

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

ASSESSMENT REPORT: Port Blakely Limited

Date	2 August 2023	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference (Report reference)	202200552 BRF 24-036	Deadline	11 September 2023

Purpose

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

Action sought

1. Review this report and consult with each other if desired.
2. Determine whether to grant consent and, if so, on what conditions.
3. Indicate your decision from page 3.

Assessment timeframe requirements

4. A decision is required by **11 September 2023** to meet the Applicant's commercial deadline. The Applicant has advised that the Vendors will not provide a further extension because the timing clashes with key farming decisions that need to be made (such as lamb and ewe meat processing schedules) and the farming business will be severely compromised if a decision is not made by that date.
5. The prescribed statutory assessment timeframe of 21 July 2023 has not been met because of extensive consultation with third parties and other delays in the assessment of the application.

Toitū Te Whenua Land Information New Zealand Contacts

Name	Position	Contact	First contact
Anneke Turton	Manager Applications	+64 4 830 2513	<input checked="" type="checkbox"/>
Luke Hilton	Senior Solicitor	+64 4 460 0100	<input type="checkbox"/>

A. Summary

6. Port Blakely Limited (the **Applicant**) is an 100% American company, ultimately owned by the Eddy family. The Applicant has approximately 30 years' experience investing in New Zealand production forestry.
7. The Applicant seeks to acquire [s 9(2)(a)] hectares of land at [s 9(2)(a)] [s 9(2)(a)] [s 9(2)(a)] (the **Land**). The Land is currently operated as a sheep and beef farm, with a small area of forestry (approx. [s 9(2)(a)] hectares).
8. The Land is a mixture of LUC¹ 3 (approx. [s 9(2)(a)] hectares) and LUC 6 (approx. [s 9(2)(a)] hectares). The Applicant intends to convert the Land to commercial production forestry with approx. [s 9(2)(a)] hectares of Pinus radiata.
9. LINZ considers the proposed investment will likely benefit New Zealand economically through a greater number of jobs and increased revenue off the Land, including the provision of 50% of the new timber for domestic processing (subject to certain conditions such as there being sufficient capacity for mills to take the timber at harvest time). LINZ also considers the proposed investment will likely provide various environmental, public access, and advancement of significant government policy benefits.
10. Whether the benefits to New Zealand are sufficient to meet the benefit to New Zealand test is a matter for Ministers to determine. Ministers must take a proportionate approach to whether the benefit to New Zealand test is met. This is one of the first applications made under the benefit to New Zealand test for the conversion of farm land to forestry since the Act was changed in August 2022. Whether the test is met will depend on the relative importance and weighting given to the benefit factors and the benefits likely to occur. LINZ has not made a recommendation about whether the benefit to New Zealand test is met – though it has given an indicative weighting where appropriate.
11. For the reasons set out in this report, LINZ considers the investor test has been met.

Key information

Applicant	Port Blakely Limited (United States of America 100%)
Vendors	[s 9(2)(a)] (New Zealand 100%)
Land	A freehold interest in approximately [s 9(2)(a)] hectares of land located at [s 9(2)(a)] [s 9(2)(a)] contained in Records of title [s 9(2)(a)] and [s 9(2)(a)]
Consideration	\$[s 9(2)(a)], [s 9(2)(b)(iii)]
Sensitivity	Is more than 5 hectares of non-urban land
Relevant tests	Investor test: s16(1)(a) & 18A Benefit to New Zealand test: s16(1)(c)(ii) & s16A(1A), forestry activities test (s 16A(2)) Farm land offer criterion (s 16(1)(f))

¹ Land use capability class.

Timing

12. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days. The timeframe was extended on 18 April 2023 for 30 working days to account for extensive agency consultation.
13. This application is currently on day 106, therefore the assessment timeframe of **21 July 2023** will not be met. The application requires a decision by **11 September 2023** which is the Applicant's commercial deadline.

B. Decision

Core tests

14. I determine that:

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

Relevant overseas person	Role
Port Blakely Limited	The Applicant
Port Blakely Tree Farms (Limited Partnership)	100% owner of the Applicant
The Port Blakely Company (PB Company)	General partner of Port Blakely Tree Farms

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

Individuals with control	Role
Rene Ismael Ancinas	Chairman of PB Company and Director of Applicant
Julie Rose Appling	Director of PB Company
Colleen Birdnow Brown	
Debra Anne Somberg	
Richard Scott Howell	
Therese Ouillette Rehn	
Jeffrey Baron Van Duzer	
Susan Warjone Barratt	
Stanley George Renecker	
Anne Charlotte McClain	
Jeffery Lee Nuss	
Kimberly Laurine Eiring	Director of Applicant
Michael Frederick Warjone	

Individuals with control	Role
Philip James Taylor	

- 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.

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

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

☒

Agree

☒

Disagree

☐

Disagree

☐

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

- the criteria for consent in sections 16 and 16A have been met;
- the farm land benefit test does not apply;
- the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
- the benefit is proportionate to the sensitivity of the land and the nature of the transaction.

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

☐

Agree

☐

Disagree

☒

Disagree

☒

17. I am satisfied that the farm land or section 12 interest has been offered for acquisition on the open market to persons who are not overseas persons as required by the regulations

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

☒

Agree

☒

Disagree

☐

Disagree

☐

National interest assessment

18. I note that the overseas investment in sensitive land is not a transaction of national interest under section 20A of the Act and the Minister of Finance has not notified it is a transaction of national interest under section 20B of the Act.

Hon Damien O'Connor

Hon Barbara Edmonds

Noted

☒

Noted

☒

Decision about whether to grant or decline consent

19. My ultimate decision is to:

Hon Damien O'Connor

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

Grant consent with amended conditions provided on: ☐

Decline consent ☒



Hon Damien O'Connor

Date: 04/08 /2023

Hon Barbara Edmonds

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

Grant consent with amended conditions provided on: ☐

Decline consent ☒



Hon Barbara Edmonds

Date: 20 / 8 / 23

C. Background and proposed transaction

Land

20. The Land (known as [s 9(2)(a)]) is in [s 9(2)(a)] South Otago, approximately [s 9(2)] km South of Dunedin. The Land is predominantly operated as a sheep and beef farm.
21. The following Land Use Capability (LUC) class information² provides general context as to the productive capacity and physical limitations of the Land. Most of the Land is LUC 3 (58.5%) with the remainder being LUC 6:
 - LUC 3 ([s 9(2)] hectares);
 - LUC 6 ([s 9(2)] hectares).
22. **Attachment 3** provides further details relating to the Land's land use capability.
23. The Land does not include any fresh or seawater areas. There is a Homestead and Cottage on the Land. [s 9(2)(a)]

[s 9(2)(a)]

24. Aerial photos and maps of the land and wider location can be found in **Attachment 6**.

Transaction and Vendor

25. The Applicant and the Vendor entered into the sale and purchase agreement on 16 September 2022. The agreement is conditional upon the Applicant obtaining consent under the Act.

² The LUC classification system is a system in which land is categorised into eight classes based on a broad assessment of the land's capability and versatility for different types of agricultural production. Generally speaking, lower numbered classes (classes 1-5) are more productive and lend themselves to a broader range of activities (e.g. quality and versatile soils for farming), whereas classes 6-8 have greater limitations on what they can support and may be more appropriate for forestry.

26. The Land is leased to a farming company owned by the Vendor. [s 9(2)(a)]
27. The Vendor also submits that they have received no offers from domestic farmers to purchase the Land, and have only received offers from overseas purchasers to convert the Land to forestry.

D. Application of the Act

28. The Land is sensitive because it is non-urban land over 5 ha in size,³ so consent is required.⁴ The following criteria for an investment in sensitive land apply to this application:⁵
- The investor test must be met.⁶
 - The benefit to New Zealand test must be met.⁷
 - Where the land is farm land it must have been offered for sale on the open market,⁸ unless exempt.⁹
 - You must also note whether the investment is a transaction of national interest and, if so, whether the Minister of Finance has decided that the investment is contrary to New Zealand's national interest.¹⁰
29. In order to satisfy the benefit to New Zealand test, the decision-maker must determine that the overseas investment will, or is likely to, benefit NZ.¹¹
30. We assess the investor test in Part E, the benefit to New Zealand test in Part F, and discuss national interest matters in Part H.

E. Applicant and investor test

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

Ownership

32. The Applicant is Port Blakely Limited, in its capacity as the trustee for the South Blakely Trust. The South Blakely Trust is a trust for the benefit of 82 members of the Eddy Family (**Eddy Family investors**).
33. Port Blakely Limited is owned by Port Blakely Tree Farms LP (**PBTF**). The general partner of PBTF is The Port Blakely Company (**PB Company**).

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

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

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

⁶ Section 18A / 16(1)(a) of the Act.

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

⁸ Section 16(1)(f) of the Act.

⁹ Section 20(1)(a) or (b) of the Act.

¹⁰ Section 16(1)(g) of the Act.

¹¹ Section 16A(1)(a) of the Act.

34. The limited partners of PBTF, the beneficiaries of the South Blakely Trust, and the shareholders of PB Company are the Eddy Family Investors.
35. The Applicant is an overseas person because PB Company was incorporated in the United States of America.
36. A diagram of the ownership structure is in **Attachment 2**.

Business Activities

37. The PB Company has been family owned since its establishment in 1864, investing in production forestry in New Zealand and the U.S.A.
38. The Applicant's total estate in New Zealand is approx. 39,223 hectares, including approx. 8,598 hectares in the North Island and approx. 30,635 hectares in the South Island. The ownership is divided into 25 geographically separate forests made up of 15 recently established ex-pasture sites and 10 mixed aged forests.
39. The Applicant's forestry operations are well established in the South Island, with 16,157 hectares of production forests in the Otago/Southland Forest area, with 4,479 hectares proximate to the Land in the Clutha region. See below for an extract from Applicant's investment plan showing how the Land fits in with the Applicant's other local forests.

[s 9(2)(a)]



40. The Applicant's investment strategy is to purchase forest and land assets in New Zealand to ultimately sustain an annual woodflow of [s 9(2)(b)(ii)] m3 harvested per annum.
41. The Applicant is well known to LINZ, with 28 previous consents granted under the Act dating back to 1994. Several of these consents have been under the special forestry test:

- i. 982 hectares at Oparau, Waikato (2021)¹²;
 - ii. 47 hectares located at 1155 Donnithornes Road, Waihaorunga, Waimate District known as "Rimurakau Block" (2021)¹³;
 - iii. 2,996 hectares located in Otago (Clutha Forests) (2019)¹⁴;
 - iv. 433 hectares located at 433 Kowhatu Road, Waihaorunga, Waimate (2023).¹⁵
42. The Applicant operates as a management operation, subcontracting to professional crews for planting, spraying, road construction, thinning and final harvesting.

Control

43. The board of directors of the PB Company control the delegation of decision making. As this investment does not require approval under the delegations, it was approved by the directors of the Applicant.
44. The directors of the Applicant can also approve the divestment of the Land.
45. The directors of the Applicant will be responsible for the day-to-day management of the investment.

Relevant overseas person and individuals with control

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

Relevant overseas person	Role
Port Blakely Limited	The Applicant
Port Blakely Tree Farms (Limited Partnership)	100% owner of the Applicant
The Port Blakely Company (PB Company)	General partner of Port Blakely Tree Farms

47. We recommend that the 'individuals with control of the relevant overseas person' (IWC)¹⁶ are:

Individuals with control	Role
Rene Ismael Ancinas	Chairman of PB Company and Director of Applicant
Julie Rose Appling	Director of PB Company
Colleen Birdnow Brown	
Debra Anne Somberg	
Richard Scott Howell	

¹² Consent number 202100309.

¹³ Consent number 202100360.

¹⁴ Consent number 201810269.

¹⁵ Consent number 202200587.

¹⁶ Section 15.

Individuals with control	Role
Therese Ouillette Rehn	
Jeffrey Baron Van Duzer	
Susan Warjone Barratt	
Stanley George Renecker	
Anne Charlotte McClain	
Jeffery Lee Nuss	
Kimberly Laurine Eiring	
Michael Frederick Warjone	Director of Applicant
Philip James Taylor	

Summary of investor test

48. The ROP and IWC established none of the factors contained in section 18A(4) of the Act. Our conclusion is that **the investor test has been met.**

F. Investment plan and benefit to NZ test

49. This section describes the proposed investment and our assessment of whether it is likely to meet the benefit criteria in the Act.

Current state (counterfactual)

50. The Land is currently operated as a sheep and beef farm (approx. [s 9(2)(a)] hectares), with a small area of forestry (approx. [s 9(2)(a)] hectares) and a remaining area of unplanted land (approx. [s 9(2)(a)] hectares consisting of native bush).
51. The Vendor currently farms 7,608 stock units on the Land, comprised of 170 Cows and Heifers, and 7,010 sheep (mixtures of Ewes, Hogget's, and Rams). The Vendor generally finishes the cattle.¹⁷
52. The sheep numbers equate to approximately 0.17% of the Otago flock, and cattle (assuming they are beef rather than dairy) e approximately 0.067% of the Otago herd.¹⁸
53. The nearest meat processor to the Land is the Finegand Silver Ferns plant. In a public submission by the company, it was reported that the plant processed approximately 1.5 million sheep and lambs, and 100,000 cattle in 2019.
54. The [s 9(2)(a)] hectares of existing forestry on the Land is a mixture of Pinus radiata, Douglas Fir and Macrocarpa. The forestry is comprised of [s 9(2)(a)] hectares of pre-1990 forest, and [s 9(2)(a)] hectares of post 1989 forestry.
55. The Vendor has advised that the average gross income generated from the farm for the previous 3 years has been approximately [s 9(2)(a)] per annum.

¹⁷ Finishing means fattening the cattle for slaughter.

¹⁸ Beef + Lamb New Zealand Economic Service data.

56. There are no special features on the Land, including no historic heritage, wāhi tapu or archaeological sites. There are also no current measures in place to protect areas of native bush and vegetation.
57. A pump station for the rural water scheme in the area is situated within the property and is accessed by a public road on the property. This road crosses both road reserve and the property, and is maintained by the rural water scheme. There is no other existing third-party access arrangement and no existing public walking access.

Investment plan

58. The Applicant intends to convert the Land to plantation forestry by planting approx. 654 hectares of new *Pinus radiata* (together with the existing forestry takes the total to approx. 693 hectares), which is said to be a proven forestry species in the region. The Applicant claims this will be pruned sawlog.
59. Resource consent is not required for the conversion, as afforestation is a permitted activity. The Land is in a catchment area with multiple other forestry assets owned by the Applicant. [s 9(2)(a)] is classified as low (green zone) and moderate (yellow) erosion susceptibility.

Long-term investment plan

60. This investment is a part of the Applicants' wider forestry investment plan in New Zealand, which involved purchasing forest and land assets in New Zealand to ultimately sustain an annual wood flow of [s 9(2)(b)(i)] m³ harvested per annum.
61. The Applicant submits that the acquisition of the Land is strategically important and critical to the long-term success of the Port Blakely business in New Zealand, as it will provide for economies of scale and continuity of the Port Blakely workforce.

Planting

62. Planting is proposed to occur across two winter planting seasons, namely, winter 2023 – [s 9(2)(a)] hectares and winter 2024 – [s 9(2)(a)] hectares. Figure 3 below shows the Applicants' proposed afforestation plan.

63. To maximise the value of the tree crop, the Applicant proposes to plant at 833 stems per hectare, followed by a pruning and thinning regime (discussed below).
64. The Applicant has stated they are committed to replanting the land with a further commercial crop of trees after each harvest.

Silviculture

65. As the Applicant's strategy is to grow high-quality pruned sawlog, the Applicant is committed to pruning and thinning the planted trees. The Applicant is unable to commit to pruning the existing forestry (38 ha) on the Land, as some of these trees may be too old. The pruning and thinning strategy is proposed as the following:
- The first prune at 5-6 years, removing 3 metres of branches from the ground up on 250 stems per hectares.
 - The second prune will be at 7-8 years, removing a further 2.5 metres of branches from 300 stems per hectares to a total pruned height of 5.5 m across the pruned logs.
 - The trees will be thinned after the second prune, to around 400 stems per hectare.

Harvesting

66. The 654 hectares of land to be afforested will be ready for harvest from the year 2050 onwards, when the trees reach 26-27 years of age. Harvesting is expected to take 5 years to complete. The Land will be replanted within 2 years following harvest.

Distance to port and processing facilities

67. Logs will be exported via the Port of Dunedin and Port of Timaru or sold to domestic sawmills/wood processors in the region.

68. The Land is approximately [s 9(2)] km from the Port of Dunedin and approximately [s 9(2)(a)] km from the Port of Timaru. The following domestic sawmills are all located within the supply circle of the Land, ranging from 35 kms to 135 kms:

- [s 9(2)(a)]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Consultation

69. LINZ consulted with partner agencies to gather information about the suitability of the property for conversion to forestry (or factors that may influence this assessment); and the impact that a loss of this sized farm may have on the primary production sector (or factors that may influence this assessment).

Suitability for conversion

70. The following information may be of assistance to decisionmakers considering the Land's suitability for forestry:
- i. The South Otago region has a large and established forest estate;
 - ii. The Applicant has several existing properties within the immediate area;
 - iii. The rolling terrain is favourable to establishment and harvesting;
 - iv. The Land is proximate to port and processing facilities;
 - v. The area has strong investment in wood chip boilers, creating additional residue collection demand (and the Applicant has been leading work in residue recovery in their South Canterbury Forests).

Registration in the New Zealand Emissions Trading Scheme

71. The Applicant advises that it will register the Land with the New Zealand Emissions Trading Scheme. We recommend a consent condition prohibiting the registration of the forest as a 'permanent forest' under the Emissions Trading Scheme, as such a registration would be inconsistent with the use of the property for forestry activities.

Subdivision

72. Upon settlement of the Agreement, the Applicant will subdivide off and sell approximately [s 9(2)(a)] hectares of land (**Subdivision Land**) [s 9(2)(a)]

73. The Applicant plans to lodge a resource consent application for the subdivision by September 2023, in the hope to advertise this land for sale in spring/summer of 2024.
74. In the meantime, the Applicant has stated that the cottage on the Land will be used for forestry workers employed for planting. After this, the Applicant will either remove the cottage from the Subdivided Land or sell it to the new owners of the Subdivided Land.
75. **Attachment 4** contains a table showing the current and proposed uses of the Land.

BENEFITS

Farm land benefit test does not apply

76. This investment involves the acquisition of farm land exceeding 5 hectares. In this case, the Applicant relies on section 16A(2) of the Act which states the farm land benefit test does not apply if the relevant Ministers are satisfied that:
- i. the farm land will, or is likely to, be used exclusively, or nearly exclusively, for forestry activities; and
 - ii. whenever a crop of trees is harvested on the farm land, a new crop will be, or is likely to be, established on the farm land to replace the crop that is harvested; and
 - iii. the non-occupation outcome will, or is likely to, occur in relation to the farm land.¹⁹
77. LINZ considers that all three of these requirements are met in this case.

Introduction to Benefits

78. In applying the benefit to New Zealand criteria, you are required to consider each of the benefit factors, decide which of them are relevant and determine the relative importance of those relevant factors.
79. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker. This report sets out LINZ's assessment to guide your consideration, however it is not determinative.
80. LINZ consulted with three other government agencies and their feedback is discussed below. We deal with the proposed conditions and their rationale after discussing the benefit claims.
81. 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 5**. In this case, the two factors were the New Zealand participation factor and the Consequential benefit factor.

Economic factor

Commitment and support to domestic processing

82. The Applicant claims that once harvested, it is committed to sending 50% of its sawlog production to New Zealand's domestic processing, to support the forestry Industry Transformation Plan and the Government's long-term goal of seeing more logs processed onshore. The Applicant has stated that this claim is subject to there being demand for additional pruned sawlog.
83. The Applicant claims that this is a significant commitment as currently 70% of its wood grown in New Zealand is exported.
84. Given the Applicant's existing forestry assets in the region, the Applicant has several supply relationships with domestic processors in the region. Several local processors have submitted letters to LINZ stating that the continued and future supply of wood from the Applicant is key to their long-term success.²⁰

Export receipts

85. The Applicant will export approximately 207,600m³ of export grade wood resulting in approximately \$51.9m of export receipts per rotation (or \$1.7m annually assuming a 30

¹⁹ Where that outcome in clause 17(3) to (5) of Schedule 2 applies with necessary modifications as if the reference to residential land were a reference to the farm land.

²⁰ Abodo, Hewvan Timber, Westco Lumber Limited.

year rotation). In addition, a further approximately 207,600 m³ will be sent to domestic processors.

86. Of the 50% sent to domestic processors, 80% is assumed to be exported²¹, and 20% consumed domestically and all woodchip consumed domestically. This results in a total value of exported processed wood products from [s 9(2)(a)] of \$47.5m of export receipts per rotation (or approximately \$1.6m annually assuming a 30 year rotation).
87. The total forestry export receipts are estimated to be \$99.4m (or \$3.3m annually assuming a 30 year rotation).
88. The Applicant estimates that converting [s 9(2)(a)] to productive forestry will result in a net increase in export receipts of approximately \$49.7m per rotation (or \$1.6m annually) as per the table below:

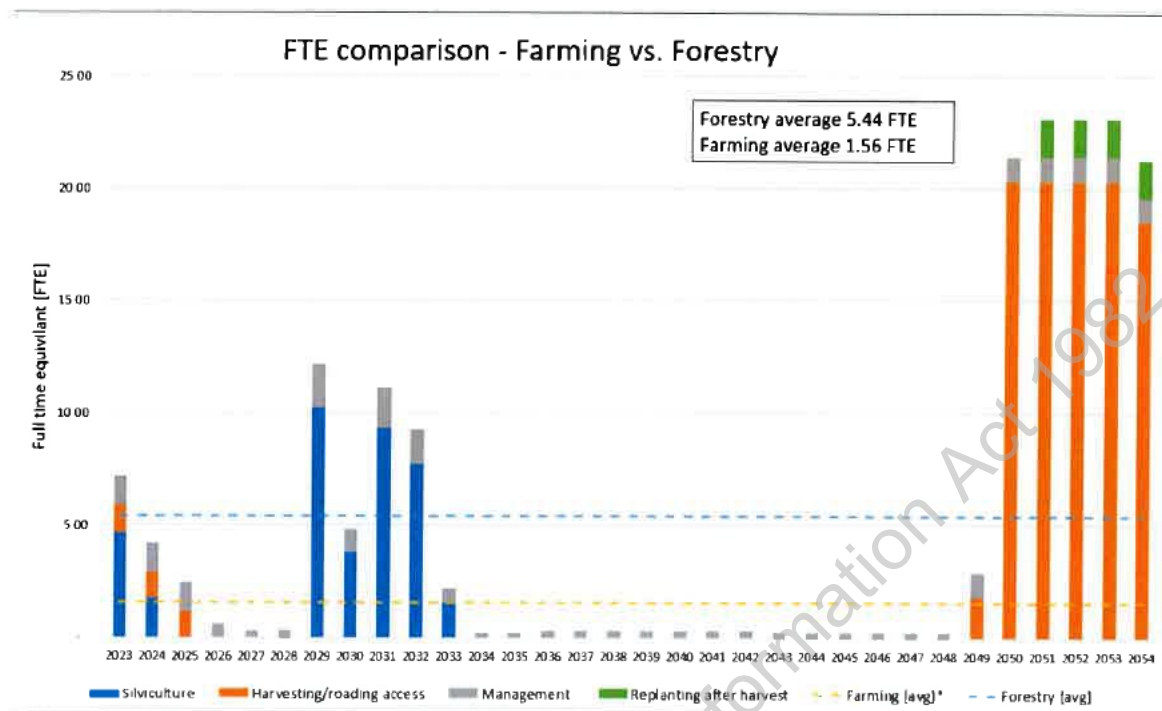
	Average annual value	Total value over a 30 year period
Forestry export receipts	\$3.3 million	\$99.4 million
Sheep and beef export receipts	\$1.6 million	\$49.7 million
Net estimated increase	\$1.6 million	\$49.7 million

89. The Applicant's current market for export (via the Port of Dunedin and Port of Timaru) is 27% Korea and 63% China.

Jobs

90. The Applicant estimates it will create the equivalent of 174 annual FTEs during each rotation (32 years). These FTEs are calculated as the following:
 - i. silviculture (planting, spot releasing, pruning and thinning): 39 FTEs;
 - ii. harvesting (logging, trucking and roading): 105 FTEs;
 - iii. management (logistics, quality control, inventory and security): 23 FTEs; and
 - iv. re-establishment of harvested crop: 7 FTEs.
91. On average, this would result in the equivalent hours of 5 FTEs per year. See below for an extract from Applicant's investment plan showing graph illustrating job creation over the first rotation of forestry.

²¹ The Applicant has estimated the 80% export rate for domestic processors using Statistics NZ and MPI raw data of processed wood export figures averaged over a period of 10 years.



92. The Vendor has advised that only 1.3 FTE is required to farm the sheep and cattle on the Land. In addition the current farm uses 0.26 contractors for shearing, fertilising and digger work.

Consultation with Ministry for Primary industries

93. MPI has stated that the employment numbers provided by Port Blakely are within the range expected of a proposed forestry operation of this size.

Environmental factor

94. The Applicant intends to protect and enhance 28 hectares of land, including the creation of new wetland areas, undertake ongoing pest control, and the conversion to forestry will result in a significant net reduction of over 396,800 tonnes of CO₂ per each rotation.

Consultation with Department of Conservation

95. The Department of Conservation (DOC) made recommendations relating to additional protections on the Land for indigenous vegetation, plans for pest and weed control, and plans for water quality control. We have not conditioned the Applicant regarding water quality control because this is a matter for the Otago Regional Council and is substantially covered by special condition 15 requiring protection of indigenous vegetation and development of wetlands on the Land.
96. They also recommended engagement with iwi to understand the historic use of the [s 9(2)(a)] which the Applicant has agreed to undertake.

Consultation with Ministry for the Environment

97. MfE was asked to verify the Applicant's calculation of CO₂ savings because of the investment and confirm its position on emissions savings benefit claims.
98. MfE was unable to confirm the calculations, but confirmed its position on emissions reduction benefit claim, that where Applicants are registered in the emissions trading

scheme, the overall net result of emissions reduction is zero. This was first consulted on with a previous application.

Public access factor

99. The Applicant intends to provide public access along [s 9(2)(a)] where the formed road does not follow the legal road which it submits would not otherwise be available under the current ownership. The Applicant also intends to enhance access to the [s 9(2)(a)]

Consultation with Herenga ā Nuku

100. The Applicant engaged with Herenga ā Nuku prior to applying for consent. LINZ gave Herenga ā Nuku an opportunity to provide further comments. In summary:
- (a) Herenga ā Nuku expressed concerns that the Applicant has indicated an intention to harvest parts of the legal road along the river, which will restrict future public access on the legal road. The Applicant has stated that the boundary of the Land does not adjoin [s 9(2)(a)] as this is separated by a public road reserve. The Applicant will ensure there is sufficient setbacks of forestry to enable safe passage along the bank of the river. The Applicant's proposed land use table (see Attachment 4) refers to approx. 7 hectares of buffer land, setbacks, and riparian planting.
 - (b) Herenga ā Nuku expressed concerns that legal public access is not available outside the legal road parcel and experience has shown saying public access is allowed where it is not legally provided becomes at the whim of a forestry manager. The Applicant has agreed to special condition 13 requiring public access along [s 9(2)(a)] where the formed road does not follow the legal road. Special condition 14 requires the Applicant to establish a permit system for access to the Land.
 - (c) Herenga ā Nuku recommending riparian planting at the [s 9(2)(a)] The Applicant has stated that it will not undertake riparian planting on the 'give area' since that is being used by the neighbouring owner.

Historic heritage factor

Consultation with Heritage New Zealand

101. Heritage New Zealand's recommendations relate to the past activities that may have occurred on the Land. Specifically, Heritage New Zealand recommends that any future landowners or lessees are aware of the potential heritage values of the Land through provision of its Heritage Report, noting that this was a desktop assessment based on information provided.
102. Heritage New Zealand also recommended that future landowners or lessees are made aware of the obligations and responsibilities under the Heritage New Zealand Pouhere Taonga Act 2014; and that consultation should be undertaken with Ngāi Tahu prior to afforestation, to understand the cultural significance of the Land and how this should be considered in respect of any development proposal.
103. Heritage New Zealand has identified two areas on the Land (which previously contained structures which possibly dated to before 1900) which they recommend be assessed by a consultant archaeologist to further clarify whether these would be historic sites of significance and advise of steps following.
104. The historic heritage factor is not relevant because the Land does not contain any historic sites. However, the Applicant has agreed to commission a consultant archaeologist to

survey parts of the Land to clarify whether they are historical sites requiring protection, and to register Heritage New Zealand's report on the record of title, provided Heritage New Zealand agrees to this (see Special Condition 16).

Summary assessment: benefit to NZ test

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

ECONOMIC BENEFITS		
Strength	Moderate	
Applicant's claims: what they intend to do	Current state	LINZ analysis
Commitment and support to domestic processing		
50% of the wood produced on the land (around 207,600 m ³) sent to domestic processors.	The Land produces 7,608 stock units of sheep and beef for domestic processing.	There is likely to be a benefit to New Zealand arising from the Applicant's commitment to processing logs domestically. Around 35% of the current harvest in Otago is processed domestically and around 40% on average nationally. Although 50% isn't a large increase from this figure, this commitment should be considered in the context of a forecasted drop in <i>Pinus radiata</i> supply domestically in 2030/2040s.
Increased productivity		
Average gross annual income of \$2.7 million (\$81 million of gross harvesting returns over 30 years)	Average annual income of [redacted] from sheep and beef farming over 30 years).	LINZ agrees that the investment is likely to result in an increase in financial returns. However, to the extent that the increased productivity in the form of financial returns will benefit New Zealand, that benefit will most likely manifest itself in employment opportunities that will be funded by those financial returns.
Increased export receipts		
Average gross annual export receipts of \$3.3m (\$99.4 million over 30 years)	Annual export receipts of \$1.65m (\$49.7 million over 30 years)	The investment is likely to result in an increase in average annual export receipts of \$1.65 million. The export figures include indirect export receipts from domestic producers (said to export 80% of their product). Demand to produce sawn timber is expected to come down in the future and export revenue expected to increase. ²²
New jobs		

²² <https://www.mpi.govt.nz/dmsdocument/54517-Situation-and-Outlook-for-Primary-Industries-SOPI-December-2022>.

<p>The equivalent of 174 new FTEs during each rotation (32 years). On average this results in the creation of 5.4 new FTEs annually.</p>	<p>1.6 FTEs per year engaged in the sheep and beef farm operations. This is made up of 1 permanent FTE and 0.6 FTE as casual and contracted labour.</p>	<p>The investment is likely to result in an average annual net increase of the equivalent of 3.9 jobs employed in the Otago/Southland region. The job creation is seasonal and will peak at harvest, which when viewed in the context of other forestry in the area could create sustainable employment levels in the district where forestry has a variety of age classes.</p>
<p>Special condition</p>	<p>Special Condition 1-5, and 9 will require forestry activities to be carried out on the Land, creating the economic benefits above, and require the Applicant to confirm the area of forestry land and other land to be subdivided and disposed of.</p> <p>Special condition 6 requires the Applicant to send at least 50% of the total logs produced on the Land to domestic processing facilities.</p> <p>Special Condition 7 will prevent the Applicant from registering any crop of new or replacement trees as "permanent forestry" in the ETS scheme.</p> <p>Special Condition 10 to 12 provide for the non-occupation outcome, permitted temporary activities (forestry worker accommodation), and implementing and maintaining existing arrangements.</p>	

ENVIRONMENTAL BENEFITS		
Strength	Weak	
Applicant's claims: what they intend to do	Current state	LINZ analysis
Indigenous vegetation and wetlands		
Applicant will set aside and protect 28 hectares of land identified as important for indigenous biodiversity, including 3 hectares of wetlands. This will involve the planting and regeneration of native species.	No active protection of indigenous species or wetland areas.	There is likely to be some benefit arising from this action however it is small in the context of the investment and size of the Land.
Reductions of greenhouse gases		
The Applicant claims that the removal of farming and planting of trees will result in net emission reduction of over 396,800 tonnes of CO ₂ per rotation.	The total farm emissions currently produced from sheep and beef grazing at [s 9(2)(a)] is estimated to be approx. 3,170 tonnes (CO ₂ -e) per year.	There is uncertainty whether the investment will result in net reduction of CO ₂ in NZ. There is a possibility the livestock on the Land could be moved to another farm. Also, as the Applicant plans to register the land in the ETS, the carbon reductions can be on-sold to other emitters, meaning the total net carbon emissions in NZ may not decrease.

Pest control management plan		
The Applicant is progressively developing an Integrated Pest Management Plan to control pests in all their forests. The plan will be implemented for [s 9(2)(a)] commencing winter 2023 and ongoing.	No pest control management on the Land.	The implementation of the plan would likely contribute to job creation under the economic benefit factor. Pest control would provide some benefit to NZ.
Special conditions	<p>Special Condition 8 will require the Applicant to comply with the National Environmental Standards for Plantation Forestry in respect of the Land.</p> <p>Special Condition 15 will require the Applicant to protect the indigenous vegetation area, and consult with Ngā Kairauhī Papa QEII National Trust regarding development of wetlands on the Land.</p>	

PUBLIC ACCESS BENEFIT		
Strength	Weak	
Applicant's claims: what they intend to do	Current state	LINZ analysis
Access to [s 9(2)(a)] and Permit System		
<p>Access to the river along the formed road which deviates from the legal boundary of the public road.</p> <p>Permit system in place for ad hoc public access.</p> <p>The Applicant agreed to limited engagement with [s 9(2)(a)] on the forestry management plan (including discussing access needs to the [s 9(2)(a)] after settlement.</p>	No public access currently provided	<p>Some benefit likely however the additional benefit is likely to be small as the Applicant is legally required to provide public access along this road.</p> <p>Further, the boundary of [s 9(2)(a)] does not adjoin the [s 9(2)(a)] as it is already separated by a public road reserve. Also, there is a "take area" that is not included within the legal boundary of [s 9(2)(a)]. See Appendix C of Attachment 1.</p>
Special conditions	<p>Special condition 13 will require the Applicant to provide public access along [s 9(2)(a)] where the formed road does not follow the legal road.</p> <p>Special condition 14 will require the Applicant to establish and maintain a permit system for access to the Land.</p> <p>Special condition 16 will require the Applicant to implement HNZ's recommendation to commission a consultant archaeologist to survey specific parts of the Land to see whether there are historical sites requiring protection.</p> <p>Special condition 17 will require the Applicant to engage [s 9(2)(a)] and the relevant [s 9(2)(a)] associated with this area by</p>	

	giving them a copy of the forest management plan and discuss the historical significance of the Land, including the [s 9(2)(a)] the needs for access to the river, and any cultural impact of forestry including to mahinga kai.
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ADVANCEMENT OF SIGNIFICANT GOVERNMENT POLICY BENEFIT		
Strength	Unknown	
	<p>We consider that Ministers are best placed to determine the strength to be given to the advancement of government policies, especially given these will be common to all farm to forest conversions. We are also mindful that not all relevant policies are likely to have been identified by the Applicant.</p> <p>We also note that there are economic policies which may be advanced (increased domestic processing in particular).</p>	
Applicant's claims: what they intend to do	Current state	LINZ analysis
Industry Transformation Plan		
Implement the Forestry ITP by maximising the domestic and export value of wood.	Farming operations do not support the Forestry ITP.	By committing to sending 50% of the logs to domestic processors, there is likely to be some advancement of this policy.
One Billion Trees		
The Applicant estimates that approx. 260, 000 trees will be planted on the Land.	There are existing trees on the Land, but the number will increase significantly.	The proposed afforestation will likely advance the One Billion Trees programme.
Net Zero 2050		
The removal of the current sheep and beef at [s 9(2)(a)] will result in a reduction of 3,170 tonnes (CO ₂ -e) per year, and the planting of trees at [s 9(2)(a)] will absorb 295,455 tonnes of CO ₂ .	The current farm produces emissions from livestock farming. Some carbon is likely to be sequestered by the existing trees.	Ministerial judgement is required to determine the extent that this policy will be advanced by the investment.
Special conditions	Special condition 6 requires the Applicant to send at least 50% of the total logs produced on the Land to domestic processing facilities.	

Submissions

106. No third-party submissions were sought or received in relation to this application.

Consultation about the investment

107. In undertaking our assessment, we consulted with MPI, MfE, Herenga ā Nuku, DOC, and HNZ. In general, we requested these agencies to give feedback on the credibility and accuracy of the Applicant's proposals in the investment plan. We have dealt with

any feedback we received on specific proposals in the body of our assessment report above.

108. No third-party submissions were received from members of the Public, though we note that there has been much recent public and media interest in farm to forest conversions and their impact on local farming communities.

Proposed conditions and rationale

109. The Applicant's afforestation proposal is the primary action from which all the specific benefit claims flow.

110. In addition to using the Land for forestry activities (including planting, maintaining, harvesting and replanting a crop of trees), the draft conditions of consent also:

- require the Applicant to offer at least 50% of harvested timber to domestic processors provided certain market conditions are met.
- require the Applicant to comply with the National Environmental Standards for Plantation Forestry, giving LINZ the ability to take action against the Applicant for breaches of legislated minimum forest practice standards;
- require consultation with the local authority with regard to the implementation of slash control on the Land and undertake any recommended measures;
- prohibit registering the crop of trees as permanent forestry under the ETS (whilst allowing native forestry, such as riparian margins, to be registered as permanent forestry if they qualify);
- require implementation of various ecological recommendations from DOC;
- require the Applicant to commission a qualified archaeologist to ascertain whether there are any historical sites to be protected;
- require the Applicant to engage with [s 9(2)(a)] and the relevant [s 9(2)(a)] associated with this area by giving them a copy of the forest management plan and discuss the historical significance of the Land, including the [s 9(2)(a)] the needs for access to the river, and any cultural impact of forestry including to mahinga kai;
- require better access to the Land for members of the public;
- allow temporary grazing of the Land until planting is completed;
- prohibit the Applicant and related persons from occupying the Land;

Conclusion – benefit to NZ test

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

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

Proportionality

113. The Act requires a proportionate approach to whether the benefit test is met,²³ by taking into account whether the benefit that is likely to occur is proportionate to:
- i. the sensitivity of the land (for example, the importance to New Zealand of the purpose for which the land is used, the size and value of the land, any sensitive features associated with the land, and the level of interest that the public have in the land); and
 - ii. the nature of the overseas investment transaction (for example, the estate or interest being acquired, whether the estate or interest is temporary or permanent, and the degree of overseas ownership or control of the land or of the estate or interest in land).
114. Matters relevant to the sensitivity of the Land are likely to include:
- i. Matters indicating diminished sensitivity:
 - o the fact that the land is sensitive only because it is non-urban land larger than 5 ha
 - ii. Matters indicating increased sensitivity:
 - o the size of Land
 - o the fact that the Land is farm land, and the Land's LUC classes
 - o public interest in the use and management of farm land
115. Matters relevant to the nature of the overseas investment transaction include:
- i. the Applicant is acquiring a freehold interest
 - ii. the Applicant is entirely overseas owned
 - iii. the land will be converted to an alternative (non-farming) use
 - iv. public interest in the conversion of farm land to forestry
 - v. public interest in the management of forestry land.
116. As this is one of the first applications for consent for a forestry conversion since the Act was amended in August 2022, LINZ considers that Ministerial judgement is called for in determining the importance that should be given to benefit factors as well as the weighting that given to individual benefits in regard to this sort of investment.

G. Farm land offer test

117. Because the Land is farm land,²⁴ we note that it was advertised for sale on the open market with the required information for a period exceeding 30 working days on various websites²⁵ and in newspapers,²⁶ within the 12 months preceding the date the transaction that requires consent was entered into.²⁷

²³ Section 16A(1A)(b) of the Act.

²⁴ Currently a sheep and beef farm with a small amount of forestry (38 ha).

[s 9(2)(a)]

[s 9(2)(a)]

²⁷ Sale and purchase agreement dated 16 September 2022.

118. We are satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.²⁸

H. Not a transaction of national interest

119. The investment does not involve a transaction of national interest under the mandatory criteria of the Act.²⁹ This is because the investment does not involve a non-NZ government investor, or an investment in a strategically important business (as defined in the Act).
120. We have not referred this transaction to the Minister of Finance for him to call it in for a national interest assessment on a discretionary basis.³⁰ He has therefore not declined consent to the transaction.
121. We are directed³¹ that the starting point is the assumption that overseas investment is in New Zealand's national interest and that we should only seek the Minister of Finance to exercise his discretion for a national interest assessment if the proposed investment:
- i. could pose risks to New Zealand's national security or public order
 - ii. would grant an investor significant market power within an industry or result in vertical integration of a supply chain
 - iii. 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
 - iv. would have outcomes that were significantly inconsistent with or would hinder the delivery of other Government objectives
 - v. raises significant Treaty of Waitangi issues, or
 - vi. relates to a site of national significance (e.g. significant historic heritage).
122. We do not consider that this investment engages any of these risk factors.

I. Conclusion

123. After considering the application, our view is that:
- the investor test has been met;
 - the farm land advertising requirements have been met;
 - the transaction is not considered to be a transaction of national interest;
 - the benefit to New Zealand test is a matter demanding Ministerial judgment.
124. The nature of the Applicant's claims require the decision makers to exercise discretion and balance the importance of significant government policies against each other. Consequently, we leave the decision to grant or decline consent to the decision makers.

²⁸ Overseas Investment Regulations 2005, regulations 5 to 10.

²⁹ Under s 20A of the Act.

³⁰ Section 20B of the Act

³¹ Ministerial Directive Letter (24 November 2021).

125. If you decide to grant consent, we refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 3 of this Assessment Report to record your decision.

[s 9(2)(a)], [s 9(2)(g)(ii)]

Anneke Turton
Manager Applications
Overseas Investment - LINZ

Date: 01/08/2023

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J. List of Attachments

1. Proposed Decision
2. Ownership structure
3. Land use classification
4. Current and proposed use of the Land
5. Other benefit factors
6. Photo and map

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ATTACHMENT 1 PROPOSED DECISION

Consent for Overseas Person to Acquire Sensitive New Zealand Land

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

Consent

Decision date: [date]

The following people have been given the following consent:

Case	202200552
Consent	The Consent holder may acquire the Land subject to the Conditions set out below.
Consent holder/s	Port Blakely Limited (company number 610849) We will also refer to each Consent holder and the Consent holders together as you .
Land	A freehold interest in approximately [s 9(2)(a)] hectares of land located at [s 9(2)(a)] [s 9(2)(a)] contained in Records of Title [s 9(2)(a)] [s 9(2)(a)].
Timeframe	You have until 30 September 2024 to acquire the Land.

Conditions

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

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

Act means Overseas Investment Act 2005.

'Area A' and 'Area B' means the aerial photos and text in Appendix B.

Crop of trees means:

- the **new crop of trees** that will be established under Special Condition 1;
- any **existing crop of trees** already established on the Land; and
- any **replanted crop of trees** replanted in accordance with Special Condition 5.

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

Dwelling means the cottage on the Land as identified in the proposed subdivision map in Appendix A.

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

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

Indigenous Vegetation Area means an area of approximately 25 hectares consisting of coprosma shrubland-scrub, mixed treeland-shrubland, shrubland-grassland-rockland as shown in pink, green and orange in Appendix D.

Other Land means the parts of the Land that are not Forestry Land – see highlighted in yellow in Appendix A.

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

Regulations means Overseas Investment Regulations 2005.

Wetland means the development of 3 new wetland areas covering approximately 3 hectares as shown in blue in Appendix D.

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

Special conditions

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

Details	Required date
Special condition 1: Forestry Land must be used for Forestry Activities	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 2: Land must be planted with trees	
You must establish a new crop of trees on at least 640 hectares of the Land. This crop of trees must be established in accordance with the Planting Plan.	By 31 December 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 3: Confirm area of Forestry Land and Other Land	
You must: a) confirm to us in writing the area of Forestry Land and the area of Other Land, b) provide a map showing the extent of the Forestry Land and the Other Land, and c) provide a Planting Plan for the Forestry Land.	By 31 December 2025

Special condition 4: Minimum silvicultural practices	
The crop of trees must be maintained to maximise the value of the tree crop and in accordance with minimum silvicultural practices. In particular, the crop of trees must be planted at approximately 833 - 1000 stems per hectare and thinned to approximately 400 to 500 stems per hectare.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special Condition 4: Crop of trees must be harvested	
<p>You must ensure that no more than 5% (by area) of the crop of trees on the Forestry Land is older than the species age limit.</p> <p>For <u>pinus radiata</u>, species age limit is 35 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by LINZ.</p>	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 5: Trees must be replanted after harvest	
<p>You must replace each crop of trees you harvest with a new crop of trees (Replant). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <ol style="list-style-type: none"> 1. replant the Forestry Land with the same species of tree or use the same silvicultural regime; or 2. do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>For the avoidance of doubt, this condition does not require you to plant over archaeological or wāhi tapu area and does not limit Special Condition 2 (Land must be used for Forestry Activities), Special Condition 3 (Minimum silvicultural practices) and is subject to Special Condition 12 (Comply with National Environmental Standards for Plantation Forestry).</p>	Within 3 years of harvest (or as otherwise permitted by this condition).
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

Special condition 6: Logs to domestic processors	
You must send at least 50% of the total logs produced on the Land to domestic processing facilities.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 7: ETS registration	
You must not register the crop of trees as "permanent forestry" (or in any category similar to permanent forestry) in the Emissions Trading Scheme established under the Climate Change Response Act 2002 (or any replacement for that scheme or enactment).	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 8: Comply with NES for Plantation Forestry	
You must comply with the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017 (as amended), or any replacement to the regulations.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 9: Subdivide and dispose of Other Land	
You must complete a subdivision so the Other Land can be disposed of.	By 31 December 2025
You must dispose of the Other Land.	By 31 December 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

Special condition 10: Non-occupation outcome

None of the following people may occupy the Land acquired under this consent for residential purposes or as otherwise permitted by Special Condition 10 (Permitted temporary activities):

1. You;
2. Any overseas person with a more than 25% ownership or control interest in any of the people in (a);
3. Any overseas person who occupies the Land other than on arm's length terms³²;
4. Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land;
5. If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion.

This condition does not apply to the extent that accommodation is being provided for the purpose only of supporting forestry activities (as defined in section 16A(9)) being carried out on the Land.

At all times

If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.

Special condition 11: Permitted temporary activities

The Land may be used temporarily for the following activities for transitional purposes:

1. The Land may be grazed prior to being planted with a crop of trees in accordance with Special Condition 1 (Land must be planted with trees); and
2. The Dwelling on the Land may be used for residential purposes.

1. Until 31 December 2026

2. Until 31 December 2026

³² 'At arms length terms' has the meaning in clause 17, Part 5, Schedule 2 of the Act. In summary it means terms, for example under a lease (or other contract), that are on a reasonable commercial basis.

Special condition 12: Existing arrangements

You must implement and maintain:

- (a) any existing arrangements in respect of the Land that are for a specified purpose as set out in Regulation 29 of the Regulations (**Arrangements**).
- (b) all Arrangements, including Arrangements you did not identify in your application for consent.

At all times

If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.

Special condition 13: Public Access

You must allow for public access along [s 9(2)(a)] where the formed road does not follow the legal road as shown in Appendix C.

At all times.

If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.

Special condition 14: Permit system

1. You must establish and maintain a public permit system for access to the Land.

For the avoidance of doubt access permits may be refused or be subject to reasonable limitations, for reasons including:

- (a) prohibiting or limiting access for operational reasons (like during planting and harvest or to manage the risk of fire),
- (b) defining the times and frequency of access, entry and exit points, routes, and activities undertaken on the Land,
- (c) rules to manage for health and safety and other risks (including communications, insurance requirements, and induction processes),
- (d) to ensure the access does not disturb or cause a nuisance to the vegetation and activities on the Land.

2. You must advertise this permit system by installing signage on the Land.

1. By 31 December 2025 and once established, at all times.

2. By 31 December 2025

If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.

Special condition 15: Plant Indigenous Vegetation Area and Consult Ngā Kairauhi Papa | QEII National Trust regarding development of wetlands on the Land

<p>1. You must protect the Indigenous Vegetation Area by:</p> <ul style="list-style-type: none"> (a) removing grazing by 31 December 2026; and (b) ensure ongoing weed control and pest control. <p>2. You must also:</p> <ul style="list-style-type: none"> (a) consult with Ngā Kairauhi Papa / QEII National Trust regarding any proposed terrestrial restoration project covering the Wetland, and the details of the covenant(s) over the Wetland; (b) allow access to their representative to get on-site to the Land to access the area first; (c) complete fencing off the Wetland; and (d) complete registration of the covenant, provided QEII National Trust agrees to the registration. 	<p>1(a) By 31 December 2026.</p> <p>1(b) once the grazing is removed) at all times.</p> <p>2(a) and (b) By 31 December 2025.</p> <p>2(c) By 31 December 2026.</p> <p>2(d) By 31 December 2027.</p>
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If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.

Special condition 16: Historic Heritage

<p>You must:</p> <ul style="list-style-type: none"> (a) commission a consultant archaeologist to survey the two areas on the Land (identified as 'Area A' and 'Area B') to clarify whether these are historical sites of significance requiring protection, and (b) register Heritage New Zealand's report (18 April 2023) on the Record of Title for the Land, to ensure future owners and leaseholders are aware of the recommendations provided Heritage New Zealand agrees to the registration of their report. 	<p>(a) By 31 December 2025</p> <p>(a) By 31 December 2025</p>
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If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.

Special condition 17: Engage

[s 9(2)(a)]

You must provide [s 9(2)(a)] and the relevant [s 9(2)(a)] associated with this area a copy of your Forest Management Plan and discuss the following topics:

By 31 December 2024.

- (a) The historical significance of the Land, including the [s 9(2)(a)]
- (b) Needs for access to [s 9(2)(a)]
- (c) Any cultural impact including to mahinga kai.

If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.

Released under the Official Information Act 1982

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. <p>Note, only you – the named Consent Holder – may acquire the Land, not your subsidiary, trust, or other entity.</p>	As stated in the Consent
Standard condition 2: Tell us when you acquire the Land	
<p>You must tell us in writing when you have acquired the Land.</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.</p> <p>We will give you at least two weeks' written notice if we want to do this.</p> <p>You must then:</p> <ol style="list-style-type: none"> 1. allow a person we appoint (Inspector) to: <ol style="list-style-type: none"> a. enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (Inspection); b. remain there as long as is reasonably required to conduct the Inspection; c. gather information; 	At all times

<ul style="list-style-type: none"> d. conduct surveys, inquiries, tests, and measurements; e. take photographs and video records; and f. do all other things reasonably necessary to carry out the Inspection; and <p>2. take all reasonable steps to facilitate an Inspection including:</p> <ul style="list-style-type: none"> a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection; and b. being available, or requiring your employees, agents, tenants, or other occupiers to be available, at all reasonable times, during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required. <p>3. During an Inspection:</p> <ul style="list-style-type: none"> a. we will not compel you and your employees, agents, tenants, or other occupiers to answer our questions or to let us look at, copy, or take away documents; and b. our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection. 	
Standard condition 4: Remain not unsuitable to invest in New Zealand	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the assets in accordance with section 18A(1) of the Act.</p> <p>The Individuals Who Control You are individuals who:</p> <ul style="list-style-type: none"> (a) are members of your governing body; (b) directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you; and (c) are members of the governing body of the people referred to in paragraph (b) above. 	<p>At all times</p>

Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control	
<p>You must tell us in writing if any of the following events happen to the Consent Holder:</p> <ol style="list-style-type: none"> 1. You become aware that you and/or any Individual Who Controls You establishes any of the investor test factors listed in section 18A(4) of the Act. 2. You cease to be an overseas person or dispose of all or any part of the Land. 3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you. 	At all times
Standard condition 6: Dispose of the Land if you do not comply with key special conditions	
<p>Some of the special conditions were key to the decision to give consent. If we consider you have failed to comply with one of those special conditions in a material way, we may require you to dispose of the Land.</p> <p>If all or part of this standard condition 6 applies to a special condition, we have said so in that condition.</p> <p>We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p>	
Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.	Within six weeks of the date of our notice
Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.	Within six weeks of the date of our notice
Dispose of the Land: dispose of the Land to a third party who is not your associate.	Within six months of our notice
Offer without reserve: if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.	Within nine months of our notice
Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Land.	By the last day of every March, June, September and December after our notice or at any other time we require
Report disposal to us: send us, in writing, evidence of the following:	Within one month after the Land has been disposed of

1. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor); and 2. that the purchaser is not your associate.	
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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) 28 February 2026; and
 - (b) 28 February 2028.
2. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions),
 - b. the subdivision of the Other Land, and
 - c. your most current forecast or schedule for harvesting and replanting of various areas of the Land (including maps indicating the particular areas and likely schedules).
3. follow the format of the template annual report published on our website.
4. If requested in writing by LINZ, the Consent Holder(s) must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
 - a. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted, or
 - b. the conditions of this Consent.

Power to vary reporting date

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

Power to narrow scope of reports

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

Power not to require further reporting

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

APPENDIX A

[s 9(2)(a)]



Released under the Official Information Act 1982

APPENDIX B

[s 9(2)(a)]



[s 9(2)(a)]



[s 9(2)(a)]

Released under the Official Information Act 1982

APPENDIX C

[s 9(2)(a)]



Released under the Official Information Act 1982

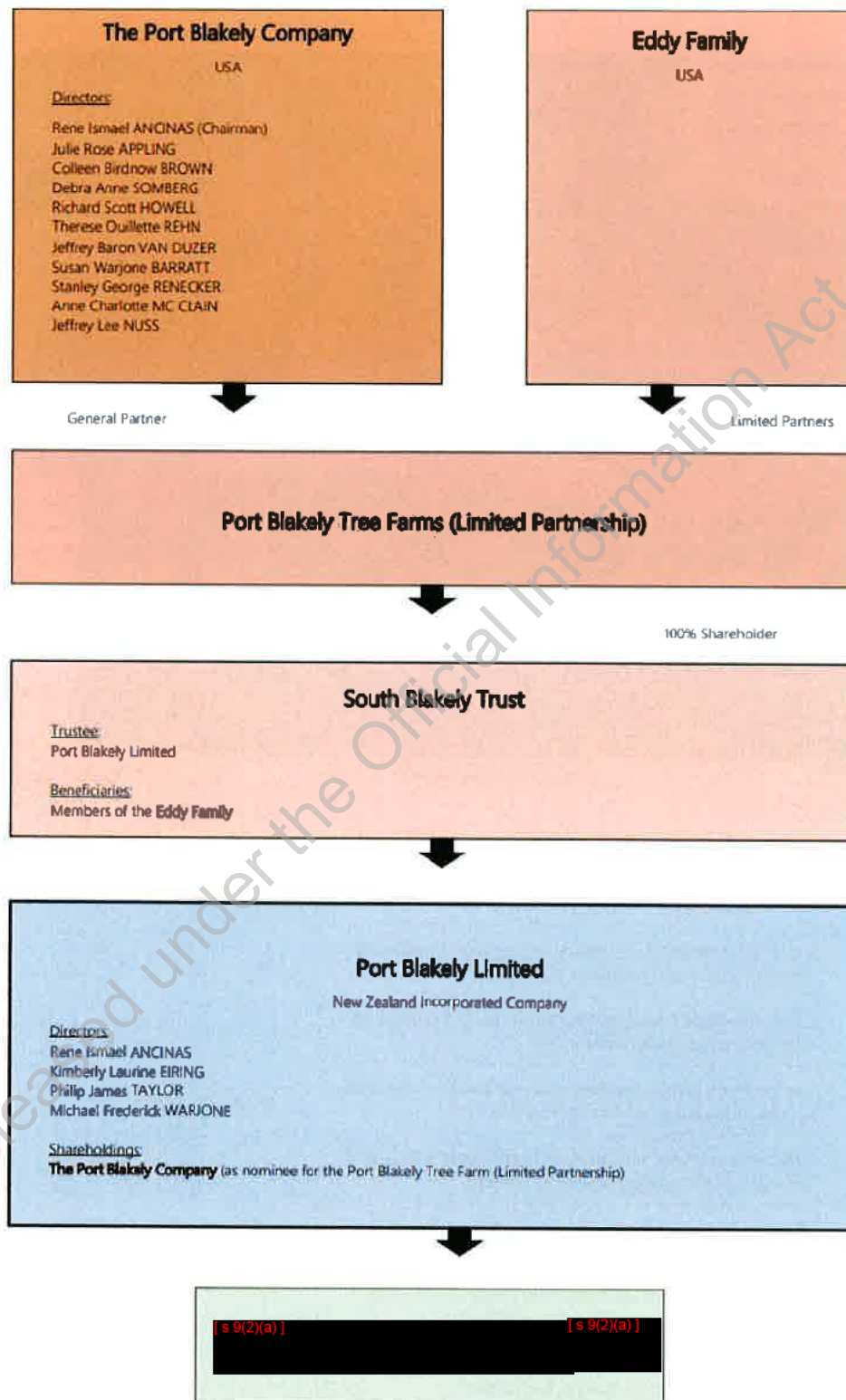
Appendix D

[s 9(2)(a)]



Released under the Official Information Act 1982

ATTACHMENT 2 – OWNERSHIP STRUCTURE



ATTACHMENT 3 – LAND USE CAPABILITY

[s 9(2)(a)]

<i>LUC Class code</i>	<i>Description</i>
1	Land with virtually no limitations for arable use and suitable for cultivated crops, pasture or forestry
2	Land with slight limitations for arable use and suitable for cultivated crops, pasture or forestry
3	Land with moderate limitations for arable use, but suitable for cultivated crops, pasture or forestry
4	Land with moderate limitations for arable use, but suitable for occasional cropping, pasture or forestry
5	High producing land unsuitable for arable use, but only slight limitations for pastoral or forestry use
6	Non-arable land with moderate limitations for use under perennial vegetation such as pasture or forest
7	Non-arable land with severe limitations to use under perennial vegetation such as pasture or forest
8	Land with very severe to extreme limitations or hazards that make it unsuitable for cropping, pasture or forestry

ATTACHMENT 4 – CURRENT AND PROPOSED LAND USE TABLE

[s 9(2)(a)]	[s 9(2)(a)]	
Land use	Current (ha)	Proposed (ha)
Forestry (total)	[s 9(2)(a)]	[s 9(2)(a)]
Unplanted (other than farm land) (total)	[s 9(2)(a)]	[s 9(2)(a)]
Farm land (total)	[s 9(2)(a)]	[s 9(2)(a)] (give area)
Land to be divested/subdivided and sold (total)	[s 9(2)(a)]	[s 9(2)(a)]
Total land use	[s 9(2)(a)]	[s 9(2)(a)]
Forestry (total ha)	[s 9(2)(a)]	[s 9(2)(a)]
Existing plantation	[s 9(2)(a)]	[s 9(2)(a)]
New planting / afforestation – at 833 stems per ha	[s 9(2)(a)]	[s 9(2)(a)]
Unplanted (total ha)	[s 9(2)(a)]	[s 9(2)(a)]
Native bush (remnant indigenous vegetation that PBL will actively enhance)	[s 9(2)(a)]	[s 9(2)(a)]
Unplantable – ridges, gullies, steep land	0	[s 9(2)(a)]
Infrastructure – roads, tracks	0	0
Buffer land, set-backs, riparian planting	0	[s 9(2)(a)]
Farm land (total ha)	[s 9(2)(a)]	[s 9(2)(a)]
Pasture	[s 9(2)(a)]	[s 9(2)(a)]
Give area – neighbour grazing	[s 9(2)(a)]	[s 9(2)(a)]
Land to be divested / subdivided and sold (total ha)	0	[s 9(2)(a)]
Farm land	0	[s 9(2)(a)]
Forestry	0	[s 9(2)(a)]
Other (house, yards, woolshed etc)	0	[s 9(2)(a)]

ATTACHMENT 5 – 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
Oversight or participation by New Zealanders	Not relevant as New Zealand ownership is decreasing.
Historic Heritage	Not relevant as the Land does not contain any historic heritage but any potential historic heritage would likely be protected under the special condition 17.
Consequential benefits	<p>Insufficient – Applicant doesn't have tangible investment projects outside of forestry investment objectives, so can't offer much consequential to NZ.</p> <ul style="list-style-type: none">• Hunting and recreation access benefit is already captured under the public access benefit above.• The community programmes mentioned are not linked back to the investment• The support of local business's claim is already captured under commitment to domestic processing• Claim of the investment <i>not</i> resulting in a decline in the rural population is irrelevant. <div>[s 9(2)(a)]</div>
Water bottling	Not relevant

ATTACHMENT 6 – MAP AND PHOTO

[s 9(2)(a)]



Extract from the farm land advertising materials

[s 9(2)(a)]

