Assets
Relevant tests	Investor test ¹ Benefit to New Zealand test ² –farm land benefit test Farm land offer criterion ³ National interest test ⁴

The Applicant is a New Zealand company, ultimately majority owned by China Tianying Incorporated, a Chinese company listed on the Shenzhen Stock Exchange and Renew Energy Limited, a New Zealand company which provides sustainable landfill diversion solutions for waste.

The Applicant intends to acquire approximately 14.85 hectares of land in Waimate and to construct and operate New Zealand's first large scale municipal waste-to-energy facility.

The key benefits likely to occur as a result of the investment are economic benefits including [s 9(2)(b)(ii)] in capital expenditure, the creation of over 100 jobs, the introduction of new business skills and technology and increased productivity, including power generation.

¹ Sections 18A and 16(1)(a) of the Act.

² s16A(1C)

³ Section 16(1)(f) of the Act.

⁴ Section 16(1)(g) of the Act.

Timing

Our assessment timeframe required a decision by 13 December 2023 (having been extended to 130 working days due to Ministerial call in of the decision). The Applicant is aware that a decision will be made after the assessment timeframe. The contractual deadline for the Applicant to obtain consent has been extended to 9 April 2024.

Please note that this investment includes a transaction of national interest under section 20B because it was called in for a Ministerial decision by the previous Minister of Finance, Hon. Grant Robertson. You have received this assessment report at the same time that the Minister of Finance, Hon. Minister Willis, has received the national interest assessment of this application. **The national interest assessment must be decided prior to deciding the outcome of this application.**

Tohutohu/Recommendations

After considering the application, our assessment is that:

- the investor test has been met;
- the farm land offer test has been met;
- the benefit to New Zealand test is met; and
- the transaction is a transaction of national interest and the Minister of Finance must determine whether it is contrary to New Zealand's national interest.

We refer you to page 4 of this Assessment Report to record your decision.



Anneke Turton
Leader Assessment
Overseas Investment - LINZ

Rā/date: 15 February 2024

Decision

Core tests

1. I determine that:

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

Relevant overseas person	Role
South Island Resource Recovery Limited (SIRRL)	Applicant
China Tianying Incorporated (CNTY)	Primary funder

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

Individuals with control	Role
Debiao Cao	Director of SIRRL & CNTY
Herman Maurits Maria Sioen	Director of SIRRL & Europe ZhongYing BV (19% shareholder of SIRRL)
Changuang Song	Director of SIRRL & Vice President of CNTY
Kevin Robert Stratful	Directors of SIRRL
Paul Robert Taylor	
Hongju Mao	
Shengjun Yan	
Yajuan Zhao	Independent Directors of CNTY
Haisuo Wu	
Haoping Xu	

- None of the relevant overseas persons and individuals with control of the relevant overseas person have established any of the factors contained in section 18A(4) of the Act.

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

Hon David Seymour

Agree



Disagree



Hon Chris Penk

Agree



Disagree



3. I am satisfied, in relation to the benefit to New Zealand test in section 16 and 16A, that:
- the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
 - the benefit is proportionate to the sensitivity of the land and the nature of the transaction;
 - the benefit will be, or is likely to be, substantial in relation to one of more of the factors of high relative importance for farm land.

Hon David Seymour

Agree

Disagree

Hon Chris Penk

Agree

Disagree

I am satisfied that the farm land offer criterion in section 16(1)(f) has been met.

Hon David Seymour

Agree

Disagree

Hon Chris Penk

Agree

Disagree

National interest assessment

4. I note that the investment has been called in as a transaction of national interest under section 20B of the Act and the Minister of Finance has advised that the investment is not contrary to New Zealand's national interests.

Hon David Seymour

Noted

Hon Chris Penk

Noted

Decision about whether to grant or decline consent

5. My ultimate decision is to:

Hon David Seymour

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1** and the conditions imposed under the national interest assessment

Grant consent with amended conditions provided on:

Decline consent

Hon Chris Penk

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1** and the conditions imposed under the national interest assessment

Grant consent with amended conditions provided on:

Decline consent


Hon David Seymour

Date: 10 / 3 / 24


Hon Chris Penk

Date: 28 / 2 / 2024

A. Background and proposed transaction

6. South Island Resource Recovery Limited (**Applicant**) seeks consent to acquire approximately 14.85 hectares of land at Morven Glenavy Road, Waimate in South Canterbury (**Land**).
7. The Applicant intends to construct and operate New Zealand's first large scale waste-to-energy facility (**Facility**). The Facility will convert municipal and construction solid waste⁵ (**MSW**) into steam, water and electricity. The acquisition of the Land and construction and operation of the Facility is known publicly as 'Project Kea' (**Investment**).
8. This decision was delegated to LINZ⁶ due to the size of the Land⁷ and the consideration.⁸ Given the nature of the Investment we advised Ministers to consider calling in this application in for a decision. This application was called in:
 - by the previous Minister for Land Information, Hon. Damien O'Connor, on 29 May 2023 for a ministerial decision; and
 - by the previous Minister of Finance, Hon. Grant Robertson, on 28 May 2023 for a discretionary national interest assessment under s20B of the Act.
9. In addition to this the resource management applications associated with the Investment were called in by the previous Minister for the Environment, Hon. David Parker on 31 August 2023, and will be decided by the Environment Court.
10. There has been considerable public objection to the Investment and this is discussed in Part D of this report.

Land

11. The Land is located north of the Glenavy township and is classified as non-urban land larger than 5 hectares. The Land currently forms part of a larger parcel of land used for dairy farming.⁹ Pending consent from the relevant authorities, including LINZ, that land will be subdivided to allow the Land to be acquired and held as a separate title.
12. Whitney's Creek goes through part of the Land. The creek is approximately 1.5 metres wide.

⁵ MSW is solid waste from residences, businesses and institutions (as opposed to large scale industrial or agricultural waste). The Applicant intends to source the MSW from commercial and domestic suppliers, councils and refuse transfer stations exclusively within the South Island.

⁶ Under the Designation and Delegation letter from Hon. Grant Robertson to LINZ dated 24 November 2021.

⁷ Under 30 hectares.

⁸ Under \$20 million.

⁹ The Land will be subdivided from a parcel of land covering 77.6313 hectares (Record of Title CB27B/314) which has been deemed surplus to operations by the Vendor.

Below is an aerial photo of the Land:

**Case
Number
202300736**

Titles:
CB27B/314

0 300 m



Data Accessed
29 Jan 2024



13. The Land adjoins the Vendor's current dairy operation and is between the Main South Railway and Morven Glenavy Road. Although the Land supports the dairy operation, it is not a vital part of the property due to its position and is therefore surplus to the Vendor's requirements.
14. The Land (described in Figure 1 as Acquired Land) has a Land Use Capability (**LUC**) rating of 3.¹⁰

Vendor

15. The Land is owned by [s 9(2)(a)] (Vendors). The Vendors are dairy farmers and are selling the Land because it is surplus to their requirements.

¹⁰ Land with moderate limitation for arable use, restricting crops to be grown. May be used for cultivated crops/pasture/forestry.

B. Application of the Act

16. The Land is sensitive because it is non-urban land over 5 hectares in size and is considered farm land under the Act,¹¹ so consent is required.¹² The following criteria for an investment in sensitive land apply to this application:¹³

- The investor test must be met.¹⁴
- The benefit to New Zealand test must be met.¹⁵
- The farm land must have been offered for sale on the open market,¹⁶ unless exempt.¹⁷
- You must also note whether the investment is a transaction of national interest and, if so, whether the Minister of Finance has decided that the investment is contrary to New Zealand's national interest.¹⁸

17. In order to satisfy the benefit to New Zealand test, the decision-maker must:

- Determine that the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);¹⁹ and
- determine that benefit will be, or is likely to be, substantial in relation to one of more of the factors of high relative importance for farm land²⁰ (unless the farm land benefit test is disapplied²¹).

18. We assess the investor test in Part C, the benefit to New Zealand test in Part D, the farm land offer test in Part E, and discuss national interest matters in Part F.

C. Applicant and investor test

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

Ownership

20. The Applicant is a joint venture partnership between:

- 40% ownership by New Zealand entity Renew Energy Limited (**REL**); and
- 60% ownership by China Tianying Incorporated (**CNTY**), a Chinese company listed on the Shenzhen stock exchange (19% of its interest is owned through Belgium entity, Europe ShongYing BV).

¹¹ Table 1, Part 1, Schedule 1 of the Act.

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

¹³ Set out in section 16(1) of the Act.

¹⁴ Section 18A / 16(1)(a) and 18(a) of the Act.

¹⁵ Section 16(1)(c)(ii) of the Act.

¹⁶ Section 16(1)(f) of the Act.

¹⁷ Section 20(1)(a) or (b) of the Act.

¹⁸ Section 16(1)(g) of the Act.

¹⁹ Section 16A(1)(a) of the Act.

²⁰ Section 16A(1C)(b) of the Act. This criterion applies because the Land is farm land over 5 ha in size.

²¹ Section 16A(1D) of the Act.

21. Yan Shengjun has a total beneficial interest in 20.99% of CNTY. He is the only individual with a greater than 10% interest in CNTY.
22. The largest shareholding (19.06%) in REL is owned by Paul Taylor (New Zealand citizen and director of both REL and SIRRL). The remaining shares are held by New Zealand companies and individuals with New Zealand addresses, with the exception of one shareholding of 3.32% (held by Christopher Moniz with a Dubai address).
23. A diagram of the intended ownership structure is in **Attachment 2**.

Business Activities

24. The Applicant was established in March 2021, for the sole purpose of constructing and operating the Facility, which will convert both municipal and construction solid waste, otherwise destined for landfill, into electricity.

China Tianying Incorporated (CNTY)

25. CNTY is principally engaged in the business of generating power from waste incineration. Its businesses include industrial research and design, urban services waste disposal, equipment manufacturing and developing waste-to-energy (**WtE**) plants.
26. CNTY operates more than 400 waste processing facilities spread across 34 countries in Asia, Africa, Europe, the Middle East and America.²² On available information it is assessed that CNTY is involved in the operation of approximately 20% of global WtE plants.²³
27. CNTY uses the 'build, operate and own' and the 'build, operate and transfer' models in its WtE projects. In 2016, the company operated 7 projects across China with a further 10 projects under construction. CNTY started an aggressive global expansion in 2016, having established three subsidiaries in Belgium, Hong Kong and Canada.²⁴

Renew Energy Limited (REL)

28. REL provide alternatives to landfill. It has spent three years conducting an extensive research and feasibility assessment for the establishment of New Zealand's first waste to energy plant.

Other proposed investments in New Zealand by REL & CNTY

29. REL and CNTY have previously been involved in a plan to establish a WtE plant in Westport. That plan struck several obstacles²⁵ and was subsequently abandoned by REL in 2019.

²² Embassy of the Republic of Indonesia – From Waste to Energy: Artificial Intelligence and IoT Based Waste Management <https://kemlu.go.id/beijing/en/news/11682/from-waste-to-energy-artificial-intelligence-and-iot-based-waste-management>

²³ This figure is calculated through the operation of 400 or more waste processing facilities that CNTY operates globally compared to the reported 1700 identified WtE plants operating globally. It is realistic that not all of CNTY's 400 plants involve WtE facilities, however this is its core business.

²⁴ https://marcopolo.org/chinese_firm/china-tianying-inc/.

²⁵ North & South (2023) *A burning question*. Retrieved from <https://northandsouth.co.nz/2023/08/21/burning-rubbish-to-generate-electricity-new-zealand/>. Article states that in 2015 a company called N2ENZ (which was re-named REL) was invited by Garry Howard, mayor of Buller, to investigate building a W2E plant in Westport. A 2016 MPI report revealed REL was proposing a plant which would also rely on burning coal (a claim denied by Paul Taylor, director of SIRRL). In 2017, the Serious Fraud Office

30. In mid-2019, REL began looking at building a WtE plant in Hokitika but the proposal was later dropped in the face of strong public opposition.
31. In May 2023, it was reported that the Kaipara District Council in North Auckland would work with SIRRL²⁶ to investigate establishing a WtE plant in or near Auckland to incinerate Northland and Auckland councils' waste.

Relevant overseas person and individuals with control

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

Relevant overseas person	Role
South Island Resource Recovery Limited (SIRRL)	Applicant
China Tianying Incorporated (CNTY)	Primary funder

33. We recommend that the 'individuals with control of the relevant overseas person' (IWC)²⁷ are:

Individuals with control ^{*28}	Role
Debiao Cao	Director of SIRRL & CNTY
Herman Maurits Maria Sioen	Director of SIRRL & Europe ZhongYing BV (19% shareholder of SIRRL)
Changguang Song	Director of SIRRL & Vice President of CNTY
Kevin Robert Stratful	Directors of SIRRL
Paul Robert Taylor	
Hongju Mao	
Shengjun Yan	
Yajuan Zhao	Independent Directors of CNTY
Haisuo Wu	
Haoping Xu	

investigated REL's founder (Gerard Gallagher) for the corrupt use of official information (he was convicted in 2023). Gallagher resigned as CEO of REL in 2017 and sold his shares but was paid by REL as an independent contractor until 2022. In 2019 Staff obtained emails which showed Garry Howard had signed an agreement with CNTY 'in secret without approval of his council' while in China. Paul Taylor has denied there was an agreement. Other emails showed that REL's directors had urged Howard to keep information from the public. In addition there were perceived conflicts of interest and in 2019 REL lodged a resource consent to store 132,000 tonnes of baled waste near the town of Reefton, leading to significant public opposition.

²⁶ And in conjunction with Auckland, Whangārei and Far North District Councils and with Northland Inc.

²⁷ Section 15.

²⁸ Individuals marked with an asterisk are not overseas persons, either because they are New Zealand citizens or are ordinarily resident in New Zealand, therefore they do not need to meet the investor test.

Summary of investor test

34. The relevant overseas persons and individuals with control established none of the factors contained in section 18A(4) of the Act.

35. For the reasons set out above, our conclusion is that **the investor test has been met.**

D. Investment plan and benefit to New Zealand test

36. This section describes the Investment and our assessment of whether it is likely to meet the benefit to New Zealand test in the Act.

Current state (counterfactual)

37. The Land is made up of pasture used to support dairy farming. The Land winters approximately 200 cows on fodder beet and grass. The Land also supplies four (4) cuts of silage annually at 2000 kilograms of dry matter per cut.

38. The Land supports 0.23 direct full time equivalent (FTE)²⁹ jobs.

Investment plan

39. The Applicant intends to construct and operate New Zealand's first large scale waste-to-energy facility (**Facility**) on the Land. The Facility will convert (through incineration)³⁰ municipal and construction solid waste (**MSW**) into steam, water and electricity.

40. The Facility will consist of: the main powerhouse building (52.5m tall); an exhaust stack (75m tall); administrative building; ancillary buildings (wastewater treatment plant, water pump building, workshop building, temporary storage of baled waste, hazardous materials storage); and ancillary access, parking and manoeuvring areas.



²⁹ One FTE is a permanent job for at least 30 hours per week, on average, calculated over a year. A job requiring more than 30 hours per week is still only one FTE.

³⁰ Combustion of waste in a steam boiler will generate steam which will power a turbine, thus generating electricity.

Figure 1 – Computer model of the Facility

41. The Land is located close to the KiwiRail train line. If a rail siding was established,³¹ the Facility could bring upwards of 50% of the waste into the Facility via rail (rather than by road).
42. **Capital investment:** The Applicant expects to spend \$350 million on the construction of the Facility with [s 9(2)(b)(ii)] expected to be invested in overseas technology, and [s 9(2)(b)(ii)] expected to be spent domestically.
43. An economic report commissioned by the Applicant³² estimates that construction of the Facility will add an additional \$93.9 million per year (in 2021 prices) to the GDP of the region annually, over the two-year construction phase, and that, once operational, the Facility will contribute \$77.3 million per year to the GDP of the Region.
44. **Timeframe:** the Facility is expected to be constructed within two phases, which will be completed in five years from settlement:
 - Phase I will include obtaining building consents, site preparation and building construction;
 - Phase II will consist of final fit out, finishing and site commissioning.
45. **Creation of jobs:** The Facility is expected to create approximately 113 FTE jobs during the construction phase (estimated to be two years). Once the Facility has been built, the Applicant expects to create 100 FTE jobs which will continue for the operational lifetime of the Facility (approximately 35 years).
46. **New Technology and business skills** The Facility will introduce technology and business skills which have not previously been used in New Zealand. Of the 100 FTE jobs, there will be 35 FTE that will require specialised training. This will occur by these individuals spending at least one year training overseas at CNTY's other waste to energy plants internationally.
47. **Increased productivity:** It is projected that the facility could process up to 365,000 tonnes per year of MSW from the South Island.
48. The Facility is expected to recover approximately 35 MW of electricity with a net output of 30 MW of energy as electricity, with an expected operating time of 24 hours / 7 days a week / 365 days a year.
49. Electricity produced by the Facility is expected to be delivered to the local network for residential and business use. Any electricity not consumed in the local network is to be supplied to the national grid.
50. **Environmental benefits/reduced reliance on landfills:** The Applicant claims energy to waste plants are more efficient and environmentally friendly than landfill. While it is correct that the land use footprint of the Facility is smaller, we consider the question of whether waste to energy plants are a 'better' environmental solution is a claim which is

³¹ It is not certain that the rail siding would be established, and the Applicant advises that the Investment would proceed with or without rail access.

³² By Infometrics senior economist Nick Brunsdon dated September 2022.

contested, and thus have not relied upon it as a benefit to New Zealand. A full explanation of this reasoning is set out in **Attachment 3**.

51. **Advancing Government Policy:** The Applicant claims that the operations of the Facility will advance several Government policies. We consider the question of whether such policies are advanced is unclear and thus have not relied upon it as a benefit to New Zealand. A full explanation of this reasoning is set out in **Attachment 3**.

Likelihood of development occurring

52. The benefits discussed above are all dependent on the construction and operation of the Facility (which in turn are contingent on the Applicant obtaining the necessary resource consents). The resource management consent process through the Environment Court is set out in **Attachment 5** and a list of the required resource consents is set out in **Attachment 6**.
53. There is some uncertainty regarding both timeframes and the likelihood of the resource consents being obtained because the investment involves the establishment of New Zealand's first large-scale waste to energy facility and the decision has been called in the Environment Court.
54. The Applicant has provided a copy of advice,³³ which considers that 'it is more likely than not that consent [for the resource consent applications] will be granted by the Environment Court'.
55. We are not aware of any evidence that the relevant consents will not be granted. Although there is some uncertainty, based on current evidence, we consider the development of the facility is likely to proceed.

Assessment of benefits

56. The benefits to New Zealand that are likely to result from this investment and our assessment of the relative weight to be given to each are set out in the table below.³⁴
57. For the farm land benefit test to be met, the Applicant must demonstrate, in relation to either the economic or New Zealand participation factors,³⁵ that the benefits of the investment are of a size or nature that represent a substantial benefit to New Zealand.
58. Factors that we considered were either not relevant to the investment, or the benefit to New Zealand was not sufficient to be relied on, are noted in **Attachment 3**.

Benefit		Analysis
Economic	Capital Investment	Approximately [s 9(2)(b)(ii)] is likely to be spent domestically over a five year period in the

³³ Contained in a letter of advice from Mr Christensen to Robert Hughes (solicitor for the Applicant) dated 27 September 2023. Mr Christensen is an experienced natural resources lawyer who has provided advice to Anderson Lloyd on resource management issues.

³⁴ In applying the benefit to New Zealand test, you are required to consider each of the benefit factors, decide which of them are relevant and determine the relative importance of those relevant factors. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker (except where the farm land benefit test requires a factor to be given high relative importance). This report sets out our assessment to guide your consideration, however it is not determinative.

³⁵ s17(1)(a), s17(1)(f) of the Act.

Strong		construction and fit out of the Facility. The bulk of this spending will occur in the local area.
	Creation of Jobs	113 FTE jobs are likely to be created in the two year construction phase and 100 permanent FTE jobs will likely be created which will continue for the operational lifetime of the Facility.
	Introduction of new technology and business skills	Waste to energy facilities are new to New Zealand and therefore the technology and business skills associated with operating them will be introduced by this investment.
	Increase in productivity	The Facility will process up to 365,000 tonnes per year of MSW and recover approximately 35 MW of electricity with a net output of 30 MW of energy.

Consultation and submissions about the investment

59. In undertaking our assessment, we consulted with the Department of Conservation (**DOC**), the Ministry for the Environment (**MfE**), Environment Canterbury (**ECAN**) and Waimate District Council.

60. We received 30 third party submissions on the Investment.³⁶

61. Submissions related to:

- the impacts of emissions from the Facility on the health of people, animals and crops;
- increased pressure on existing infrastructure, including roading;
- the location of the Facility on a flood plain;³⁷
- the impact on the perception of the area; and
- a perceived lack of economic benefit.

62. The submissions generally are not relevant to the assessment whether to grant consent as they do not relate to the benefits likely to occur.

63. The Minister of Finance's assessment as to whether the investment is contrary to New Zealand's national interest provides the scope to consider the potential negative impacts of an overseas investment, to the extent they relate to one of several factors.³⁸

64. The national interest assessment report highlights (at a broad level) the issues raised in the public submissions, whilst also recognising that the Environment Court is the correct

³⁶ The majority were received from local residents.

³⁷ The Waimate District Plan has identified that the proposed site is located within a Flood Risk Area.

³⁸ Relevant factors include the impact on the New Zealand economy and society and the investment's alignment with New Zealand's value and interests, including Government's broader policy settings.

forum in which to test and consider aspects of these submissions, to the extent they relate to material assessed as part of the resource consent applications.

Proposed conditions and rationale

65. The development of the Facility is contingent on the Applicant obtaining a number of resource management and other developmental consents. It is appropriate therefore that any consent granted under the Act is conditional upon the Applicant obtaining all necessary consents required to operate the Facility.
66. Further conditions will be imposed in relation to minimum capital expenditure of [REDACTED] within New Zealand and the protection of mudfish (if they are found to be present in waterways on the Land). These conditions are included in **Attachment 1**.
67. In addition, we have recommended two conditions be imposed as part of the national interest assessment relating to the use of approved feedstock³⁹ sourced exclusively from the South Island to fuel the Facility and decontamination of the Land.
68. The recommended national interest conditions are included in **Attachment 5**.

Conclusion – benefit to New Zealand test

Key benefits

69. After considering the application, we are satisfied that the Investment is likely to result in the benefit considered above, namely economic benefit to New Zealand, including:
- [REDACTED] in capital expenditure;
 - The creation of over 100 jobs;
 - The introduction of new business skills and technology; and
 - Increased productivity, including power generation.

Proportionality

70. LINZ has undertaken its assessment having regard to the sensitivity of the Land and the nature of the Investment, reflecting the proportional nature of the benefit to New Zealand test.
71. Matters relevant to the sensitivity of the Land are likely to include:
- the Land is potentially highly productive farm land;
 - there is a heightened public interest in the use and conversion of farm land.
72. Matters relevant to the nature of the Investment include:
- the Applicant is acquiring a freehold interest;
 - the Applicant is 60% overseas owned;
 - the Land will be converted to an alternative (non-farming) use.

³⁹ Defined as municipal and construction solid combustible waste which has no more than incidental hazardous material and is permitted by any necessary consents and approvals (including any Environment Court decision, resource consent or similar).

73. We consider that the Land is medium on the spectrum of "sensitivity" for farm land. This is because the Land is productive pasture, albeit modest in size.
74. Taking into account the size and sensitivities of the Land and its current use (as part of an existing dairy farm), we consider the overseas investment is likely to benefit New Zealand. In particular, the creation of jobs, high level of capital expenditure, and the introduction of new technology, suggest a high level of benefit to New Zealand, which is proportionate to the land being acquired.
75. Given there is no evidence the resource consents are likely to be declined, we consider the benefits are likely to occur.

Farm land benefit test

76. LINZ is satisfied that the Applicant has demonstrated, in relation to the economic factor,⁴⁰ that the benefits of the investment are of a size or nature that represent a substantial benefit to New Zealand. We note in particular that over [REDACTED] will be expended on the construction of the Facility, and that it will create over 100 FTE jobs, which will continue for the operational lifetime of the Facility.

Conclusion

77. After considering the application, LINZ is satisfied that the Investment is likely to result in economic benefits in proportion to the sensitivity of the Land and the nature of the Investment. LINZ is satisfied that, in relation to the farm land benefit test, the economic benefits of the investment are of a size or nature that represent a substantial benefit to New Zealand.

E. Farm land offer test

78. Because the Land is farm land,⁴¹ we note that it was advertised for sale on the open market with the required information for a period exceeding 30 working days⁴² on Otago.Bayleys.co.nz and Trade Me⁴³ and in Property Times North Otago.⁴⁴
79. We are therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.⁴⁵

F. Transaction of national interest

80. The proposed overseas investment is a transaction of national interest because the previous Minister of Finance, Hon. Grant Robertson has notified the Applicant that the proposed investment is a transaction of national interest.⁴⁶

⁴⁰ Section 17(1)(a)

⁴¹ Currently being used primarily for dairy farming (see the definition of farm land in s 6 of the Act).

⁴² For sale by Deadline Sale closing on 25/02/2022.

⁴³ From 17 December 2021.

⁴⁴ On 22 December 2021, 21 January 2022, 28 January 2022, 4 February 2022, 11 February 2022, 18 February 2022, 25 February 2022.

⁴⁵ Overseas Investment Regulations 2005, regulations 5 to 10.

⁴⁶ Under s 20B of the Act.

81. The Minister of Finance, Hon. Nicola Willis will review the national interest assessment and make a decision about whether the proposed investment is contrary to New Zealand's national interest.

82. If the Minister of Finance decides that the investment is:

- contrary to New Zealand's national interest, then consent will be declined;
- is **not** contrary to New Zealand's national interest, then you must grant consent if the other tests are satisfied.

G. Conclusion

83. Subject to the Minister of Finance's decision whether the investment is contrary to New Zealand's national interest our recommendation is to **grant consent**.

84. We refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and to page 3 of this report to record your decision.

H. Attachments

1. Proposed Decision
2. Intended ownership structure
3. Other benefit factors
4. National Interest Conditions
5. Resource Management Consent Process through the Environment Court
6. List of required resource management consent applications

ATTACHMENT 1 PROPOSED DECISION

Consent for Overseas Person to Acquire Sensitive New Zealand Land and Invest in Significant Business Assets in New Zealand

Read this consent carefully - you must comply with all the conditions. If you do not, you may be required to dispose of the land and/or be subject to fines or other penalties.

Consent

Decision date: [to be advised]

The following people have been given the following consent:

Case	202200376
Consent	The Consent holder may (a) acquire the Land and (b) establish and operate a waste-to-energy facility on the Land, subject to the Conditions set out below.
Consent holder/s	South Island Resource Recovery Limited (company number 8165807) (You or the Consent Holder)
Land	A freehold interest in approximately 14.85 hectares of farm land at Morven Glenavy Road, Waimate, South Canterbury, currently contained within Record of Title CB27B/314.
Timeframe	You have until (a) 31 March 2025 to acquire the Land and (b) 31 March 2030 to construct the waste-to-energy facility on the Land.

Conditions

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

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

Act means the Overseas Investment Act 2005.

DOC means the Department of Conservation.

Facility means the waste-to-energy plant which you intend to construct and operate on the Land and which will incinerate Approved Feedstock and convert it into energy (in the form of electricity or steam).

Mudfish means the Canterbury mudfish species called *Neochanna burrowsius*.

Regulations means the Overseas investment Regulations 2005.

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

Special conditions

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

Details	Required date
Special condition 1: Obtain resource consents	
<p>You must:</p> <p>(a) obtain all necessary consents and approvals (including subdivision consent) and all resource consents from the Environment Court of New Zealand, or any other relevant body, required for the construction and operation of the Facility (but excluding any building consents or Building Act code compliance certificates).</p> <p>(b) provide us with a copy of any consents or approvals granted to you in relation to the Facility or the Land if requested in writing.</p> <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	<p>(a) By 31 March 2027</p> <p>(b) Within 30 days of your receipt of consents or approvals</p>

Details	Required date
Special condition 2: Comply with all resource consents and approvals	
<p>You must comply with the terms of all relevant resource consent conditions and approvals as required by the relevant consent authorities.</p> <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	At all times
Special condition 3: Construct and operate the Facility	
<p>You must:</p> <ul style="list-style-type: none"> (a) construct the Facility on the Land; and (b) Once constructed, you must operate the Facility on the Land <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	<ul style="list-style-type: none"> (a) By 31 March 2030 (b) At all times
Special condition 4: Capital expenditure	
<p>You must spend at least [s 9(2)(b)(ii)] within New Zealand on the construction of the Facility.</p> <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	By 31 March 2030
Special condition 5: Protection of Mudfish	
<p>You must, at your cost, engage an appropriately qualified and experienced ecologist to:</p> <ul style="list-style-type: none"> (a) carry out an ecological assessment of any waterways on the Land to establish if Mudfish is present; and (b) relocate the Mudfish population (if found) to an appropriate location, in consultation with DOC. <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	<ul style="list-style-type: none"> (a) By 30 September 2025 (b) By 31 March 2026

Standard conditions

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

Details	Required date
Standard condition 1: Acquire the land	
<p>You must acquire the Land:</p> <ol style="list-style-type: none"> 1. by the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Land, and 2. using the acquisition, ownership, and control structure you described in your application. Note, only you - the named Consent Holder - may acquire the Land, not your subsidiary, trust, or other entity. 	As stated in the Consent
Standard condition 2: Tell us when you acquire the Land	
<p>You must tell us in writing when you have acquired the Land.</p> <p>Include details of:</p> <ol style="list-style-type: none"> 1. the date you acquired the Land (Settlement), 2. consideration paid (plus GST if any), 3. the structure by which the acquisition was made and who acquired the Land, and 4. copies of any transfer documents and Settlement statements. 	As soon as you can, and no later than two months after Settlement
Standard condition 3: Allow us to inspect the Land	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions. We will give you at least two weeks' written notice if we want to do this. You must then:</p> <ol style="list-style-type: none"> 1. Allow a person we appoint (Inspector) to: 	At all times

Details	Required date
<p>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),</p> <p>b. remain there as long as is reasonably required to conduct the inspection,</p> <p>c. gather information,</p> <p>d. conduct surveys, inquiries, tests, and measurements,</p> <p>e. take photographs and video records, and</p> <p>f. do all other things reasonably necessary to carry out the Inspection.</p> <p>2. Take all reasonable steps to facilitate an Inspection including:</p> <p>a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection,</p> <p>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> <p>During an Inspection:</p> <p>a. we will not compel you and your employees, agents, tenants, or other occupiers to answer our questions or to let us look at, copy or take away documents,</p> <p>b. our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection.</p>	
Standard condition 4: Remain not unsuitable to Invest in New Zealand	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the Assets in accordance with section 18A(1) of the Act.</p> <p>The Individuals Who Control You are individuals who:</p> <p>a. are members of your governing body</p>	<p>At all times</p>

Details	Required date
<ul style="list-style-type: none"> b. directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you, and c. are members of the governing body of the people referred to in paragraph (b) above. 	
<p>Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control</p>	
<p>You must tell us in writing if any of the following events happens to any of the Consent holders:</p> <ol style="list-style-type: none"> 1. You become aware that you and/or any Individual Who Controls you establishes any of the investor test factors listed in section 18A(4) of the Act. 2. You cease to be an overseas person or dispose of all or any part of the Asset. 3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you. 	<p>Within 20 working days after the change</p>
<p>Standard condition 6: Dispose of the Land if you do not comply with key special conditions</p>	
<p>Some of the special conditions were key to the decision to give consent. If we consider you have failed to comply with one of those special conditions in a material way, we may require you to dispose of the Land.</p> <p>If all or part of this Standard Condition 6 applies to a special condition, we have said so in that special condition.</p> <p>We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p>	
<p>Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.</p>	<p>Within six weeks of the date of our notice</p>
<p>Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.</p>	<p>Within six weeks of the date of our notice</p>
<p>Dispose of the Land: dispose of the Land to a third party who is not your associate.</p>	<p>Within six months of our notice</p>

Details	Required date
<p>Offer without reserve: if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.</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 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 of the following:</p> <ul style="list-style-type: none"> a. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor), and b. that the purchaser is not your associate. 	<p>Within one month after the Land has been disposed of</p>

Reporting conditions

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

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

1. be submitted via our [Webform](#) by these dates:
 - a. 30 April 2027
 - b. 30 April 2028
 - c. 30 April 2029
 - d. 30 April 2030
2. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions),
3. follow the format of the template annual report published on our website

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

- a. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted, or
- b. the conditions of this Consent.

Power to vary reporting data

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

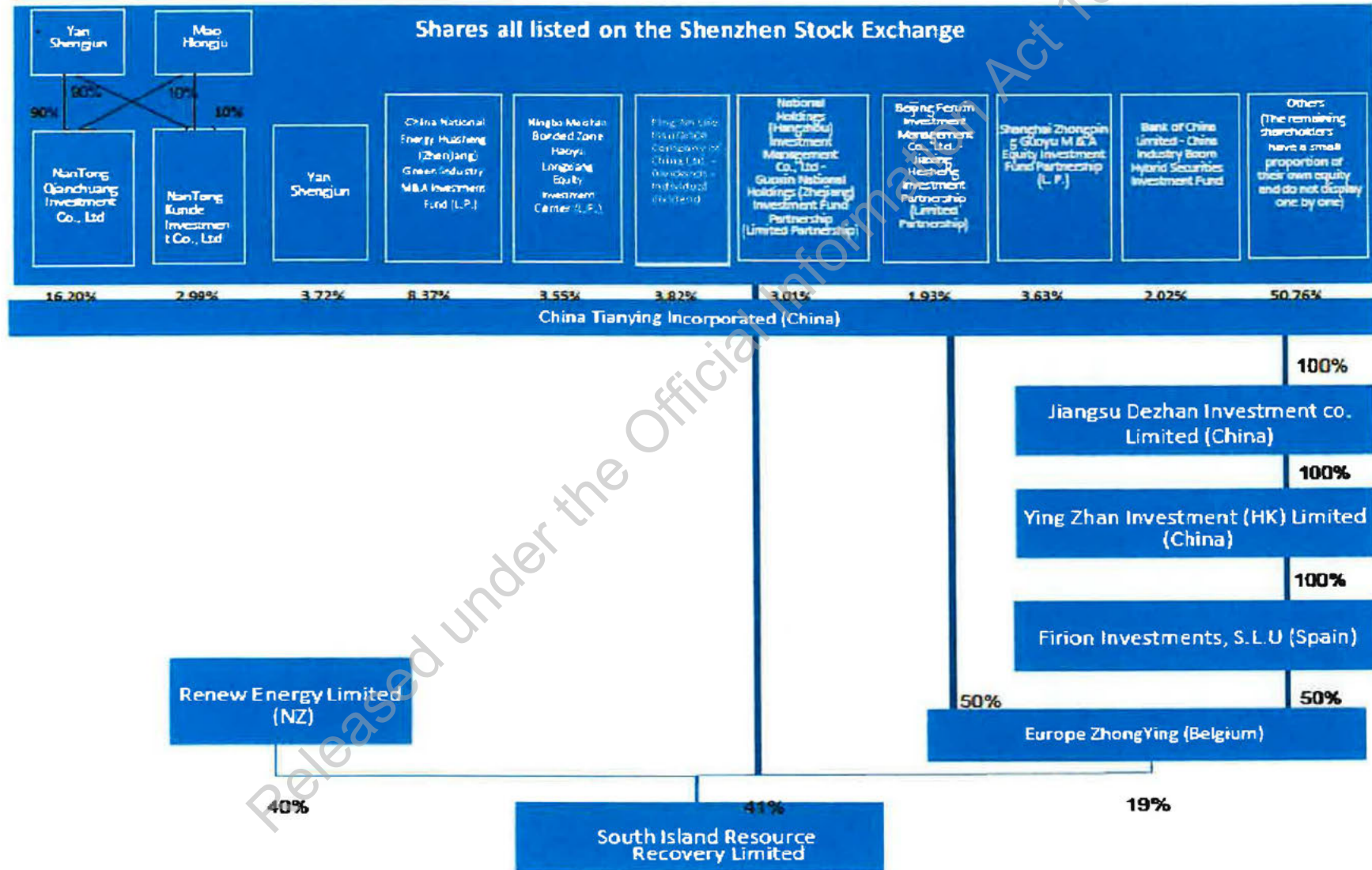
Power to narrow scope of reports

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

Power not to require further reporting

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

ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE



ATTACHMENT 3 – OTHER BENEFIT FACTORS

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

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

Factor	Reason not relevant or insufficient
Environmental benefits	<p>No benefit - the current state of the land (being pasture) is inherently neither beneficial nor harmful to the environment.</p> <p>The Applicant makes a number of claims regarding environmental benefits, notably that energy to waste plants are more efficient than landfill. The science on this is contested, with some research suggesting that incineration can result in poor environmental incomes and environmental contamination.</p> <p>Assessing the environmental impact of the proposed plant is a matter falling outside the scope of the Benefit test and is a matter best left to regulatory authorities specialising in resource management and environmental matters (noting that the resource management applications associated with the investment were called in by the former Minister for the Environment, the Hon. David Parker, and will be decided by the Environment Court of New Zealand).</p> <p>We therefore consider it appropriate to adopt a conservative approach and not attribute any benefit to this factor.</p>
Public access	Not relevant – there is no proposal to increase public access to the Land
Historic heritage	Not relevant – the Land does not contain any historic heritage sites

Factor	Reason not relevant or insufficient
Significant government policy	<p>No benefit - This application was filed in 2022 and therefore the Applicant bases its claims on the policies of the Sixth Labour Government (2017-2023), notably the Climate Change Response (Zero Carbon) Amendment Act 2019.</p> <p>As it is unclear whether it is current Government policy to support or oppose the use of waste to energy (incineration) plants as a tool to manage CO₂ emissions, we consider it appropriate to adopt a conservative approach and not attribute any benefit to this factor.</p>
Oversight or participation by New Zealanders	<p>No benefit – the Land is transferring from 100% New Zealand ownership to 40% New Zealand ownership.</p>
Consequential benefits	<p>No benefit – the claims have either: already been considered in regard to economic, environmental and significant Government policy benefit factors; and/or are unable to be quantified in any meaningful way.</p>
Water bottling	<p>Not relevant – there is no proposal to engage in water bottling activity.</p>

ATTACHMENT 4 – NATIONAL INTEREST CONDITIONS

Approved Feedstock means municipal and construction solid combustible waste which has no more than incidental hazardous material and is permitted by any necessary consents and approvals (including any Environment Court decision, resource consent or similar).

Contaminants means potential contaminants or hazardous substances, as defined in the Resource Management Act 1991 on the Land, the presence of which is not attributable to dairy farming activity prior to the acquisition of the Land by the Consent Holder.

To the extent that the definition of Approved Feedstock is inconsistent with the standard for feedstock that the Environment Court of New Zealand requires under the resource consents associated with this Consent, the standard set by the Environment Court of New Zealand will apply.

Details	Required date
Special condition 6: Use of Approved Feedstock from the South Island only	
<p>You must only use Approved Feedstock sourced exclusively from the South Island as combustible fuel for the operation of the Facility.</p> <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	At all times
Special condition 7: Repair the Land	
<p>If you discontinue the operation of the Facility and prior to disposal of the Land, you must engage an appropriately qualified and experienced technician to:</p> <p>(a) conduct soil sample testing on the Land to test for the presence of Contaminants and</p> <p>(b) undertake appropriate treatment measures to remove Contaminants from the Land.</p>	<p>a) Within 6 months of ceasing operation of the Facility</p> <p>b) Within 12 months of completing soil testing</p>
Automatic condition: National Interest	
<p>You must not, in relation to the rights granted under the Consent, act or omit to act with a purpose or an intention of adversely affecting national security or public order.</p>	At all times

Attachment 5: Resource Management Consent Process through the Environment Court

The resource management consent application was called in by the former Minister for the Environment, Hon. David Parker, on 31 August 2023. Minister Parker directed that the resource management applications be considered by the Environment Court.

In a 'called-in' application, the Environmental Protection Authority (**EPA**) replaces Environment Canterbury and the Waimate District Council (**Councils**) in terms of processing the applications.

The table below summarises the process that the resource consent applications will now follow.

Event	Details	Expected Timeframe
The Councils issued a request for more information (RFI) from SIRRL on 13/09/23	The Councils issued SIRRL with RFIs which SIRRL will respond to following collection of additional expert advice.	Unknown, will depend on Applicant's response time.
SIRRL will make a direct application to the EPA under section 145 of the RMA so it can be considered contemporaneously with the other applications (via section 149ZB).	SIRRL will need to apply to the EPA and the EPA will need to provide advice to the Minister for the Environment as to whether the water application can proceed through this route.	Unknown
Cultural Impact Assessment (CIA)	Discussions continuing with manawhenua about the completion of a CIA. No agreement with manawhenua has been completed. A CIA may be desirable for a publicly notified application to	Unknown

	proceed to a hearing, but it is not essential. Manawhenua may choose to make a submission on the application instead.	
EPA makes public notification of the application and request for submissions	The public notification will not occur until events 1 & 2 have occurred.	Unknown due to uncertainties covered above (once notified, the submission period will last for 30 working days)
Key Issues report prepared by Councils	This report is part of the RMA procedure.	Unknown, awaiting results of RFI and water permit application.
SIRRL lodges notice of motion with the EC	This is done in accordance with RMA procedure and requests the EC consider the application.	Unknown
Environment Court hearing and decision	Expert evidence will be presented to the EC in relation to the resource consent applications and ultimately the EC will make decisions in relation to the applications.	Timing will be set by the Environment Court. Decision unlikely in 2024.

Released under the Official Information Act 1982

Attachment 6 – List of required resource management consent applications

Regional Council consents:

- To discharge contaminants into air from combustion in an incinerator associated with the operation of a WtE plant.
- To discharge domestic wastewater to land from staff and visitor facilities associated with the operation of a WtE plant.
- To discharge stormwater from roofs, roads, hardstand areas and other impervious surfaces associated with the Facility.
- To take water for dewatering for carrying out excavation and construction works associated with the construction of the Facility.
- To take and use water in the industrial process.
- To undertake earthworks over an unconfined or semi-confined aquifer.
- The storage and use of hazardous substances with the Facility.

District Council consents:

- Land use resource consent to construct and operate a WtE plant and associated infrastructure as an industrial activity in the Rural Zone.
- The use of temporary construction buildings.
- To install signage associated to the application site which will exceed Permitted Activity Standards.
- To provide parking, access and loading areas on the application site, which do not meet the Permitted Activity Standards.
- Development that does not meet Section 10 – Financial Contributions Standard 1.3.1.
- Storage and use of hazardous substances.