

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

ASSESSMENT REPORT: **Corisol New Zealand Limited**

Date	3 August 2023	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference (Report reference)	202300011 (BRF 24-046)	Deadline	31 August 2023 (being 20 working days from the date of the report)

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

LINZ assessment timeframe required a decision by 21 June 2023 but we have been unable to meet that deadline due to extensive consultation with third parties. The Applicant is aware of the extended timeframe for decision.

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"/>
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A. Summary

1. Corisol New Zealand Limited (**Applicant**) is a company ultimately owned by S9(2)(a) based in Switzerland. The Applicant is a prominent forester in New Zealand, owning over 20,000 hectares of land predominantly used for forestry across Northland, Canterbury, and Otago.
2. The Applicant seeks consent to acquire a freehold interest in approximately 611.867 hectares of land in rural Otago (**Land**). The Land is currently used predominantly for sheep farming, with 80 hectares of existing Pinus Radiata forest and 21 hectares of native bush, setbacks and shelterbelts. The Applicant intends to use the Land predominately for radiata pine afforestation.
3. For the reasons set out in this report, LINZ considers the investor test has been met.
4. LINZ considers that the investment will benefit New Zealand, although it is unclear whether the benefit is sufficient to meet the benefit to New Zealand test.
 - *Economic benefits:*
 - Increase the average number of full time equivalent (**FTE**) job opportunities from 2 direct job opportunities (farming) to 5 direct (and 7 indirect) job opportunities (forestry).
 - Increase export receipts by approximately \$1.5 million per annum.
 - *Advancing significant government policy:*
 - Support the transition from fossil fuels to biofuels because the trees to be planted will supply wood fibre residue to New Zealand.
 - *Environmental benefits:*
 - Increase the biodiversity value of the Land through its management practices.
 - *Public access benefits:*
 - Provide access to the public for hunting pig and deer through a permit system. *peets*
5. LINZ has not made a recommendation about whether the benefit to New Zealand test is met.
 - The Applicant claims benefit relating to reduced farm emissions and sequestration of carbon which is novel. LINZ considers that the weight given to this benefit may affect whether or not the benefit to New Zealand test is met, and in light of the claims made, is a judgement better made by Ministers.
 - The Act provides that Ministers must take a proportionate approach to whether the benefit test is met. However, this is one of the first applications made under the benefit test for the conversion of farm land to forestry since the Act was changed in August 2022, and again LINZ considers that the assessment of proportionality involves judgement better made by Ministers.

Key information

Applicant	Corisol New Zealand Limited Switzerland (100%)
Vendors	S9(2)(a) New Zealand (100%)
Land	A freehold interest in approximately 611.867 hectares of land located at S9(2)(a) Otago.
Consideration	S9(2)(b)(ii)
Sensitivity	Is more than 5 hectares of non-urban land
Relevant tests	Investor test: s18A Benefit to NZ test: forestry activities test (s16(2)), farm land offer criterion (s16(1)(f)) National interest test: s16(1)(g)

Timing

6. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days. This timeframe was extended by 30 working days to allow for consultation with other agencies in accordance with clause 7, schedule 5 of the Overseas Investment Regulations 2005. This application is currently on day 123. We recommend a decision is made by 23 August 2023, being 20 working days from the date of this report.
7. We have missed the assessment timeframe because we consulted with eight government agencies, which took longer than the 30-working day extension, and because this application is one of the first of its kind and involved a novel economic benefit proposal.

B. Decision

Core tests

8. I determine that:

8.1 The 'relevant overseas person' is (collectively):

Relevant overseas person	Role
Corisol Holding AG (CAG)	Parent of Applicant
Corisol New Zealand Limited	Applicant
S9(2)(b)(ii)	

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

Individuals with control	Role
Vanessa Cynthia Frey	Director of CAG and Applicant and S9(2)(b)(ii)

Individuals with control	Role
Beat Jakob Frey	President and director of CAG and director of Applicant
Bryan David Frey	Director of Applicant
Gerard Brendan Boock ¹	Director of Applicant
Alexandra Christine Frey	Director and S9(2)(b)(ii)
Brigitte Maria Frey	Director of CAG and Applicant

8.3 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.

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

Hon Damien O'Connor

Agree

☒

Disagree

☐

Hon Barbara Edmonds

Agree

☒

Disagree

☐

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

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

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

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

Hon Damien O'Connor

Agree

☐

Disagree

☒

Hon Barbara Edmonds

Agree

☐

Disagree

☒

National interest assessment

11. 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

Noted

☒

Hon Barbara Edmonds

Noted

☒

S9(2)(a)

Decision about whether to grant or decline consent

12. 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: 10 / 8 / 23

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

Released under the Official Information Act 1982

C. Background and proposed transaction

13. The Applicant is ultimately owned by S9(2)(a) based in Switzerland. The Applicant owns over 20,000 hectares of land predominantly used for forestry across Northland, Canterbury, and Otago.

Land

14. The Land is comprised of three records of title outlined in Figure 1:

S9(2)(a)



Figure 1: Land Boundary Lines

15. The Land contains 80 hectares of existing forestry which can be seen in the dark green areas across Figure 1. The Land is currently used for sheep farming on approximately 511 hectares, with 26 hectares remaining for native bush, setbacks and shelterbelts.
16. The Applicant has conducted a due diligence report on the Land which it describes as clean rolling hill country. There is 'acceptable' wind risk and low environmental risk; the area in which the Land is situated has sufficient rainfall for forestry and good soil depth; and there is an 'acceptable' cartage distance to Port Chalmers. The Land also has good legal access and will be appropriate for 85% tractor logging.
17. The following Land Use Capability (LUC) class information² provides general context as to the productive capacity and physical limitations of the land:
- LUC 4 (243 ha);
 - LUC 6 (370 ha).
18. The Land does not contain any waterways or areas of environmental significance as these have been stripped away by previous owners for the purpose of farming. An aerial photo of the land with LUC information can be found in **Attachment 3**.

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.

D. Application of the Act

19. The Land is sensitive because it is non-urban land over 5 ha in size and is farm land,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
20. 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
21. We assess the investor test in **Part E**, the benefit to New Zealand test in **Part F**, the farm land offer test in **Part G**, and discuss national interest matters in **Part H**.

E. Applicant and investor test

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

Business Activities

23. The Applicant is a repeat investor and a substantial forest owner in NZ.
24. The Applicant was incorporated in 2011 to acquire approximately 18,251ha of forestry land under the General Benefit Test.¹² These forests (seven in total) are located in Canterbury. The Applicant has since complied with the conditions of consent, which included new and upgraded public access, and a new QE II conservation area.
25. S9(2)(b)(ii)
26. Since 2019, the Applicant has made seven successful applications to acquire approximately 3,294ha of land through the Special Forestry Test:
- 489ha in Otago (case number 201900417);
 - 522ha in Otago (case number 201900414);
 - 316ha in Otago (case number 202000236);
 - 332ha in Northland (case number 202100317);
 - 499ha in Otago (case number 202100373);
 - 414 ha in Otago (case number 202200083);

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 Sections 16(1)(c)(ii), 16A(1), 16A(1A) and 16A(2).

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.

¹² Application 201110053.

- 421ha in Otago (case number 202200169); and
 - 715ha in Canterbury (case number 202200228).
27. The land acquired in 202100317 and 476.5ha of the land in 201900417 proved unsuitable for afforestation and has since been divested following discussions with LINZ. S9(2)(b)(ii)

Ownership

28. The Applicant is owned by Corisol Holdings AG (CAG), a S9(2)(b)(ii) Swiss company.

29. S9(2)(b)(ii)

30.

31.

Control

32. The directors of CAG are Beat Frey, Vanessa Cynthia Frey, Brigitte Maria Frey and Alexandra Christine Frey.

33. S9(2)(b)(ii)

34. S9(2)(b)(ii)

Relevant overseas person and individuals with control

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

Relevant overseas person	Role
Corisol Holding AG	Parent of Applicant
Corisol New Zealand Limited	Applicant
S9(2)(b)(ii)	

36. We recommend that the 'individuals with control of the relevant overseas person' (IWC)¹⁴ are:

¹³ Case number 202200568.

¹⁴ Section 15.

Individuals with control	Role
Vanessa Cynthia Frey	Director of CAG and Applicant
Beat Jakob Frey	President and director of CAG and director of Applicant
Bryan David Frey	Director of Applicant
Gerard Brendan Boock	Director of Applicant
Alexandra Christine Frey	Director of CAG
Brigitte Maria Frey	Director of CAG and Applicant

Summary of investor test

37. The relevant overseas persons and individuals with control established none of the factors contained in section 18A(4) of the Act, therefore our conclusion is that **the investor test has been met.**

F. Investment plan and benefit to NZ test

38. 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)

39. The Land is currently used as a sheep farm of [REDACTED] hectares. The sheep farm operates 3800-3900 mixed aged Perendale cross ewes wintered on the Land and around 1100 hoggets (4675 stock units). S9(2)(b)(ii)
S9(2)(b)(ii)
S9(2)(b)(ii)
40. The sheep farming on the Land supports 2 FTEs, S9(2)(a)
S9(2)(a) Occasionally seasonal contractors are hired to assist as needed throughout the year.
41. The Vendor has previously planted 80 hectares of Pinus Radiata Forest, 24.7 hectares of which was harvested and replanted within the last 3 years.
42. S9(2)(b)(ii)
[REDACTED]
43. S9(2)(b)(ii)
[REDACTED]
44. There are two dwellings on the Land, one of which houses the Vendor and the other is tenanted by a young couple who work off farm.
45. The Land has issues with retaining water as rainfall has been sufficient for sheep farming but below average in autumns and summers which has affected the stock

¹⁵ S9(2)(b)(ii)
¹⁶ [REDACTED]

¹⁷ Approximately 6% of sheep products traded in New Zealand are consumed domestically, with the remaining 94% contributing to exports. Information derived from Beef and Lamb NZ and Meat Industry Association.

carrying capacity of the Land. Water use on the Land is supplemented by S9(2)(b)(ii) S9(2)(b)(ii) The Vendor has attempted to encourage wet areas on the Land but these are ephemeral only, with no permanent running creeks or rivers. Farm ponds have been created for stock-water, spraying, and fire fighting purposes.

46. There is no public access to the Land other than an unformed legal road running through middle of the Land connecting S9(2)(b)(ii)
47. The Land adjoins 0.3917ha land held for conservation purposes which is separated by an unformed legal road. The area is an unfenced ploughed paddock on the boundary of the Land but is currently managed as part of the Land.
48. S9(2)(b)(ii)

Investment plan

49. S9(2)(b)(ii)

50. S9(2)(b)(ii)

Forestry activities

51. The Applicant intends to plant 473 hectares of the Land with Pinus Radiata trees. The Applicant has provided a planting plan at figure 2 below:



Figure 2: Planting Plan

Proposed Land Use	Ha	Description
Afforestation of bare land	473.7	Light blue & Magenta

¹⁰ S9(2)(b)(ii)
S9(2)(b)(ii)

Existing forest	80.9	Dark areas
Reverting scrub	15	Green
Setbacks	25	Beside boundary, tracks, house on S9(2)(a) S9(2)(a) water pipeline, and formed legal roads.
Utilities	6	Roads, tracks
Subdivision and On-Sale	11.3	Yellow outlined

52. The Applicant proposes to use the Land nearly exclusively for forestry activities. Approximately 90.6% of the total land area will be used for forestry activities, consisting of existing plantation and new afforestation. Approximately 7.5% will be unplanted, consisting of native bush (including scrub and gorse), unplantable areas, infrastructure, and setbacks. The remaining approximately 1.9% will be subdivided.
53. As well as the planting plan, the Applicant has provided a forestry due diligence report, and a forestry management contract with their application. The Applicant has engaged a forestry expert, S9(2)(a) to assist with their investment proposal and provide a due diligence report. The due diligence report confirms:
- The Land is located within an acceptable cartage distance to Port Chalmers (107km);
 - The trees will be planted at 1000 stems per hectare and thinned to 650 stems per hectare to ensure a quality final product at harvest; and
 - Resource consent is not required as tree planting is a permitted activity in the Rural Resource Area within the Clutha District Plan.
54. The Applicant has confirmed that the property is located within relatively short cartage distance to the nearest port and processing facilities as outlined at Figure 3 below. The planned wood fibre residue processing usually occurs on forestry sites using mobile and plant equipment so the distance to such facilities has not been noted below.

Cartage distances to potential markets	km
Dunedin	95
Port Chalmers	107
Pan Pac Pacific, Milton	46
Fonterra, Mosgiel	80
Fonterra Stirling, Kaitangata (100% biofuel)	51
Odlins wood processing, Mosgiel	51
Daikon MDF Plant	96
Fonterra, Edendale (biofuel trial underway)	105

Figure 3: Cartage distances

Harvesting and replanting

55. The Applicant will continue to graze the Land for maintenance purposes until planting is complete. The Applicant expects grazing to cease by mid-2024.
56. Planting of the new 473 hectares of Pinus Radiata is expected to be complete by the end of 2024. Harvesting will occur over an extended period when the trees are between the ages of 25-31 years and replanted in perpetuity. The existing 80 hectares

of trees on the Land will be harvested and replanted in a similar manner as they reach maturity. Replanting will occur within 1 to 2 years after harvest.

Non-occupation

57. There are two dwellings on the Land S9(2)(a) After Settlement the Applicant will subdivide S9(2)(a) of the Land containing the two residential dwellings (Subdivision). S9(2)(a) S9(2)(a)
58. The Applicant expects the Subdivision to be complete by September 2024, after which time the remaining land will be used exclusively for forestry purposes. The Subdivision is subject to Clutha District Council consent. The Applicant notes that there will be increased cost to subdivide the Land as the Subdivision will involve the surrender of water rights.

Farm land benefit test

59. This investment involves the acquisition of farm land exceeding 5 hectares. As a result, the farm land benefit test applies unless you decide it need not be met for one of the reasons set out in the Act.¹⁹ 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:
- the farm land will, or is likely to, be used exclusively, or nearly exclusively, for forestry activities; and
 - whenever a crop of trees is harvested on the farm land, a new crop will be, or is likely to be, established on the farm land to replace the crop that is harvested; and
 - the non-occupation outcome will, or is likely to, occur in relation to the farm land.²⁰
60. For the reasons set out in the investment plan above, LINZ are satisfied that the Land will be used nearly exclusively for production forestry.

Benefit claims

61. The Applicant submits that the Investment is likely to deliver benefits to New Zealand. In undertaking our assessment of the following benefit claims, LINZ consulted with several government agencies and their feedback is discussed throughout.

Economic

Savings from reduction in farm emissions and carbon sequestration

62. The Applicant considers the Investment is likely to deliver an economic benefit to New Zealand of between \$23.7 million and \$36.9 million by reducing the Government's need to purchase offshore carbon units to meet its Nationally Determined Contribution (NDC) under the Paris Agreement. The Applicant claims it will do this by both reducing the existing farming emissions and increasing carbon sequestration on the Land through afforestation.

¹⁹ Section 16A(1C)–(1D). You may decide not to apply the farm land benefit test if: the transaction is minor or technical; the transaction does not materially change the level of ownership or control that the relevant overseas person has over the asset; or the farm land has no or limited productive capacity as farm land and will, or is likely to, be used promptly, as a result of the overseas investment, for industrial or commercial development (for example, a supermarket) or for the construction of 1 or more buildings that, taken together, will consist of 20 or more new residential dwellings.

²⁰ 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.

- The \$23.7 million claim is based on the price of carbon, while the \$36.9 million claim is based on "shadow values".
 - The shadow values are broadly based on the estimates of the anticipated future costs of emissions reductions (abatement) required to reach New Zealand's *domestic targets*, as reflected in the Climate Change Commission's final advice on the first emissions budgets and first emissions reduction plan. They do not represent estimates of the potential costs for offshore abatement to achieve the NDC (which could be both more or less expensive than anticipated domestic costs).
 - The Applicant argues that shadow values are a more realistic measure of the cost of increased emissions based on Treasury guidance to the Government and all Government agencies.
 - However, the Treasury's recommended shadow values are only recommended for use by central government, given they reflect the potential whole-of-economy costs of additional (or reduced) emissions, from the perspective of meeting national targets. Critically, the Treasury's shadow values only monetise and do not quantify.
63. The ETS is one of the tools available to the Government to meet its NDC under the Paris Agreement. When the Applicant registers eligible land in the ETS, it will receive New Zealand Units (NZUs) in proportion to its carbon sequestration activities.
64. However, LINZ considers that the NZUs issued to the Applicant can be on-sold to emitters allowing them to maintain higher emissions than they would otherwise. As a result of this on-sale of NZUs, total net carbon emissions (emissions minus removals) in New Zealand would not *necessarily* decrease, in which case the effect on the NDC would be neutral.
65. The Applicant disputes the rationale that the carbon sequestered through afforestation by the Applicant can be sold to another emitter. The Applicant argues that the unknown future actions of a hypothetical third-party industry emitter should not be relevant to, or invalidate, the Applicant's known emission reductions. The Applicant's proposal for this Land will reduce net emissions for New Zealand via its carbon sequestration compared to the Vendor's farming activities.
66. LINZ considers that retiring the Land from grazing will likely result in a reduction in gross emissions. However, the grazing activity could be moved elsewhere, and the emissions from farming these animals simply be relocated to another property. In any event, given the size of the Land, any impact on the NDC from retiring the land from grazing is unlikely to be significant. Despite this the Applicant maintains that its proposal for this Land will reduce net emissions for New Zealand via its carbon sequestration compared to the Vendor's farming activities.
67. The Treasury does not report New Zealand's NDC commitment as a liability in the financial statements of government as there is no financial sacrifice if the target is not achieved. More broadly, Governments can modify or change the obligation before it crystallises. It is within the discretion of Government to adjust the timing and nature of the costs that will be incurred to meet targets by selecting from a range of policy options available to reduce emissions. A recently published joint report by the Treasury and the Manatū Mō Te Taiao Ministry for the Environment (MfE) makes it clear that the cost of achieving New Zealand's first NDC is highly uncertain. This includes significant uncertainty regarding the degree to which offshore mitigation may be required and at what cost.
68. We consulted with MfE, and Manatū Ahu Matua Ministry for Primary Industries (MPI), and Te Tai Ohanga The Treasury (Treasury) in preparing this advice.

Creation of job opportunities

69. The Applicant claims an increase of primary direct FTEs from 2.5 to 5.3, and an increase of primary indirect FTEs from 3.3 to 6.8.

Type of job opportunity	Status quo	With the investment
<u>Primary:</u> activity on the Land and directly supporting activity on the Land, though to the delivery of product to the customer, such as planting, harvest, forest management, and transport	2.5	5.3
<u>Secondary:</u> other activity off the land, such as domestic processing and exporting	3.3	6.8
TOTAL	5.8	12.1

70. These figures are the average number of FTEs per annum over the next 100 years as the nature of production forestry requires an ebb and flow of jobs. The Applicant has provided a table below showing the annual expected FTEs over the same period.

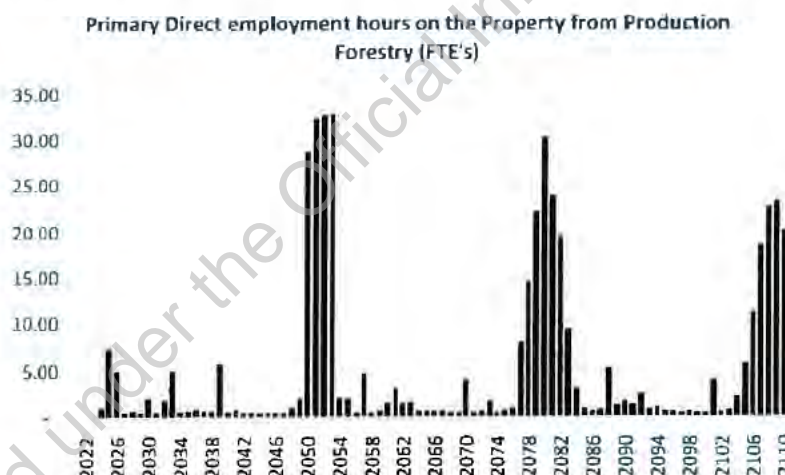


Figure 4: Primary direct FTEs per annum

71. In reaching the figures claimed, the Applicant initially relied on a sector wide Price Waterhouse Cooper report on land use (**PWC Report**).²¹ LINZ did not consider that the PWC Report was accurate in relation to the Land as it assessed current FTEs for the sheep farming activity at 9 FTE however the Vendor advised that only 2 FTE were supported by the current use of the Land.
72. The Applicant later qualified this claim in relation to the Land by relying on the Heilbron Report commissioned by New Zealand Beef and Lamb (**Heilbron Report**).²² The Heilbron report is specifically focused on the Otago and Southland area and assesses the number of primary direct and indirect FTEs based on land use. Through this more

²¹ Economic Impact of Forestry in New Zealand, Te Urū Rākau, May 2020, PWC.

²² Economic Contribution of the New Zealand red meat industry, June 2020, S G Heilbron, Economic and Policy Consulting, Beef & Lamb commissioned report.

specific report the Applicant has refined its claim to a net increase of 2.8 direct FTE per annum.

73. Unlike some investments, where the new job opportunities will result in an identifiable individual being appointed, the 5.3 FTE primary job opportunities will be spread over the lifetime of a rotation and may be filled by different individuals at different times. Regardless, LINZ considers that these job opportunities are likely to result from the investment.
- More job opportunities will exist in the first two years after the investment is made, while the Land is prepared for planting and is planted.
 - More job opportunities will exist at about year ten, when thinning will occur.
 - Significantly more job opportunities will exist between years 26 and 29 as harvest and replanting occurs.
 - Significantly fewer job opportunities will exist at other times.
74. The secondary job opportunities are less likely to occur. The estimated 6.8 FTE job opportunities result from other economic activity (like domestic processing) which may or may not result from this investment. The estimated 6.8 FTE job opportunities represents the modelled number of job opportunities thought to exist as a result of forestry investment in the Otago and Southland regions generally. Whether further such job opportunities will result from this investment is difficult to predict.
75. LINZ considers that some economic benefit through creation of jobs is likely to occur however there are some inherent uncertainties that come with an averaged figure over such a long period of time. LINZ also considers that indirect FTE are less likely to occur given the Applicant does not have direct control over this benefit.

Increased export receipts and increased GDP

76. The Applicant proposes that afforestation of the Land will increase export receipts by approximately \$1.5 million per annum. The Applicant also proposes that its investment strategy for the Land will increase the value of NZ's economy by \$32.1 million in perpetuity, and that GDP growth will be supported by reduced fossil fuel imports.
77. The Applicant claims that Otago and Canterbury are leading the conversion of heating plants in hospitals, schools, public pools, and dairy factories from coal to wood fibre. The primary constraint on these conversions is limited supply of wood fibre residue, which the Applicant's afforestation proposal will supply.
78. LINZ consulted with MPI, and they noted that the economic gains through afforestation may need to be offset against reduction in meat and milk production. MPI also said it was beneficial to process wood locally rather than export all of it. Processing locally leads to a higher quality product but also means New Zealand has more wood fibre.

Advance Significant Government Policy

Industry Transformation Plan

79. In support of the policy "Forestry and wood processing – Industry Transformation Plan 2022" (**Industry Transformation Plan**) the Applicant claims afforestation will support the transformation to biofuels through wood fibre residue. As the Government is also proposing new planting to address the future demand for wood fibre, it clearly considers that the generation of wood which may not be available for harvest until post 2030 (depending on the species of trees planted) is still appropriate for supporting the Industry Transformation Plan. The Applicant also notes that the Government has signalled the afforestation priority for this 10,000 ha afforestation programme is specifically Otago and Canterbury (to enable the conversion of dairy factory heat plants from coal to wood fibre).

80. The Industry Transformation Plan states that global demand for wood fibre is expected to increase by 10% by 2030 and by 30-40% by 2050. Once an economy of scale for wood fibre production is created by large industry operators, smaller consumers will then follow. This will sustain and likely increase the demand for wood fibre past 2030 to at least 2050 when the majority of the trees on the Land will mature and then form part of Otago's sustainable harvest.
81. The Applicant submits that its afforestation will help reduce the Government's 10,000 ha commitment and save the taxpayer approximately \$3.3 million based on an estimated cost of land, afforestation and administration prior to harvest at \$15,000 per ha.²³
82. MPI commented on future wood supply conditions. There is forecast to be a drop in supply of food fibre by during the 2030s. This proposal will assist with the drop in supply as the 80.9 hectares of existing forestry will be harvested during this time. The new forestry area will also contribute to longer term supply, and processing sector growth. The Land is located in close proximity to existing forestry holdings, and will have the potential to support existing processing facilities as well as developing wood fibre initiatives (Dunedin city is a destination for residue use). It is important to prioritise wood fibre availability to meet domestic processing demand.
83. LINZ considers that the benefit associated with this claim is likely to occur as a result of the investment. Given the recent changes to Government policy in this area, the decision makers will need to use their own discretion to assess the weighting of this benefit.

National Policy Statement – Freshwater Management

84. In support of the national policy statement on freshwater management the Applicant claims that it will take a proactive approach by applying setbacks, retiring grazing and enhancing shade cover around man-made ponds.
85. The Applicant noted in its investment plan that the Vendor has previously attempted to support freshwater areas on the property through planting and was unsuccessful. Further, the freshwater management policy is not clear on whether man-made ponds created for the purpose of stock watering is a focus of the policy, despite being technically covered by the definition of water bodies under the Resource Management Act 1991.
86. LINZ does not consider that any benefit associated with this claim is likely to occur as a result of the investment.

National Policy Statement – Indigenous Biodiversity

87. The Applicant's afforestation proposal is likely to be consistent with the proposed NPS-Indigenous Biodiversity (NPS-IB) by, amongst other actions, providing for the protection, maintenance, and restoration of native habitat²⁴ and abiding by a set of biodiversity principles.
88. However, as the NPS-IB has not yet been approved by the Government, LINZ considers that it cannot (yet) be described as a "significant Government policy or strategy". These developments could, however, be considered under the environmental factor.
89. MfE's view is that plantation forests do provide habitat but not as much as indigenous forests.
90. MPI's view was that the changes in land management, moving away from grazing to a pine forest, with setbacks, fencing and reserves would be more diverse than just grassland (the counterfactual).

²³ The \$3.3 million figure claimed is the same as that claimed in the Applicant's earlier application, 202200568, which was half the size of the Land in this application. There is no explanation for this.

²⁴ Through the planting of native scrub and set backs around waterways (although noting that the only waterways on the Land are ephemeral areas or man-made ponds).

Environmental

Biodiversity principles

91. The Applicant claims environmental benefit of increased biodiversity will occur on the Land because it intends to abide by biodiversity principles. The Applicant specifically intends to do the following actions to ensure biodiversity increases:

- retire grazing to promote reversion of indigenous scrub (scrub and bush areas mapped in red on Figure 5 below);
- retain all existing vegetation (refrain from undertaking pre-plant spraying or land clearing operations on the Property);
- retain all poplars located in riparian areas (blue lines on Figure 5 below);
- retain all man-made ponds and investigate the potential to enlarge and/or deepen existing ponds;
- apply the National Environmental Standards – Plantation Forestry (**NES-PF**) setbacks to ponds and creeks and maintain lower stockings beside setbacks (to encourage light wells);
- undertake a low stocked pruned regime on 23 hectares of south facing slope having the greatest soil moisture retention (to encourage an emerging indigenous understory) – (green area on map below);
- harvest the first rotation on the Land over a 7-year period and progressively extend the term of harvesting over multiple rotations to create a forest having multiple age classes, crown depths and ecological habitats;
- retain branches and woody biomass on the cutover to improve the habitat for invertebrates;
- avoid broadcast herbicide spraying formulated to kill rather than knock down broadleaves on cutover; and
- replant existing stands that currently do not have riparian setbacks with appropriate setbacks.

S9(2)(a)



Figure 5: Environmental Areas

92. The Applicant submits that the actions listed above can be expected to create permanent significant natural areas on the Land within the next 50 years.
93. LINZ does not consider that significant benefit is likely to occur as a result of the Applicant's proposed actions. Many of the actions relate to retaining existing environmental areas on the Land such as native scrub and man-made ponds however the Applicant accepts that the Land currently has no environmental areas of significance.
94. The proposed planting around the tributaries has already been attempted by the Vendor however this was not successful, and the tributaries remain ephemeral. The Department of Conservation is supportive of planting setbacks of at least 20 metres from each tributary on the Land, even if ephemeral. LINZ considers that it is not likely that the tributaries on the Land will improve as a result of the Applicant's actions however there will be some benefit from increased biodiversity with new native planting around the tributaries.

Fencing conservation area

95. The Applicant proposes to fence off the adjoining conservation area of 0.3917 ha that is currently managed as part of the farm. The Department of Conservation has advised that there is no apparent benefit to fencing the conservation area. No significant biodiversity values have been identified and the area is not adjoining, or part of a biodiversity corridor or significant area. No alternative protective measures are required.

Public Access

96. Public access around the Land is provided by formed legal roads, being S9(2)(a) S9(2)(a) encroaches on the boundary of the Land. The Applicant intends to legalise this road with the local council at the same time as applying for the Subdivision.
97. Public access through the Land is also available via an unformed legal road running across the narrow portion of the Land adjoining S9(2)(a) This unformed legal road has not been developed by the local council however the Applicant acknowledges the public's right to use the road regardless.
98. The Herenga ā Nuku Outdoor Access Commission (OAC)'s view was that they are constantly dealing with situations where forestry has 'accidentally' been planted over unformed legal roads, with the forestry company then preventing the public using the formed track which is located on private land. The legal access becomes unpractical to use and the practical access cannot be legally used.
99. After afforestation, the Applicant has also offered to provide access for hunters via a permit system to maintain pig and deer numbers. The Applicant was conditioned to provide public access under a permit system in one other consent (case 202200228, granted 18 August 2022). This consent is too recent for LINZ to have formed a view on whether this access arrangement will be successful or not.
100. The Applicant advises that the Land does not have any special attributes that have warranted further public access to date. The Applicant does not propose any additional public access beyond that outlined above as a result.

Proposed conditions and rationale

101. The Applicant's afforestation proposal is the primary action from which all the specific benefit claims flow.
102. 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:

- prohibit registering the crop of trees as permanent forestry under the ETS (while allowing native forestry, such as riparian margins, to be registered as permanent forestry if they qualify)
- require the Applicant to comply with the NES-PF, giving LINZ the ability to take action against the Applicant for breaches of legislated minimum forest practice standards
- require the Applicant to provide public access to the Land by way of a permit system
- prohibits planting on legal roads without the agreement of the Clutha District Council

Summary of benefits

103. 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.
104. 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 4**.
105. 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. 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 our assessment to guide your consideration, however it is not determinative.

Summary assessment: benefit to NZ test

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

Relevant Benefit factor	Economic factor	
Indicative Strength	<p>LINZ considers that the assessment of claims relating to the reduction in farm emissions and carbon sequestration requires Ministerial judgement.</p> <p>LINZ considers the strength of other economic benefits to be weak to moderate.</p>	
Proposed special conditions	Special conditions 1 to 8.	
Claimed benefit	Savings from reduction in farm emissions and carbon sequestration	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	<p>Sequestration of carbon.</p> <p>Reduction of emissions.</p> <p>Present value of savings to New Zealand of \$36.9 million based on shadow values.</p>	<p>Livestock farming and grazing.</p> <p>Emissions reduction through afforestation of approximately 80 hectares of the Land.</p>
	<i>LINZ analysis</i>	
	<p>It is unclear whether the claimed benefits are likely to occur, and if they do, how significant they are in the context of the Government's climate change objectives and obligations.</p> <p>These questions call for Ministerial judgment.</p>	
Claimed benefit	Increase in FTE job creation	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	<p>Create 12 direct and indirect FTE job opportunities on average over the 100 years of investment</p>	2 FTE job opportunities
	<i>LINZ analysis</i>	

	<p>LINZ agrees that the proposal is likely to result in the creation of new job opportunities.</p> <p>However, the Applicant claims that job opportunities will exist on the Land (like planting and harvesting), supporting activity on the Land (like forestry management) and as a result of activity on the Land (like processing).</p> <p>While the claimed 5 FTE direct job opportunities (like planting, harvest, and transport) are likely to occur, the 7 FTE supporting job opportunities (like processing) are less likely to occur. Whether further job opportunities will actually result from this investment is difficult to predict.</p>	
Claimed benefit	Increased export receipts and increased GDP and reduced imports	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	Increase export receipts by approx. \$1.5 million per annum and increase GDP by \$32 million in perpetuity. Reduced fossil fuel imports.	Livestock farming and grazing. The Vendor does not directly export however the sheep products are likely to contribute approximately \$520,000 to exports generally. ²⁵
	<p>LINZ analysis</p> <p>LINZ agrees that the proposal is likely to result in an increase in export receipts, and result in an increase in gross domestic product.</p> <p>However, to the extent that the export receipts will benefit New Zealand, that benefit will most likely manifest itself in employment opportunities that will be funded by those export receipts, and domestic spending that will be reflected in the increase in GDP.</p>	

Relevant Benefit factor	Advancing significant government policy	
Indicative Strength	Weak	
Proposed special conditions	Special conditions 10 and 12.	
Claimed benefit	Industry Transformation Plan	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	Support policy by supplying wood fibre residue to area of demand.	Livestock farming and grazing.

²⁵ Based on 94% of revenue generated from stock in 2022.

	LINZ analysis	
	<p>The proposal to support the Industry Transformation Plan would benefit New Zealand but only a small portion of the forestry on the Land will meet the expected drop in supply in the 2030s, which is expected coincide with a 10% increase in demand. The new planting first rotation which will cover the majority of the Land will not be harvested in time to meet the drop in supply.</p> <p>The Applicant has also claimed increased export receipts which may result in less domestic processing of logs and less wood fibre residue and fewer harvested wood products for New Zealand. This element may hinder the Industry Transformation Plan.</p>	
	National Policy Statement – Freshwater Management	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	Plant setbacks from waterways.	No setbacks as waterways are ephemeral.
	LINZ analysis	
	<p>LINZ's view is that the Investment supports the national policy statement on freshwater management in a very limited way. The claimed benefit is unlikely to be significant.</p>	
	National Policy Statement – Indigenous Biodiversity	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	Support policy by abiding by biodiversity principles, retaining existing environmental areas, and planting setbacks around waterways.	Livestock farming and grazing. No setbacks as waterways are ephemeral.
	LINZ analysis	
	<p>As the NPS-IB has not yet been approved by the Government, LINZ considers that it cannot (yet) be described as a "significant Government policy or strategy". These developments should instead be considered under the environmental factor.</p> <p>While the Investment may well result in benefits to indigenous biodiversity, the relatively small scale of the Land and the water areas concerned mean that the benefits are unlikely to be significant.</p>	

Relevant Benefit factor	Environmental factor	
Indicative Strength	Weak	
Proposed special conditions	N/A	
Claimed benefit	Fence off creek and wetland & increased setback	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	Abide by biodiversity principles. Plant setbacks around ephemeral waterways.	No environmental areas of significance.
	<i>LINZ analysis</i>	
	The investment would likely deliver some benefit to New Zealand with an increase in native planting however this is a limited increase to land that has no environmental areas of significance.	

Relevant Benefit factor	Public access	
Indicative Strength	Weak	
Proposed special conditions	Special conditions 11 and 13.	
Claimed benefit	Hunting permit	
	<i>Applicant's claims: what they intend to do</i>	<i>Current state</i>
	Provide access to the public for hunting. Legalise the formed legal road encroaching on the boundary of the Land.	No evidence of permits for hunting by the public.
	<i>LINZ analysis</i>	
	The Land does not have attributes that would benefit from additional public access beyond the existing access. LINZ's view is that no benefit arises from access over legalising the formed legal road as this access currently exists. However, additional access for hunters would represent a benefit, albeit a small one.	

Consultation and submissions about the investment

107. No third-party submissions from the public were received in relation to this application. In undertaking our assessment, we consulted with five central and local government agencies: MPI, MfE, Treasury, OAC, and DOC.
108. 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 immediately after the relevant proposal.

Conclusion – benefit to NZ test

109. 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 to the factors in s 17.
110. 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

111. The Act requires a proportionate approach to whether the benefit test is met,²⁶ by taking into account whether the benefit that is likely to occur is proportionate to:
- the sensitivity of the land (for example, the importance to New Zealand of the purpose for which the land is used, the size and value of the land, any sensitive features associated with the land, and the level of interest that the public have in the land); and
 - 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).
112. Matters relevant to the sensitivity of the Land are likely to include:
- Matters indicating diminished sensitivity:
 - the fact that the Land is sensitive only because it is non-urban land larger than 5 ha
 - Matters indicating increased sensitivity:
 - the fact that the Land is farm land, and the Land's LUC classes
 - public interest in the use and management of farm land
113. Matters relevant to the nature of the overseas investment transaction include:
- the Applicant is acquiring a freehold interest
 - the Applicant is entirely overseas owned
 - the Land will be converted to an alternative (non-farming) use
 - public interest in the conversion of farm land to forestry

²⁶ Section 16A(1A)(b) of the Act.

- public interest in the management of forestry land.
114. 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.
115. Again, LINZ considers that the novel claims regarding the reduction in emissions and sequestration of carbon call for Ministerial judgement. If you consider these benefits to be particularly strong, then you might reasonably conclude that the benefit test was met. If you consider these benefits to be weaker, then you might reasonably conclude that the benefit test was not met.
116. However, unless you consider the level of benefit required (proportionally) to meet the benefit to New Zealand test was relatively low, then LINZ would consider that the remaining benefits (including the other economic benefits, public access benefits, and environmental benefits) are unlikely to be sufficient to meet the benefit to New Zealand test for this investment.

G. Farm land offer test

117. Because the Land is farm land,²⁷ we note that it was advertised for sale on the open market with the required information for a period of 30 working days²⁸ on trademe.co.nz, realestate.co.nz, property brokers, homes.co.nz, neighbourly, NZRealtors, and oneroof.co.nz.²⁹ The Land was also advertised in print in the Otago Daily Times newspaper³⁰ and Property Brokers Rural Outlook Magazine.³¹
118. We are therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.³²

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.³³ 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. LINZ has not referred this transaction to the Minister of Finance for him to call it in for a national interest assessment on a discretionary basis.³⁴ He has therefore not declined consent to the transaction.
121. LINZ is directed³⁵ 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 investment:
- could pose risks to New Zealand's national security or public order
 - would grant an investor significant market power within an industry or result in vertical integration of a supply chain

²⁷ Currently being used primarily as a sheep farm (see the definition of farm land in s 6 of the Act).

²⁸ For sale by tender.

²⁹ From 19 October 2022 to 30 November 2022, advertising also remained live on most sites as at the date of the application.

³⁰ On 22 & 29 October 2022, and 12 & 26 November 2022.

³¹ On 20 October 2022.

³² Overseas Investment Regulations 2005, regulations 5 to 10.

³³ Under s 20A of the Act.

³⁴ Section 20B of the Act

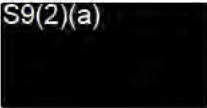
³⁵ Ministerial Directive Letter (24 November 2021).

- has foreign government or associated involvement that was below the more than 25 per cent ownership or control interest threshold for automatic application of the national interest test, but granted that government (and/or its associates) disproportionate levels of access to or control of sensitive New Zealand assets
 - would have outcomes that were significantly inconsistent with or would hinder the delivery of other Government objectives
 - raises significant Treaty of Waitangi issues, or
 - relates to a site of national significance (e.g. significant historic heritage).
122. LINZ does 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; and
 - the transaction is not considered to be a transaction of national interest, and
 - whether the benefit to New Zealand test is met is a matter requiring Ministerial judgement.
124. 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.

S9(2)(a)



Anneke Turton
Manager Applications
Overseas Investment - LINZ

Date: 3 August 2023

J. List of Attachments

1. Proposed Decision
2. Ownership structure
3. Land use capability
4. Other benefit factors
5. Photos

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: 28/01/2023

The following people have been given the following consent:

Case	202300011
Consent type	One-off Consent (forestry activities) for an overseas investment in sensitive land.
Consent	Corisol New Zealand Limited may acquire the Land subject to the Conditions set out below.
Consent Holder	Corisol New Zealand Limited (Company Number 3327654) (You or the Consent Holder)
Land	A freehold interest in 611.867 hectares of land located at S9(2)(a) contained in Records of Title S9(2)(a) Otago).
Timeframe	You have until [12 months from the decision date] to acquire the Land.

Conditions

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

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

Definitions

Act means the Overseas Investment Act 2005.

Crop of trees means:

- the **new crop of trees** that will be established under Special Condition 1, and
- 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.

Dwellings means the 4 bedroom homestead and the tenanted cottage located on the Other Land.

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

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

Other Land means the parts of the Land that is not Forestry Land (which, for the avoidance of doubt, comprises approximately 11.3 hectares containing the Dwellings and surrounding area to be subdivided and sold).

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 the Overseas Investment Regulations 2005.

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: Land must be planted with trees	
You must establish a new crop of trees on the Land covering at least 400 hectares. The crop of trees must be established in accordance with the Planting Plan.	By 31 August 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 2: Forestry Land must be used for Forestry Activities	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

Details	Required date
Special condition 3: Minimum silvicultural practices	
The crop of trees must be maintained in accordance with minimum silvicultural practices. In particular, the crop of trees must be planted at approximately 1,000 stems per hectare and thinned to a maximum of 650 stems per hectare.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special Condition 4: Crop of trees must be harvested	
<p>You must ensure that no more than 5% (by area) of the crop of trees on the land 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> <ul style="list-style-type: none"> (a) replant the Land with the same species of tree or use the same silvicultural regime; or (b) do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>This condition does not limit Special Condition 2 (Forestry Land must be used for forestry activities) or Special Condition 3 (Minimum silvicultural practices).</p>	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.	

Details	Required date
Special Condition 6: Confirm area of Forestry Land and Other Land	
<p>You must:</p> <ul style="list-style-type: none"> (a) confirm to us in writing the area of Forestry Land and the area of Other Land, (b) provide a map showing the extent of the Forestry Land and the Other Land, and (c) provide a Planting Plan for the Forestry Land. 	By 30 November 2024
Special condition 7: Subdivide and dispose of Other Land	
You must complete a subdivision so the Other Land can be disposed of.	By 31 August 2025
You must dispose of the Other Land.	By 31 August 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 8: 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.	

Details	Required date
Special condition 9: Non-occupation outcome	
<p>None of the following people may occupy the Land acquired under this consent for residential purposes or as otherwise permitted by Special Condition 10 (Permitted temporary activities):</p> <ul style="list-style-type: none"> (a) You; (b) Any overseas person with a more than 25% ownership or control interest in any of the people in (a); (c) Any overseas person who occupies the Land other than on arm's length terms;³⁶ (d) Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land; (e) If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion. <p>This condition does not apply to the extent that accommodation is being provided for the purpose only of supporting forestry activities (as defined in section 16A(9)) being carried out on the Land.</p>	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 10: Permitted temporary activities	
<p>The Land may be used temporarily for the following activities for transitional purposes:</p> <ul style="list-style-type: none"> (a) The Land may be grazed prior to being planted with a crop of trees in accordance with Special Condition 1 (Land must be planted with trees); and (b) The Dwellings on the Land may be used for residential purposes. 	<ul style="list-style-type: none"> (a) Until 31 August 2025 (b) Until 31 August 2026

³⁶ 'At arms length terms' has the meaning in clause 17, Part 5, Schedule 2 of the Act. In summary it means terms, for example under a lease (or other contract), that are on a reasonable commercial basis.

Details	Required date
Special condition 11: Existing arrangements	
<p>You must implement and maintain:</p> <p>(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).</p> <p>(b) all Arrangements, including Arrangements you did not identify in your application for consent.</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 12: Comply with National Environmental Standards for Plantation Forestry	
<p>You must comply with the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017 (as amended), or any replacement to the regulations.</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.	

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; and2. 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; and4. 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;	At all times

Details	Required date
<ul style="list-style-type: none"> (c) gather information; (d) conduct surveys, inquiries, tests, and measurements; (e) take photographs and video records; and (f) do all other things reasonably necessary to carry out the Inspection; and <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. 	At all times
Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control	
You must tell us in writing if any of the following events happens to any of the Consent holders:	At all times

Details	Required date
<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. 	
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: (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	Within one month after the Land has been disposed of

Details	Required date
(b) that the purchaser is not your associate.	

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) 31 September 2025; and
 - (b) 31 September 2026.
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.

ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE

S9(2)(b)(ii)

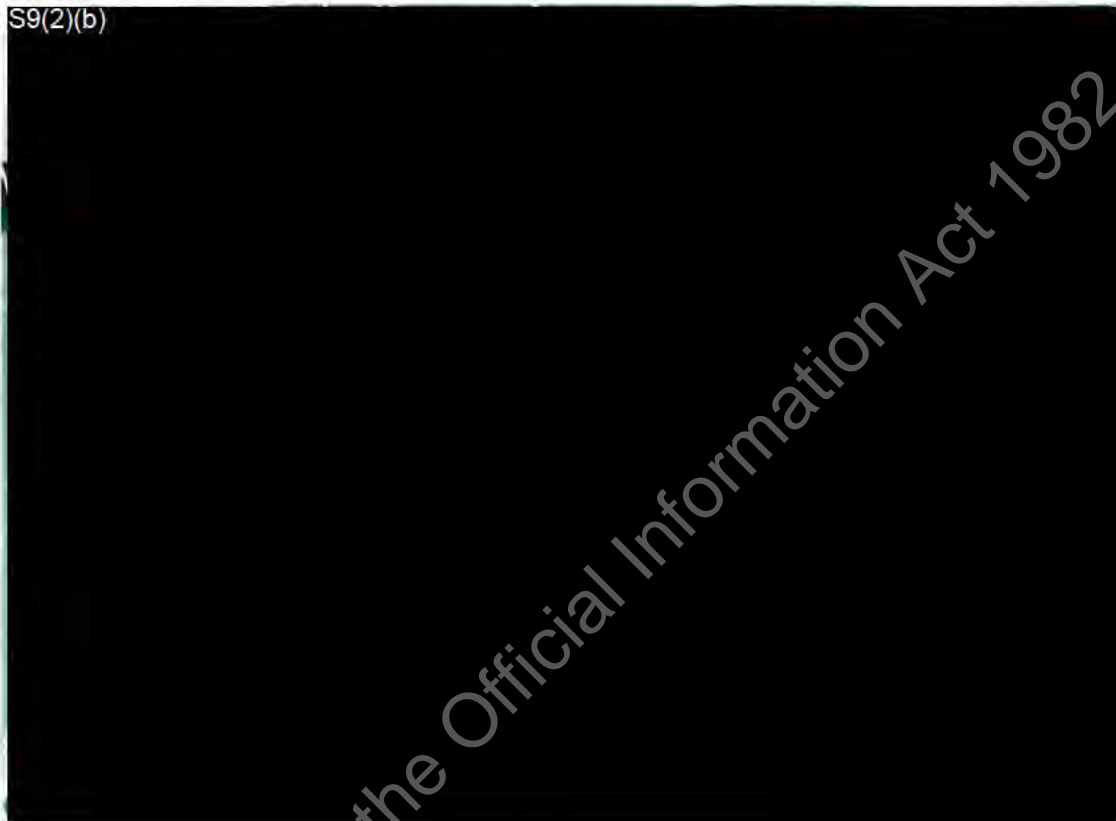


Released under the Official Information Act 1982

ATTACHMENT 3 – LAND USE CAPABILITY

Map showing the Land Use Capability (LUC) classes on the Land

S9(2)(b)



<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 – OTHER BENEFIT FACTORS

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

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

Factor	Reason not relevant or insufficient
Historic heritage	Not applicable – There aren't any historical heritage areas on the Land.
Oversight or participation by New Zealanders	Insufficient – New Zealand ownership and control will reduce by 100% as a result of the investment.
Consequential benefits	Insufficient – Applicant doesn't have tangible investment projects outside of forestry investment objectives, so can't offer much consequential to NZ. Incidental spending is unlikely to yield much of worth to NZ.
Water bottling	Not applicable

ATTACHMENT 5 – PHOTOS

Photos from advertising materials





S9(2)(a)

