

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

## ASSESSMENT REPORT: **Enterprise Investments WRI Limited**

<b>Date</b>	1 August 2023	<b>Classification</b>	IN CONFIDENCE: Commercially sensitive
<b>LINZ reference</b> (Report reference)	202300166 <b>BRF 24-031</b>	<b>Deadline</b>	16 August 2023

### Purpose

LINZ seeks 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's assessment timeframe requires a decision by 16 August 2023 (having been extended to 100 working days due to extensive consultation with third parties). The Applicant's requested decision date was 1 May 2023.

### Toitū Te Whenua Land Information New Zealand Contacts

Name	Position	Contact	First contact
Pedro Morgan	Lead Advisor	+64 4 460 2785	<input checked="" type="checkbox"/>
	s 9(2)(a)		<input type="checkbox"/>

## A. Summary

1. Enterprise Investments WRI Limited (**Applicant**) is a company ultimately owned by Britain's Duke of Westminster.
2. The Applicant seeks consent to acquire a freehold interest in a farm for conversion to production forestry, being approximately 237ha located in the Bay of Plenty (**Land**).
3. The Land is currently mostly used to graze beef and dairy cattle, with just under 25ha of existing forestry (just over 10% of the total Land).
4. The Land is a mixture of LUC 3 (11ha), LUC 6 (198ha) and LUC 7(30ha). There are no dwellings on the Land.
5. The Applicant intends to plant most (around 212ha) of the Land in *pinus radiata*.
6. LINZ considers the proposed investment will likely benefit to New Zealand economically through a greater number of jobs and increased revenue off the Land, including the intended provision of at least 10% 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 etc). LINZ also considers the proposed investment will likely provide various environmental, public access, historical heritage and other consequential benefits.
7. 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.
8. For the reasons set out in this report, LINZ considers the investor test has been met.

### Key information

<b>Applicant</b>	<b>Enterprise Investments WRI Limited</b> (United Kingdom (100%))
<b>Vendors</b>	<b>Trustees of the Willow Creek Trust</b> (New Zealand (100%))
<b>Land</b>	A freehold interest in approximately 237ha of sensitive land located at 598 Pikowai Road, Bay of Plenty, comprised in record of titles 588808 and SA43C/924
<b>Consideration</b>	<b>s 9(2)(b)(ii)</b>
<b>Sensitivity</b>	Is more than 5ha of non-urban land
<b>Relevant tests</b>	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)) National interest test: s16(1)(g)

## Timing

9. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days. This application was extended by 30 working days in accordance with clause 7, schedule 5 of the Overseas Investment Regulations 2005.
10. This application is currently on day 89, therefore a decision is due to the applicant by 16 August 2023.

## B. Decision

### Core tests

11. I determine that:

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

Relevant overseas person	Role
Enterprise Investments WRI Limited	Applicant and acquiring entity
Hugh Richard Louis Grosvenor (Duke of Westminster)	Sole shareholder and underling owner of the Applicant

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

Individual with control	Role
Hugh Richard Louis Grosvenor (Duke of Westminster)	Sole shareholder and underlying owner of the Applicant
Catherine Susan Fradley	Directors of the Applicant
Helen Frances Jaquiss	
Mark Robin Preston	

- None of the ROP and IWC have established any of the factors contained in section 18A(4) of the Act.

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

**Hon Damien O'Connor**

**Hon Barbara Edmonds**

Agree

Agree

Disagree

Disagree

13. 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**

Agree

Disagree

**Hon Barbara Edmonds**

Agree

Disagree

14. 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**

Agree

Disagree

**Hon Barbara Edmonds**

Agree

Disagree

*National interest assessment*

15. 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

*Decision about whether to grant or decline consent*

16. 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 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 Damien O'Connor**

Date: 03 /08 / 2023



**Hon Barbara Edmonds**

Date: 13 / 8 / 23

## C. Background and proposed transaction

### Land

17. The Land comprises approximately 237ha of farm land comprised in two records of title (being 588808 outlined in black and SA43C/924 outlined in blue) shown in the following aerial photo:



18. The Land includes several areas of existing forestry (24.9ha composed of three age groups – just over 10% of the overall land) which are the dark green areas in the above photo.
19. The following Land Use Capability (LUC) class information<sup>1</sup> provides general context as to the productive capacity and physical limitations of the Land. The Land is predominantly LUC 6 class but includes around 5% of LUC 3 class and around 14% of LUC 7:
- LUC 3 (11ha);
  - LUC 6 (198ha);
  - LUC 7 (30ha).
20. **Attachment 6** provides a LINZ map showing the LUC areas of the Land.
21. The Land is classed as “*Rural Foothills*” on the local Western Bay of Plenty District Plan. It is located in an area which includes other plantation forestry, as shown on the map attached as **Attachment 7**. Less than 2km away is Kaingaroa Timberland’s substantial Rotoehu forest, comprising 14,000ha in its second and third rotations. Kaingaroa Timberland supplies approximately 60% of its volume to domestic mills.

<sup>1</sup> 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.

22. The Land does not contain any significant waterways, residential land or dwellings. There are a number of small streams under 3m average width, and some areas of native bush (just over 5ha) and riparian plantings, along with one identified archaeological site.

### Vendor and Sale Agreement

23. The Vendor is the Willow Creek Trust, beneficially owned by New Zealanders and with New Zealand trustees. [REDACTED] s 9(2)(a)  
[REDACTED] s 9(2)(a)
24. The Land is currently used for cattle (beef and dairy) grazing on approximately 203ha out of the total 237ha, with the remainder being existing forestry, bush and buffer land. The Vendor leases the Land to a neighbouring farmer (Tenant). [REDACTED] s 9(2)(b)(ii)  
[REDACTED] s 9(2)(b)(ii)
25. The Vendor has made no capital improvements over the last two years but the Tenant has been applying annual fertilizer to the Land.
26. In the event that the Land does not sell, the Vendor expects that it would continue to lease the Land out for cattle grazing purposes.
27. The Land was advertised for sale by tender. Following advertising, the parties entered a sale and purchase agreement on 1 December 2022. The agreement is subject to receiving consent under the Act.
28. The consideration is [REDACTED] s 9(2)(b)(ii)

### D. Application of the Act

29. The Land is sensitive because it is non-urban land over 5ha in size.<sup>2</sup> The following criteria for an investment in sensitive land apply to this application:<sup>3</sup>
- The investor test must be met.<sup>4</sup>
  - The benefit to New Zealand test must be met.<sup>5</sup>
  - Where the land is farm land it must have been offered for sale on the open market,<sup>6</sup> unless exempt.<sup>7</sup>
  - 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.<sup>8</sup>
30. In order to satisfy the benefit to New Zealand test, the decision-maker must determine that the overseas investment will, or is likely to, benefit New Zealand.<sup>9</sup>
31. LINZ assesses the investor test in **Part E**, the Investment Plan and benefit to New Zealand Test in **Part F**, the farm land offer requirements in **Part G**, and discusses national interest matters in **Part H**.

<sup>2</sup> Under sections 10(1)(a) and 12(a)(i) of the Act.

<sup>3</sup> Set out in section 16(1) of the Act.

<sup>4</sup> Section 18A / 16(1)(a) of the Act.

<sup>5</sup> Sections 16(1)(c)(ii), 16A(1), 16A(1A) and 16A(2).

<sup>6</sup> Section 16(1)(f) of the Act.

<sup>7</sup> Section 20(1)(a) or (b) of the Act.

<sup>8</sup> Section 16(1)(g) of the Act.

<sup>9</sup> Section 16A(1)(a) of the Act.

## E. Applicant and investor test

---

32. This section describes the Applicant and assesses whether the investor test is met.
33. The Applicant is an overseas person under the Act as it was incorporated overseas and is solely owned by an overseas individual.

### Ownership

34. The Applicant is a private limited liability company which was incorporated in October 2021 in the UK to acquire assets for silviculture and other forestry activities.
35. The Applicant is 100% owned by Hugh Grosvenor (seventh Duke of Westminster).
36. A diagram of the Applicant's ownership structure appears in **Attachment 2**.

### Business Activities

37. Hugh Grosvenor is a high net-worth individual. He is chairperson of various trusts which form the **Grosvenor Group**, an international organisation with substantial investments in real estate and agriculture food and technology businesses. The Group has 14 offices worldwide, with over 1,000 staff.
38. The Applicant is a repeat investor, having recently previously acquired another farm for conversion to forestry under the Special test relating to forestry activities in 2022 (**Prior Application**).<sup>10</sup> The Applicant is in the process of converting that land into production forestry and intends to begin planting *pinus radiata* in the 2023/24 planting season.
39. Grosvenor Group's ambition is to be a leading example of sustainability within the rural economy – contributing to the economic, social and environmental wellbeing of the communities of which it is part.
40. By way of background, Grosvenor Group sustainably manages more than 2,800ha of British woodland on its rural estates, about 50% of which is production forestry. It recently opened its own sawmill in Cheshire. Its first loads of logs were shipped from the Highlands to North Wales, as this was the most carbon efficient way to transport the logs, and also provided employment opportunities in remote rural communities.
41. Further demonstrating their commitment to domestic consumption and sustainable practices, Grosvenor Group's estates are also UK Woodlands Assurance Standard certified, and produce approximately 3,000 tonnes of biomass and 400 tonnes of firewood for local heating.

### Control

42. Hugh Grosvenor has the power to appoint and remove directors. He must also approve any significant capital and operating expenditure. The Applicant has three directors (the **Directors**), as set out in the table below.
43. The strategy for the Applicant has been approved by Hugh Grosvenor and is implemented by the Directors. The Directors consulted third parties and advisors in relation to due diligence of the investment, and based their decision on the advice they received.
44. The Applicant has engaged a forestry manager (New Zealand Forest Managers Limited (**NZFM Ltd**)) to maintain its New Zealand forests. This arrangement is governed by a forestry management contract on industry-standard terms to ensure that the forests are maintained in accordance with industry best practice and in accordance with the business plan set by the Applicant. The forestry manager is not mandated to make any

---

<sup>10</sup> 202200120 - Ngapuke Farm, 222 Rendall Road. Delegated consent was granted in June 2022.

fundamental decisions about the trees or the land without prior written approval from the Applicant.

### Relevant overseas person and individuals with control

45. For the reasons set out above, LINZ recommends that the ROP is (collectively):

Relevant overseas person	Role
Enterprise Investments WRI Limited	Applicant and acquiring entity
Hugh Richard Louis Grosvenor (Duke of Westminster)	Sole shareholder and underlying owner of the Applicant

46. LINZ recommends that the IWC<sup>11</sup> are:

Individual with control	Role
Hugh Richard Louis Grosvenor (Duke of Westminster)	Sole shareholder and underlying owner of the Applicant
Mark Robin Preston	Directors of the Applicant
Helen Frances Jaquiss	
Catherine Susan Fradley	

### Summary of investor test

47. The ROP and IWC established none of the factors contained in section 18A(4) of the Act, therefore LINZ's conclusion is that **the investor test has been met**.

### F. Investment plan and benefit to NZ test

48. This section describes the proposed investment and LINZ's assessment of whether it is likely to meet the benefit criteria in the Act.

### Current state (counterfactual)

49. The Applicant submits that the current status of the Land is low value/low productivity farm land being used for grazing, that is generating limited revenue and employment opportunities. There are no dwellings on the Land.
50. The Tenant has advised that it grazes approximately 420 head of cattle (mixed beef/dairy) from winter to early spring. In spring, calves arrive from other farms and numbers lift to approximately 720 head of cattle, as set out in the following table:

Type of cattle	Number of cattle (approx.)
Dairy replacement	350
In-calf dairy heifers	150
Beef	100
Beef yearlings	50
Beef 18 months	100

<sup>11</sup> Section 15.



51. The Tenant sells about [REDACTED] head of cattle a year at about \$ [REDACTED] per head – generating around \$ [REDACTED] in annual receipts. In addition, we consider that the dairy cattle grazed on the Land are likely to contribute indirectly to milk exports for the herds which they support – though, being too young to produce milk, these are not likely to directly produce any attributable revenue as such.
52. In addition, around 10% of the Land is planted in forest (mostly *pinus radiata* - see further details below) which could generate carbon (and eventual harvesting) revenue for the current owner.
53. The Tenant fertilises the Land once a year with 280kg of fertiliser/ha. No pest control, active management of the waterways or native plantings are undertaken, and there are no protections in place around the archaeological site on the Land.
54. Currently there is no public access to the Land, as there are no obvious special attributes that would warrant public access.
55. The Tenant employs one part-time farm worker for approximately four hours every second day. This is the equivalent of just under 0.5 Full Time Equivalent (FTE) jobs.
56. The Vendor has a Riparian Management Plan (RMP) in place with the Bay of Plenty Regional Council which requires the Vendor to carry out planting works in order to reduce the impacts of grazing animals on wetland environments and to protect and enhance soil and water conservation. However, this RMP is personal to the Vendor and will cease to apply on sale of the Land, as it is not binding on successive owners (though, as set out below, the Applicant intends to convert it to a binding RMP and expand it to include new areas of native plantings).

#### Existing Trees

57. The Land includes seven stands of existing forestry (a total of 24.9ha), comprised of three age groups (**Existing Trees**) – see map in **Attachment 5**:

3.8ha	<i>pinus radiata</i>	planted in 1999 (24 years old)
1.7ha	<i>pinus radiata</i>	planted in 1999 (24 years old)
2ha	<i>pinus radiata</i>	planted in 2004 (19 years old)
3.4ha	<i>pinus radiata</i>	planted in 2004 (19 years old)
2.2ha	cypress ("Other SPP")	planted in 2004 (19 years old)
8.7ha	<i>pinus radiata</i>	planted in 2017 (6 years old)
3.1ha	<i>pinus radiata</i>	planted in 2017 (6 years old)

#### **Investment plan**

58. The Applicant is acquiring the Land for the production of sustainable timber over multiple rotations.
59. This acquisition is part of the Applicant's overall strategy to [REDACTED] s 9(2)(b)(ii) [REDACTED] s 9(2)(b)(ii) [REDACTED] s 9(2)(b)(ii) [REDACTED]
60. The approximate current and proposed use of the Land is set out in **Attachment 8**.

61. The Applicant intends to grow a commercial rotational tree crop suitable for harvesting and processing domestically (suitable for framing<sup>12</sup>) and will employ an intensive land preparation and silvicultural regime accordingly.
62. The Applicant submits that it is acutely aware of the importance of planting the right tree in the right place, and that it targets land that it believes is appropriate for exotic afforestation, with low economic and environmental risk. In this case, it believes that the Land is well suited for forestry for the following reasons.

#### Soil type and access

- The Land is almost all LUC 6 and 7, the type often best suited to forestry, and more than a third of the Land is classified as steep or moderately steep. About 10ha (around 5%) of the Land is LUC 3, but the Applicant considers this to be inaccurate<sup>13</sup> as this area is moderately steep and is no different to the balance of the Land (whereas it submits that LUC 3 should be what is known as “tractor country” suitable for making hay or silage).
- When the trees are harvested, most of the existing roads on the Land will only need minor upgrades to be suitable for harvesting, which means less impact on the environment associated with obtaining access.

#### Erosion susceptibility

- The Applicant submits that the planting of trees will assist with erosion control. The majority of the Land is classed as having a “moderate” or “high” erosion susceptibility, as shown on the Map in **Attachment 6**.
- The Applicant has cited a Scion report<sup>14</sup> which states that replacing pasture with trees can decrease soil erosion rates, considerably lowering the downstream risk of siltation, flood damage and the costs of water purification. In addition, the Applicant submits that previous studies estimating the national costs of erosion could be used to infer indicative value of the value of erosion prevention attributable to forested landscapes<sup>15</sup>.
- The Applicant has also referred to a 12 year (1993-2005) Hawkes Bay study on two Hawkes Bay properties (one in forestry and one farmed) which shows the total suspended sediment yields over the life of a full forest rotation will be substantially less than those from comparable pasture catchments<sup>16</sup>.

#### Forestry Slash issues

- The Applicant has recognised the potential problem of slash damage highlighted by recent storm events and has submitted that there are significant differences between the Land and the forestry land affected in the recent events. In particular, the soils are pumice-based as opposed to the mudstone seen on the East Coast. Pumice-based soils allow deeper root penetration and better drainage. The Applicant also submits that flooding is not known to be a particular issue in the area in which the Land is located.

<sup>12</sup> Traditional timber framing is the method of creating framed structures of heavy timber jointed together with various joints

<sup>13</sup> LUC classifications are general in nature, and an area of a particular class may include land of other classes that, if the LUC assessment was done on a more granular basis, may well be classed differently. And so while LINZ cannot confirm the Applicant's assertion that some of the land is incorrectly classed as LUC 3, the assertion cannot be ruled out either.

<sup>14</sup> “Forest ecosystem services – New Zealand planted forests environmental facts” published in August 2017 by Scion.

<sup>15</sup> One of which estimates the value of erosion protection at \$121/ha per year.

<sup>16</sup> Pakuratahi – Tamingimingi Land Use Study Report – Forestry Effects on Sediment Yield and Erosion

- Furthermore, the Applicant submits that, although the Land is moderately steep in places, these steep sections are short. This will allow ground-based harvesting and the retrieval of logs across all the cutover. This is in contrast to the East Coast, where it is more difficult to retrieve all logs.
- The Applicant also believes that the market for the low-quality logs (pulplogs and binwood) is reasonable as the Land has options to have the logs processed at Kawerau, and further afield at Kinleith. An additional option is the replacement of coal in industrial boilers with the use of woody biomass. On the East Coast there is only a small market for low-quality logs, meaning a higher likelihood of them being left behind.

#### Proximity to the domestic processing market

- The Applicant is committed to providing at least 90% of all timber from the Land to domestic processors, which is an unusually high commitment by an Applicant.
- With the forestry industry focused on increasing onshore processing of New Zealand logs, the Applicant sees its chosen location for target properties (including the Land) as aligning not only with MPI's "*Te Ara Whakahou – Ahumahi Ngahere – Forestry and Wood Industry Transformation Plan*"<sup>17</sup> but also as the best place to grow trees from a risk, productivity and sustainability perspective.
- The Applicant has chosen to target properties in the Central North Island (CNI) region due to the availability of domestic market options, strong tree growth characteristics and availability of experienced contractors. The CNI has the highest concentration of domestic processing options compared to any other areas of New Zealand by a significant margin.
- The Land is classed as "*high*" for producing wood of high density (greater than 440kg/m<sup>3</sup>) – see map at **Attachment 6**. This means that the trees are likely to produce high-quality logs suitable for structural (framing) lumber, which is the most desirable characteristic for domestic processing. The majority of the structural lumber processed and used domestically in New Zealand comes from the large sawmills in this CNI region.
- The Land is also located on a Whakatane District Council high productivity motor vehicle route, which allows for trucks with the highest carriable weight. There are also other privately owned forests near the Land, which means an additional forest is unlikely to impact the environment significantly.

#### *Consultation with MPI*

63. LINZ sought general comment from MPI regarding the erosion susceptibility of the Land and slash control.
- MPI responded that "*The erosion susceptibility of the property is generally classed as moderate, with only a proportion falling into the high zone. Forestry plantings will assist with reducing sediment volumes from these moderately erodible slopes over the course of a rotation and the additional vegetation cover will help to moderate flows from storm peaks*".
  - With regard to slash control, MPI responded that "*Careful attention still needs to be paid to post-harvest site management and re-establishment. There are opportunities in the Bay of Plenty to utilise a higher proportion of the residues left*".

<sup>17</sup> [Te Ara Whakahou – Ahumahi Ngahere – Forestry and Wood Processing Industry Transformation Plan \(mpi.govt.nz\)](https://www.mpi.govt.nz) – one of the key action plans in the Plan is to increase New Zealand's onshore wood processing capacity and capability. The Report states that over the last decade the number of logs harvested has doubled, yet the capacity for processing wood domestically has stayed the same.

over from harvesting, but there will still be debris left on site that requires on-going management".

- MPI also noted that "BOP<sup>18</sup> have significant requirements for mitigation of slash and sediment mobilisation, which is currently being updated given the slash net trials that have been completed. The last two weather events are included in these trials which will provide contemporary data to inform practice changes to address such events in the region".

### Establishment and operation of the new forest

#### Land preparation and Planting Plan

64. The Applicant plans an initial spraying by helicopter which it believes will result in better planting quality, as it is more effective on weeds and grass.
65. The Applicant then intends to plant approximately 212ha of the Land with *pinus radiata* seedlings (to be sourced from s 9(2)(b)(ii)) at a rate of 833-1000 stems/ha.<sup>19</sup>
66. The new planting is expected to commence in the 2024/2025 season, depending on the availability of high-quality seedlings. A copy of the Planting Map appears in **Attachment 5**.

#### Silvicultural regime

67. The Applicant intends to undertake the following silvicultural regime:
  - *thinning* – of the entire site in year seven to a range of 550-450 stems per hectare with the final decision depending on the market and climate change implications at that time.
  - *pruning* – the Applicant will assess whether or not to prune some or all of the forest at the relevant time dependant on the risk of resin defects.<sup>20</sup> It is prepared to accept a condition requiring pruning of up to % of the forest, if required, provided this could be varied if the risk is too great<sup>21</sup>.

#### Harvesting and replanting

68. Harvesting will occur by year 32 at the latest.
69. In terms of the Existing Trees, these will be harvested as follows:

Type	Area (ha)	Age now	Harvesting plan
1999 <i>pinus radiata</i>	5.5	24	To be harvested immediately upon settlement aged 24
2004 <i>pinus radiata</i>	5.4	19	To be harvested when aged 25
2004 Cypress	2.2	19	To be harvested when aged 45-47
2017 <i>pinus radiata</i>	11.8	6	To be harvested when aged 25

<sup>18</sup><https://cdn.boprc.govt.nz/media/293804/erosion-and-sediment-control-guidelines-for-forestry-operations-2013.pdf>

<sup>19</sup> The final number of stems per hectares will be determined in conjunction with the forestry manager and will depend on the different genetic types of seedlings that are available at the time.

<sup>20</sup> The Applicant is aware that pruned logs are generally of higher quality in appearance (though not strength) than unpruned logs. However, the Land is in an area where the risk of resin defects in pruned logs is higher than in other areas due to the Land's relative proximity to the coast and the climate in the area. Resin defects have implications for domestic sawmills because the resin impacts on the quality of the clear lumber produced. Given the Land was chosen for its potential for high-strength structural logs for domestic processing, the risk of resin defects is a critical consideration in the decision whether to prune. The Applicant will assess the risk of resin as the forest grows, and would like to have the discretion of whether or not to prune some, all or none of the forest at the relevant time.

<sup>21</sup> LINZ considers that a condition will serve no useful purpose in this case given the uncertainties over the feasibility of pruning.

70. After harvesting, the Applicant intends to re-plant promptly (in line with industry standards) and plans to hold the Land through multiple rotations of commercial forestry.

## **BENEFITS**

### **Farm land benefit test does not apply**

71. This investment involves the acquisition of farm land exceeding 5ha to which the modified farm land benefit test would normally apply<sup>22</sup>. In this case, the Applicant relies on section 16A(2) of the Act which states the modified farmland 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.<sup>23</sup>

72. LINZ considers that all three of these requirements are met in this case.

### **Introduction to Benefits**

73. 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.
74. 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.
75. LINZ consulted with three other government agencies and their feedback is discussed below. LINZ deals with the proposed conditions and their rationale after discussing the benefit claims.
76. Factors that LINZ 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**. In this case, the two factors were the New Zealand participation factor and the Consequential benefit factor.

### **Economic factor**

77. As stated above, around 10% (just under 25ha) of the Land is already planted with mostly *pinus radiata* – with these trees to be harvested over three different timeframes (mostly several years away).
78. The Applicant has confirmed that the employment and revenue figures provided below are considered to be derived from the new areas to be planted rather than the total afforested area.

### Employment

79. The Applicant has calculated contractor hours based on the anticipated number of hours required for the preparation, planting, ongoing silvicultural regime and harvesting of land of similar type and condition as this Land.

<sup>22</sup> Section 16A(1C-1E)

<sup>23</sup> 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.

80. The Applicant has also referenced industry-standard averages as a comparison and control (such as the MPI commissioned 2020 PWC Report – “Economic Impact of Forestry in New Zealand”)<sup>24</sup> (PWC Report) .
81. The Applicant estimates the proposed investment is likely to employ the equivalent of 1.9 average annual direct FTEs if 100% of the forest is pruned (a total of 55.7 over 28 years)<sup>25</sup>. The total and average numbers drop slightly as the amount pruned falls as shown in the following table:

FTEs created					
	50% pruned	30% pruned	0% pruned	PWC Report <sup>2</sup>	Existing use of the Land
Total FTEs over 28 years	55.7	55	53.9	67.2	13.2
Total FTEs for the first 10 years <sup>4</sup>	10.3	9.0	7.3		4.7
Annual average each year over 28 years <sup>4</sup>	1.8	1.8	1.9	2.4	0.5
Annual average each year over first 10 years <sup>10</sup>	1.0	0.9	0.7		0.5

82. The Applicant also submits that the jobs are likely to be higher paying than a farm labouring position, and has provided the following summary of expected direct FTEs (based upon a 100% pruning regime) – again, the figures likely to drop slightly if less or no pruning takes place:

	Skills/Experience	Average Salary	Low Salary	High Salary	Sum for 10 Years FTEs	Sum total year 0 to year 28)	Average FTE – for 1 <sup>st</sup> 10 years	Average FTE – all year 0 – year 28)
Planting (prep, plant, release)	Range from highly skilled helicopter pilots to semi-skilled planting labour, majority semi-skilled	s 9(2)(b)(ii)						
Tending (pruning and thinning)	Skilled silviculture workers	s 9(2)(b)(ii)						
Management and oversight	Highly skilled, Foresters and consultants							
Admin, maintenance	Skilled, fencing audit and accounting							
Harvesting (logging, roading cartage)	Skilled to high skilled machine operators							
Total FTEs								
Average salary assuming jobs created are a mix		s 9(2)(b)(ii)						

<sup>24</sup> <https://www.nzfoa.org.nz/resources/file-libraries-resources/discussion-papers/848-economic-impacts-of-forestry-pwc-report/file>

<sup>25</sup> The PWC Report estimates that, for a new forest of this size, the annual average is around 2.2.

83. In addition, additional indirect FTEs will likely be created through the expenditure at the nursery for seedlings, land preparation products, and additional expenditure in the local community, though these have to be counterbalanced against current farming indirect FTEs<sup>26</sup>.

*Local employment (and for Māori in particular)*

84. The proposed investment will create new jobs in the Bay of Plenty that in Q4 2022 had the highest unemployment rate in New Zealand by region.<sup>27</sup> The rate was also higher in respect of Māori in the Bay of Plenty<sup>28</sup>.
85. The forestry sector employs a high number of Māori with about 34% of the forestry workforce being Māori workers. Furthermore, the Applicant's chosen forestry manager (NZFM) regularly completes a survey of the entire workforce within the forests that it manages - and according to its 2021 year-end statistics, around 80.4% of its workforce is classified as Māori or Māori/NZ European.

*Consultation with MPI regarding employment*

86. LINZ tested the Applicant's submitted FTE figures with MPI, which advised that *"In this context, the numbers look realistic, and there would be an increase in direct employment"*. MPI went on to say *"The direct employment associated with the existing land use would normally include farm services (from vets to contract services and moving of stock), and a proportion of the wider management time for the farming operation as a whole. This is likely to increase the FTE contribution, but there would still be a sizeable margin between the two land uses."*

Revenue from the Forest – domestic processing & exports

87. The Applicant has committed to sell at least █% of its logs domestically and export the balance.<sup>29</sup> This is subject to there being sufficient capacity at the local sawmills to take that quantity of logs, those sawmills taking logs of the grade harvested, and the Applicant being able to achieve the then prevailing market price for its logs at those sawmills. As a result of these potential limitations, LINZ considers that there can be no certainty as to how much timber will actually be processed domestically upon eventual harvest of the new forest (though a condition of consent will require the provision of at least █% of the timber for local domestic processing in the absence of such limitations).
88. For example, the Applicant has submitted that with the existing trees which will be harvested shortly after the proposed acquisition, it is likely that any pulp logs will be able to be sold to domestic processors without difficulty. However, the remaining logs are likely to be of variable quality due to poor genetics and may not meet domestic processing requirements. However, to the extent it is possible and subject to achieving market price, the Applicant is keen to see as many of the logs as possible processed domestically and intends to offer any pruned/sawlog (S30) volume to the domestic market.

<sup>26</sup> The Applicant has assessed these as 3.9 indirect and 1.9 induced jobs compared to an approximately 1.2 and 0.8 for a farm this size using the PWC Report model.

<sup>27</sup> 4.2% of the labour force were unemployed according to Stats NZ, compared with the national average of 3.4%

<sup>28</sup> 10.2% of the Māori labour workforce were unemployed according to Stats NZ - the highest in New Zealand

<sup>29</sup> The Applicant has worked closely with its experienced registered forestry consultant on the projections for a forest of this type in this location but there are a number of factors outside of its control that could occur by harvest that could influence both the grades of timber produced, and the requirements of domestic sawmills - which in each case will influence the ultimate proportions of export versus domestically processed timber. For example, currently domestic mills process pruned, S30 and pulp grades and the export grades are A/K/KI/KIS but these could change over time and any grades produced on the land that do not meet domestic processing specifications would be exported.

89. Furthermore, the harvest will be managed by NZFM which has been harvesting the Crown/Tūwharetoa forest assets for many years. NZFM has a large-scale domestic supply base and has a domestic supply of 55% from 0.9 million m3 harvested.
90. The two largest structural sawmills in New Zealand (Kawerau and Rotorua) are in a well-situated location to the Land, with another medium-sized sawmill situated in Te Puke. Low-quality logs will be sold to the pulpmill in Kawerau or the biomass market.
91. Distances to the nearest domestic processing mills and Port Tauranga are:

Mill	Location	Distance	Type	Log type	Size
Claymark	Rotorua	82	Sawmill	Pruned	Medium
McAlpines	Rotorua	80	Sawmill	Unpruned sawlog	Medium
CHH WP	Kawerau	41	Sawmill	Unpruned sawlog	Large
Oji FS	Kawerau	41	Pulpmill	Pulp	Large
Whakatane BM	Whakatane	37	Pulpmill	Pulp	Small
Pukepine	Te Puke	43	Sawmill	Pruned & Sawlog	Medium
Export	Port	59	Export	All	Large
Red Stag	Rotorua	83	Sawmill	Unpruned sawlog	Large
Biofuel	Various	<100km	Factory	All	Potentially very large

92. The Applicant has provided tables showing projected export and domestic processing totals (non-inflation adjusted) which are summarised in the following tables for a export/domestic processing split<sup>30</sup>:



<sup>30</sup> Additional tables were provided for different percentages of domestic processing – see Attachment 9.



§ 9(2)(b)(ii)

93. The combined export and domestic processing revenue over 28 years is expected to be approximately \$21m based upon today's prices with no inflation adjustment<sup>31</sup>. However, it should be noted that the above tables include revenue from the 10% of existing trees (around \$[REDACTED]) which we consider should be discounted - as similar revenue is likely to be generated even if the investment does not proceed.
94. This compares to beef revenue from the Land which is estimated at around \$[REDACTED] (inflation adjusted) over 28 years (though we note that the dairy cattle may indirectly contribute to the export of dairy products from the parent herd as well). As above, LINZ also considers that the \$[REDACTED] of value (non-inflation adjusted) which the Applicant estimates the 10% existing trees will generate should be added to the current potential revenue if the Land remains in its current use - which would narrow the gap between the respective totals (see above).
95. Full copies of the final economic tables provided by the Applicant are attached as **Attachment 9**.

*Consultation with MPI re revenue and domestic processing*

96. LINZ presented the Applicant's projected export and domestic figures, along with the current revenue figures, to MPI to assess whether these seemed realistic, and MPI undertook its own calculations accordingly<sup>32</sup>.

<sup>31</sup> If adjusted for inflation, this equates to approximately \$34m (\$[REDACTED] for the existing trees).

<sup>32</sup> MPI carried out its own very approximate analysis of likely earnings based upon the expected tonnage of logs produced and its inflation adjusted figure was \$38.2 million (a total of \$22.3m non-inflation adjusted). However, MPI also cautioned that, as with most primary commodities it is difficult to accurately forecast over the short to medium term, let alone a full rotation.

97. In relation to domestic processing, MPI advised that “The concentration of processing facilities in the Central North Island means that there is likely to be a strong (and stable) market for the production that will come from the forest at the end of the rotation<sup>33</sup>”. MPI also stated “With the significant volume available from the site there will be opportunities to enter supply agreements that cover one to two years. This would be attractive to a number of mills and processors”.

#### Revenue from the Forest – carbon

98. In terms of carbon revenue from the new forest, the Applicant is considering participating in the ETS or a voluntary carbon scheme such as **s 9(2)(b)(ii)** in relation to the forest. If the Applicant decides to take this step, the NZUs or other carbon credits that are earned through participation in that scheme may generate revenue for the Applicant.
99. The Applicant’s forestry manager has prepared a schedule of projected carbon revenue if it were to participate in the post-1989 forest land category of the ETS, earn NZUs for the growth of the forest (under the averaging accounting methodology), and then sell those NZUs to a third party. The carbon revenue projection for **%** pruning is set out in the following table:

Projections based on an assumed <b>%</b> pruning regime			
Range of potential New Zealand Unit (NZU) prices	\$40 per NZU	\$50 per NZU	\$60 per NZU
Projected total number of NZUs earned (up to the trees being 16 years old)	78,730 NZUs (407.93 NZU/ha)	78,730 NZUs (407.93 NZU/ha)	78,730 NZUs (407.93 NZU/ha)
Projected revenue from NZUs earned	<b>\$3,149, 221</b>	<b>\$3,936,526</b>	<b>\$4,723,832</b>

#### Notes:

- the Applicant has assumed that it joins the Emissions Trading Scheme (ETS)
- the Applicant has assumed that it will only have carbon revenue for the first 16 years of the life of the trees, and after that the Applicant’s carbon income will cease. This is because averaging accounting will apply under the ETS and the Applicant will only be eligible to earn New Zealand Units (NZUs) until the trees are 16 years old.
- %** of the forest is pruned
- due to the rounding of calculations, the above figures may appear not to add up precisely

100. However, the Applicant’s investment plan consists of the production and processing of sustainable timber over multiple rotations. It is neither the Applicant’s intention to have permanent forests on the Land, nor is it financially incentivised to do so, because the economic return for it lies in the harvested timber. The value of the timber is the key economic driver and is projected to far exceed any income from carbon credits.
101. The potential income from carbon credits for forest on the Land exists for only the first 16 years and then carbon income will stop under the ETS. This is different for existing forests registered under the ‘stock change’ regime which have the ability to continue to accrue carbon credits for up to 50 years. LINZ also notes that the existing trees will likely generate carbon revenue regardless of whether the investment proceeds.

#### Environmental factor

102. The Applicant has provided detailed plans of new ecological measures it intends to undertake and intends to work with local council to implement these. In addition, LINZ consulted with DOC which made a number of recommendations, some of which have

<sup>33</sup> MPI is forecasting a regional harvest of around 12 million cubic metres in the CNI during the late 2040s – see p.15 of the link [Wood Availability Forecast – Central North Island 2021 \(canopy.govt.nz\)](#)

been included as consent conditions. Currently, the Land includes some fenced-off wetlands (around 3ha) planted with willows, and around 5.6ha of native bush.

103. To better protect and enhance the indigenous flora and fauna, the Applicant proposes planting of new native areas, registering a new riparian management covenant to bind future owners to a revised riparian plan, collaborating with the local bird sanctuary, potentially working with MPI on its apiculture surveillance programme and introducing a pest control programme.
104. In addition, conversion to forestry will stop potentially harmful nitrogen applications on the Land. The Tenant has been applying fertilizer annually as follows (which introduces nitrogen and other nutrients which have the potential to leach into waterways):

Kg/ha	Area (ha)	Tonnes	Nitrogen	Phosphorus	Potassium	Sulphur	Calcium
280	185	51.8	31	25	30	35	15

105. Planting riparian areas and wetlands will also likely have inherent benefits for water conservation and quality, including reducing water temperature through increased shading and providing erosion control on the banks, as well as preventing animal effluent entering the waterways.

*Pest control*

106. The forestry manager will engage a professional pest management provider on the design of an integrated comprehensive animal pest management plan. This will primarily be done by the use of automated trap stations, and will be in line with best industry practice. No pest control is currently undertaken on the Land.

*Climate change, reduced emissions and carbon sequestration*

107. The Applicant submits that the land use change will improve air quality due to the reduction of agricultural emissions (which are a contributing factor to climate change) and an increase in carbon sequestration by the new trees.
108. The Tenant currently grazes 500 dairy and 250 beef cattle. According to information published by the New Zealand Agricultural Greenhouse Gas Research Centre, the total aggregate of average methane emissions from the current livestock is in the region of 64,250kg (or 64.2 tonnes) per year. Conversion would result in an immediate cessation of these methane emissions from livestock from the Land (though it is possible the livestock may be grazed elsewhere).
109. The Applicant submits that rapidly growing plantation forests sequester millions of tonnes of carbon dioxide from the atmosphere each year and help mitigate climate change and achieve New Zealand's commitments under the Kyoto Protocol. The role of forestry in mitigating climate change is recognised by the New Zealand ETS, a key tool in the Government's climate change response.
110. The Applicant estimates that approximately 165,000–190,000 trees will be planted which is expected to sequester 79,000 tonnes of carbon dioxide over the first 16 years of the new forest. Furthermore, establishing forestry will sequester carbon in living biomass, deadwood and soil, as well as in products that are then made of wood. Harvesting the trees also makes space for biomass growth and the wood of those trees can be used in products that decrease emissions from fossil fuels.

*Consultation with DOC*

111. LINZ consulted with DOC which made a number of recommendations, a number of which have been included in an ecological consent condition.

### **Public Access factor**

112. LINZ consulted with Herenga ā Nuku Aotearoa (Outdoor Access Commission) with regard to any recommendations it might have for the Land. The Commission stated that *"we do not wish to make any recommendations regarding public access"* – however, it noted that the Land *"could offer potential amenity value to the local and wider community for recreational use"*.
113. Following this advice, the Applicant has stated that it is agreeable to a condition requiring consultation with the Whakatane District Council to discuss whether some recreational access for the local community would be desirable on terms agreeable to both parties, subject to the Applicant's and forestry manager's health and safety regimes.
114. The Applicant submits that it is in favour of steps to achieve good community relations with the local community, and is keen to support the social and economic well-being of the local community. This aligns with Grosvenor Group's values as more particularly outlined in the Applicant's Investment Plan.

### **Historic Heritage factor**

115. The Applicant intends to enhance protection of historic heritage on the Land through the greater protection of an identified archaeological site V15/1663 (being a 10m by 4m wide pit). The Vendor is not aware of where exactly the site is, and it has likely been grazed by cattle for many years<sup>34</sup>. Consequently, there are no existing measures in place for its protection.
116. Even so, following preliminary discussions with Heritage New Zealand, the Applicant intends to locate the pit and fence it off to ensure that it is not planted over, and to seek advice from a consultant archaeologist before determining where to put the fence as there are likely to be subsurface features associated with the pit.
117. It is possible that there are other unrecorded sites on the Land, and the Applicant is intending to put in place an accidental discovery protocol, being a step-by-step protocol as to what to do if an "accidental discovery" of archaeological material is made (i.e. stop all work, secure site (tape it off), notify archaeologist).

### **Significant Government Policy**

118. The Applicant has submitted that the proposed conversion will give effect to or advance a number of significant Government environmental policies, which are summarised in the Benefits Table below. In addition to those environmental policies, LINZ notes that the commitment to domestic processing in particular may advance significant economic policies (and there may be other policies which the Applicant has not identified).
119. As these policies are common to all farm to forestry conversions, and will likely be the same for the majority of applications for consent for conversions, LINZ considers that the weighting of this factor is one which Ministers are best placed to determine.

---

<sup>34</sup> Although it is identified on the LIM report and registered on the New Zealand Archaeological Association's recording scheme register. A 2021 field visit also stated that the overall condition of the site remains good.

**Summary assessment: benefit to NZ test**

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

ECONOMIC BENEFITS		
<b>Strength</b>	<b>Medium</b>	
	<p>LINZ considers that this factor should be given a <b>Medium weighting</b> given the likely job and revenue increases (both exports and domestic processing), the likelihood that the new jobs will be significant to the local community (and to local Iwi in particular given the profile of the forestry manager's current employees which includes over 80% of employees who identify as being of Māori or Māori/NZ European descent), along with a 100% commitment to domestic processing (though LINZ notes that this will be highly dependent upon market conditions etc at the time of harvest).</p> <p>LINZ notes though that, in terms of economic returns, it is very difficult to compare potential timber with farming revenues given the long term nature of the investment and the volatility of primary commodity markets<sup>35</sup>.</p>	
<b>Creation of jobs</b>		
<b>Applicant's claims: what they intend to do</b>	<b>Current state</b>	<b>LINZ analysis</b>
<p>Forestry jobs fluctuate over the approximate 28 year life of forest but are estimated to be equivalent to 1.9 direct FTEs per year.</p> <p>The Applicant submits that there will also be more indirect jobs as a result of afforestation, a conclusion which is supported by the PWC Report.<sup>36</sup></p>	<p>The Land currently supports just under 0.5 direct FTE.</p> <p>LINZ considers that it is possible that the 10% of the Land planted in existing trees could also support a small number of FTEs depending upon what the owner chooses to do with these trees (it may choose not to harvest but leave as permanent).</p>	<p>LINZ considers that there is likely to be an increase in direct and indirect jobs.</p> <p>Furthermore, the types of jobs created are likely to be better paying than farm labouring positions, and will likely advantage local Māori.</p>

<sup>35</sup> LINZ notes that the PWC model suggests that the "Value-add (\$m)" for forestry from a 1,000ha block is estimated at 1.7, compared to 0.7 for sheep and beef (more than double).

<sup>36</sup> The Applicant has assessed these as 3.9 indirect and 1.9 induced jobs compared to an approximate 1.2 and 0.8 for a farm this size using the PWC model.

Domestic processing		
Applicant's claims: what they intend to do	Current state	LINZ analysis
The Applicant has committed to provide at least 50% of the timber to domestic processors provided various market and processing conditions are met at the time of harvest.	Cattle are run on the Land which contributes to meat processing in New Zealand.  LINZ also considers the dairy cattle may indirectly contribute to processing of dairy products from the parent herd, and notes that some of the existing timber might be processed domestically if harvested.	It is difficult to compare timber domestic processing with livestock processing, and LINZ considers that it is not possible to be certain as to the amount of future processing given this will be dependent on market conditions etc at the time (however, LINZ notes that 50% is a significant commitment from the Applicant).
Revenue receipts		
Applicant's claims: what they intend to do	Current state	LINZ analysis
Timber from the Land not provided to domestic processes will be directly exported.  The Applicant has estimated that the forest will generate approximate revenue of \$21m (non-inflation adjusted <sup>37</sup> ) over the 28 year old life of the forest.	Cattle are run on the Land which contribute to meat production. Beef revenue is estimated at \$10.1m (inflation adjusted) over 28 years, though LINZ notes that there may be indirect revenue produced from the dairy cattle grazed on the Land, and the 10% of the Land currently planted in existing forestry <sup>38</sup> .	LINZ considers there is likely to be an increase in revenue receipts generated from the Land.
Special conditions	<p><b>Special Condition 1-5</b> will require forestry activities to be carried out on the Land, creating the economic benefits above.</p> <p><b>Special Condition 8</b> will prevent the Applicant from registering any crop of new or replacement trees as "permanent forestry" in the ETS scheme.</p> <p><b>Special Condition 15</b> will require the Applicant to provide at least 50% of all timber produced to domestic processors subject to market conditions at that time.</p>	
ENVIRONMENTAL BENEFITS		
Strength	Medium	

<sup>37</sup> Inflation adjusted this is expected to be approximately \$34m.

<sup>38</sup> For example, the Applicant has stated that if 50% of the timber is exported (and 50% is pruned) then this will produce \$14.8m of export revenue, of which \$10.1m comes from the existing trees. The same scenario will produce \$6.5m of domestic receipts, of which \$10.1m will come from the existing trees.

	The number of environmental measures planned, and the environmental impact of increasing carbon sequestration and reducing methane emissions and erosion risk contribute to our assessment of a <b>Medium weighting</b> for this benefit factor.	
<b>Protection of indigenous flora and fauna</b>		
<b>Applicant's claims: what they intend to do</b>	<b>Current state</b>	<b>LINZ analysis</b>
<ul style="list-style-type: none"> <li>engage an expert ecological consultant to prepare an ecological report for the Land</li> <li>plant around 2ha of new native bush</li> <li>engage with organisations including local council to implement recommended ecological measures</li> <li>obtain FSC certification</li> <li>halt annual fertilizer applications and animal effluent discharges</li> </ul>	The Land is currently used for farming which results in the annual application of fertilizer chemicals and animal effluent which can be harmful to the natural environment and waterways in particular.	If conditions based on DOC recommendations are applied, there is likely to be a benefit (as will the halting of fertilizer applications and animal effluent discharges).
<b>Climate change and carbon sequestration</b>		
<b>Applicant's claims: what they intend to do</b>	<b>Current state</b>	<b>LINZ analysis</b>
Planting will likely result in a reduction in animal methane emissions, and additional trees to store carbon.	Cattle farming which produces methane and less carbon stored given there are fewer trees.	Conversion to forestry will lead to an increase in the amount of carbon stored and a reduction in animal methane emissions.  However, it is unclear how significant this is in the context of the Government's climate change objectives and obligations. LINZ considers these questions call for Ministerial judgement.
<b>Erosion and slash danger control</b>		
<b>Applicant's claims: what they intend to do</b>	<b>Current state</b>	<b>LINZ analysis</b>
Planting trees will likely contribute to erosion control.  The Applicant will comply with any reasonable slash control measures required by local authorities.	Most of the Land is currently bare grazing land which is likely to be more susceptible to erosion.  However, the danger of slash damage is less given there will be fewer trees to create slash.	Plantings are likely to assist with erosion control which has been confirmed by a number of independent reports and by MPI.

		LINZ is mindful of the issue of potential slash damage upon harvest but accepts that this particular land is less likely to suffer such damage compared to areas of the East Coast where this has been a particular problem.
<b>Special conditions</b>	<p><b>Special Condition 11</b> will require the Applicant to comply with the National Environmental Standards for Plantation Forestry in respect of the Land.</p> <p><b>Special Condition 12</b> will require the Applicant to undertake the new ecological measures set out in the Investment Plan and a number of the recommendations made by DOC.</p> <p><b>Special Condition 13</b> will require the Applicant to consult with the Local Authority and implement any reasonably recommended slash control measures on the Land.</p>	

<b>Public Access</b>		
<b>Strength</b>	<b>Weak</b>	
	A condition of consent will require the Applicant to grant reasonable public access for recreational purposes.	
<b>Applicant's claims: what they intend to do</b>	<b>Current state</b>	<b>LINZ analysis</b>
Work with local authorities to determine whether any new community public access would be of benefit.	No current public access over the Land. X	LINZ considers that there might be some benefit as Herenga ā Nuku Aotearoa (Outdoor Access Commission) advised that there might be public interest in new access.
<b>Special condition</b>	<b>Special Condition 14</b> will require the Applicant to work with local authorities to determine whether any new community public access would be of benefit.	

<b>HISTORIC HERITAGE</b>		
<b>Strength</b>	<b>Weak</b>	
	Given the nature of the historic heritage site (being a pit which has been grazed over), LINZ considers this benefit should be given a weak weighting.	
<b>Applicant's claims: what they intend to do</b>	<b>Current state</b>	<b>LINZ analysis</b>



Work with Heritage NZ to locate, fence off and adopt any other recommendations to further protect and enhance the pit identified on the Land. Engage a certified archaeological consultant to assist.	The site is currently grazed by cattle with no known protection.	Heritage NZ has signalled its interest in the site. LINZ is satisfied that the preservation and quality of the site will be preserved and improved as a result of the measures being undertaken by the Applicant.
<b>Special conditions</b>	<b>Special Condition 7</b> will require the Applicant to continue to work with Heritage NZ to implement recommendations in relation to an archaeological site identified on the Land.	

<b>Advancing significant government policy</b>		
<b>Strength</b>	<b>Requires Ministerial judgement</b>	
	<p>LINZ considers 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. LINZ is also mindful that not all relevant policies are likely to have been identified by applicants.</p> <p>LINZ also notes that there are economic policies which may be advanced (increased domestic processing in particular).</p>	
<b>National Policy Statement for Freshwater Management 2020</b>		
<b>Applicant's claims</b>	<b>Current state</b>	<b>LINZ analysis</b>
Applicant intends to protect freshwater streams (with 5m buffers and riparian plantings). This will be implemented through an Environmental Management Plan/Operations Plan. In addition, the halting of farming will prevent erosion, nitrogen etc leaching into the streams on the Land.	The site is currently grazed by effluent producing livestock with no known protection for waterways. The Land is also fertilized annually which may lead to nitrogen leaching etc.	Whilst the Proposed Transaction supports the Statement, the relatively small scale of the Land and the waterways concerned (none over 3m average width) means the benefit is unlikely to be significant.
<b>Proposed National Policy Statement for Indigenous Biodiversity</b>		
<b>Applicant's claims</b>	<b>Current state</b>	<b>LINZ analysis</b>
This Statement will be supported through the likely protection of indigenous vegetation areas (including through a new RMP with the local authority), new planting of indigenous vegetation, pest control and the clearance of gorse.	The Land includes gorse and there is no current protection for waterways (though LINZ notes that there are no significant waterways on the Land).	This Statement was gazetted on 7 July and comes into force on 4 August 2023. Whilst the Proposed Transaction may result in benefits to indigenous biodiversity, the relatively small scale of the Land mean the benefits are unlikely to be significant.

Climate Change Policy objectives and carbon emission reduction commitments		
Applicant's claims	Current state	LINZ analysis
<p>In 2021 the Government set a headline target of a 50% reduction of net greenhouse gas emissions below 2005 levels by 2030. To give effect to its international obligations<sup>39</sup> and respond to climate change, the Government has established a framework under the Climate Change Response Act 2002.</p> <p>Plantation forest on the Land will reduce net emissions by sequestering carbon as the forest grows.</p>	<p>The current farm produces methane emissions from ruminant animals and other emissions associated with livestock farming. Some carbon is likely to be sequestered by the existing trees.</p>	<p>LINZ considers that whether the proposed investment will give effect to these, and the amount of weight that should be given, calls for Ministerial judgement.</p>
One Billion Trees programme		
Applicant's claims	Current state	LINZ analysis
<p>The Applicant estimates that approximately 165,000 – 190,000 trees will be planted on the Land.</p>	<p>There are existing trees on the Land but the number will increase significantly.</p>	<p>LINZ considers that the proposed afforestation will likely advance the One Billion Trees programme.</p>
Special conditions	<p><b>Special Conditions 1-5</b> will require the Applicant to carry out forestry activities on the Land.</p> <p><b>Special Condition 11</b> will require the Applicant to comply with the National Environmental Standards for Plantation Forestry.</p> <p><b>Special Condition 12</b> will require the Applicant to implement ecological recommendations from DOC.</p>	

## Consultation and submissions about the investment

121. In undertaking its assessment, LINZ consulted with:

- the Walking Access Commission/Herenga ā Nuku;
- Ministry for Primary Industries;
- Department of Conservation.

122. In general, LINZ requested these agencies to give feedback on the credibility and accuracy of the Applicant's proposals in the investment plan. LINZ has dealt with any feedback received on specific proposals in the body of its assessment report above.

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

<sup>39</sup> The Applicant has referred to (a) Kunming-Montreal Global Biodiversity Framework to protect biodiversity; and (b) The Paris Agreement to reduce greenhouse gas emissions.

### **Proposed conditions and rationale**

124. The Applicant's afforestation proposal is the primary action from which all the specific benefit claims flow.
125. 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 work with Heritage NZ to further protect any historical heritage identified on the Land, engage a qualified archaeologist, and advise local Iwi of any new measures and provide reasonable access to any such site;
  - 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);
  - prohibit the Applicant and related persons from occupying the Land;
  - allow temporary grazing of the Land until planting is completed;
  - 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 implementation of various ecological recommendations from DOC if approved by an expert ecologist;
  - require consultation with the local authority with regard to the implementation of slash control on the Land and undertake any reasonable recommended measures;
  - require consultation with the local authority to provide better access to the Land for members of the Public if deemed desirable;
  - require the Applicant to offer at least 50% of harvested timber to domestic processors provided certain market conditions are met.

### **Conclusion – benefit to New Zealand test and proportionality approach**

126. The benefit to New Zealand test is met if the overseas investment will, or is likely to, benefit NZ (or any part of it or group of New Zealanders) having regard for the factors in s17. The Act requires you to consider all the factors in s17(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.
127. 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*

128. The Act requires a proportionate approach to whether the benefit test is met, by taking into account whether that benefit is proportionate to the following:
- 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).

129. Matters relevant to the sensitivity of the Land include:

- Matters indicating diminished sensitivity:
  - the relatively small size of the Land;
  - the fact that the land is sensitive only because it is non-urban land larger than 5ha;
  - the Land's LUC classes (being mostly LUC 6).
- Matters indicating increased sensitivity:
  - public interest in the use and management of farm land.

130. Matters relevant to the nature of this overseas investment transaction include:

- the Applicant is acquiring a freehold interest;
- the Applicant is entirely overseas owned;
- the land will mostly be converted to an alternative (non-farming use);
- public interest in the conversion of farm land to forestry;
- public interest in the management of forestry land.

131. 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.

132. However, LINZ notes that the Land is a relatively small area of mostly hill country used for grazing cattle and that 10% of the Land is already forestry. It also has no outstanding distinguishing features except for one archaeological site.

133. LINZ also considers that it is likely that the conversion to forestry will result in greater economic returns from the Land, along with environmental, access and historic heritage benefits as well.

## G. Farm land advertising

134. Because the Land is farm land,<sup>40</sup> LINZ notes that it was advertised for sale by tender on the open market with the required information for a period of at least 30 working days as follows:

Internet	<i>Open2view, PGG Wrightson, Facebook &amp; Trade Me websites</i> <sup>41</sup> .
Print	<i>Coast and Country News</i> , <i>The Beacon</i> , <i>Daily Post Property Guide</i> & <i>Bay of Plenty Property Guide</i> <sup>42</sup> .

135. The parties entered into the purchase agreement on 1st December 2022 - 52 working days after the first advertisement.

136. A copy of one of the adverts is included as **Attachment 3**.

137. LINZ is satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.<sup>43</sup>

<sup>40</sup> Currently being used primarily to graze cattle (see the definition of farm land in s 6 of the Act).

<sup>41</sup> From 19 September 2022 to 22 November 2022 being a total of 45 working days. Advertising has remained live on the online sites as at the date of the application.

<sup>42</sup> For the first time on 7 October 2022 and then on a number of occasions and in various printed media thereafter (Fridays or Saturdays for maximum weekend saturation coverage).

<sup>43</sup> Overseas Investment Regulations 2005, regulations 5 to 10.

## **H. Not a transaction of national interest**

---

138. The investment does not involve a transaction of national interest under the mandatory criteria of the Act.<sup>44</sup> 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).
139. 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.<sup>45</sup> He has therefore not declined consent to the transaction.
140. LINZ is directed<sup>46</sup> that the starting point is the assumption that overseas investment is in New Zealand's national interest and that LINZ should only seek the Minister of Finance to exercise his discretion for a national interest assessment if the proposed investment:
- could pose risks to New Zealand's national security or public order;
  - would grant an investor significant market power within an industry or result in vertical integration of a supply chain;
  - has foreign government or associated involvement that was below the 10% 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).
141. LINZ does not consider that this investment engages any of these risk factors.

## **I. Conclusion**

---

142. After considering the application, LINZ's 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.
143. 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, LINZ leaves the decision to grant or decline consent to the decision makers.

---

<sup>44</sup> Under s 20A of the Act.

<sup>45</sup> Section 20B of the Act

<sup>46</sup> Ministerial Directive Letter (24 November 2021).

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



**Pedro Morgan**

Lead Advisor, Applications  
Overseas Investment - LINZ

Date: 1-Aug-2023

## **J. List of Attachments**

---

1. Proposed Decision and consent conditions if consent is granted
2. Ownership structure
3. Advertising example
4. Other benefit factors
5. Planting and Existing Trees Map
6. LUC, Erosion and Wood Density Maps
7. Map of nearby commercial forests
8. Current and proposed use Table

## 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:

<b>Case</b>	202300166
<b>Consent</b>	The Consent Holder may acquire the Land subject to the Conditions set out below.
<b>Consent Holder</b>	Enterprise Investments WRI Limited (New Zealand company number 8288680) (You or the Consent Holder)
<b>Land</b>	A freehold interest in approximately 237 hectares of sensitive land located at 598 Pikowai Road, Bay of Plenty contained in records of title 588808 and SA43C/924.
<b>Timeframe</b>	You have until [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,
- any **existing crop of trees** already established on the Land;
- 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.

**DOC** means Department of Conservation.

**Existing Trees** means the commercial trees planted on the Land at the time of acquisition by the Consent Holder.

**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").

**Historic Site** means archaeological site V15/1663 on the New Zealand Archaeological Association's ArchSite.

**LINZ** means Land Information New Zealand.

**NES-PF** means the National Environmental Standards for Plantation Forestry.

**New Trees** means the pinus radiata trees to be planted by the Applicant which are not the Existing Trees.

**Other Land** means Land that is not Forestry Land.

**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:

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

Details	Required date
<b>Special condition 1: Land must be planted with trees</b>	
You must establish a new crop of trees on the Land covering at least 180 hectares.	By 31 July 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
<b>Special condition 2: Forestry Land must be used for forestry activities</b>	
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
<b>Special condition 3: Minimum silvicultural practices</b>	
<p>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.</p>	At all times
<p>If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.</p>	
<b>Special Condition 4: Crop of trees must be harvested</b>	
<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>cyprus</u>, species age limit is 50 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by LINZ.</p>	At all times
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<b>Special condition 5: Trees must be replanted after harvest</b>	
<p>You must replace each crop of trees (Existing Trees and New Trees) which you harvest with a new crop of trees (<b>Replant</b>). 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"> <li>1. replant the Land with the same species of tree or use the same silvicultural regime; or</li> <li>2. do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law.</li> </ol> <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).
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	

Details	Required date
<b>Special condition 6: Confirm area of Forestry Land and Other Land</b>	
<p>You must:</p> <ul style="list-style-type: none"> <li>a) confirm to us in writing the area of Forestry Land and the area of Other Land,</li> <li>b) provide a map showing the extent of the Forestry Land and the Other Land.</li> </ul>	<p>By 30 November 2024</p>
<b>Special condition 7: Historic Heritage Condition</b>	
<ul style="list-style-type: none"> <li>a) You must not plant over the Historic Site, and you must fence it off if instructed to do so by a qualified archaeological consultant (which you must engage).</li> <li>b) You must advise local Iwi of any new measures implemented on the Land in relation to historic heritage and permit any reasonable access requested by Iwi or other interested members of the Public.</li> </ul>	<ul style="list-style-type: none"> <li>a) By 31 July 2025</li> <li>b) At all times</li> </ul>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<b>Special condition 8: ETS registration</b>	
<p>You must not register the crop of New Trees or any replacement trees on the Land 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).</p>	<p>At all times</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<b>Special condition 9: Non-occupation outcome</b>	
<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"> <li>a) You;</li> <li>b) Any overseas person with a more than 25% ownership or control interest in any of the people in (a);</li> </ul>	<p>At all times</p>

Details	Required date
<p>c) Any overseas person who occupies the Land other than on arm's length terms<sup>47</sup>;</p> <p>d) Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land;</p> <p>e) If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion.</p> <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>	
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 10: Permitted temporary activities</b></p>	
<p>The Land may be grazed prior to being planted with a crop of trees in accordance with Special Condition 1 (Forestry Land must be planted with trees)</p>	<p>Until 31 July 2025</p>
<p><b>Special condition 11: Comply with NES-PF</b></p>	
<p>You must comply with NES-PF in respect of the Land.</p>	<p>At all times</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 12 – Ecological condition</b></p>	
<p>You must engage a suitably qualified and experienced consultant (<b>Ecological Consultant</b>) to prepare an ecological report to assess biodiversity values for the Land including a planting plan for ecological areas (<b>Ecological Plan</b>).</p>	<p>By 31 July 2025</p>
<p>You must implement any reasonable recommendations within the Ecological Plan.</p>	<p>By 31 July 2026</p>
<p>If approved by the Ecological Consultant, you must:</p>	<p>By 31 July 2026</p>

<sup>47</sup> '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
<ul style="list-style-type: none"> <li>• plant an additional 2ha in natives near riparian areas, being a nurse crop (such as Mānuka) and then larger podocarps. Engage with DOC local office for advice on types of flora or plants for other native plantings on the Land.</li> <li>• plant flaxes, grasses and larger trees around any wetlands;</li> <li>• create setbacks from any recommended areas and keep these clear of any forestry debris;</li> <li>• consult with the Bay of Plenty Regional Council with regard to entering a new riparian management plan;</li> <li>• use all reasonable endeavours to register a new riparian management covenant to bind future owners to a revised riparian management plan;</li> <li>• use all reasonable endeavours to register a suitable protective instrument (such as a QE II Covenant) for sensitive ecological areas including the 7.6ha of native bush areas identified in the Investment Plan;</li> <li>• collaborate with the Ecological Consultant to identify any joint initiatives to provide suitable habitats and protection for native flora and fauna, such as research projects. You must implement any joint initiatives where these can be reasonably accommodated in the management of a production forest;</li> <li>• liaise with the local bird sanctuary (Kaharoa Kōkako Trust) to investigate the possibility of establishing and encouraging native bird species and other ways of supporting the sanctuary;</li> <li>• offer local bee-keepers placements of hives in the indigenous planted areas for no fee. If local beekeepers take up the Applicant's offer, you must liaise with the Ministry for Primary Industries to look to be involved in one of the various projects it runs through its apiculture surveillance programme;</li> <li>• introduce a pest and weed control programme, including the control of gorse and wilding pines (including their removal where identified);</li> <li>• procure Forest Stewardship Council Certification (FSC) for the new forest so that the forest will be managed according to a set of environmental, social and economic standards. The Applicant will also impose a buffer for forestry activities of at least 5m from all streams.</li> </ul>	
<p>You must provide a copy of the Ecological Report to DOC.</p>	<p>By 31 July 2025</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	

Details	Required date
<b>Special condition 13 – Slash control measures</b>	
You must consult with the Bay of Plenty Regional Council and Whakatane District Council with regard to the implementation of slash control on the Land and implement any reasonable slash control measures recommended by the territorial authority.	By 31 July 2025
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
<b>Special condition 14: Deliver better access to the Land</b>	
a) You must consult with the Whakatane District Council (and any community organisations which it recommends) to determine whether additional public access is desirable.	a) by 31 July 2025
b) You must then implement any reasonable requested access.	b) by 31 July 2027
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
<b>Special condition 15: Domestic Processing supply</b>	
<p>You must offer for sale a minimum of <span style="background-color: black; color: black;">████</span>% of logs harvested on the Land to domestic processors based in New Zealand, subject to:</p> <p>(a) there being sufficient capacity at the local sawmills to take that quantity of logs at the time of harvesting;</p> <p>(b) those sawmills taking logs of the grade harvested on the Land at the time of harvesting; and</p> <p>(c) the Applicant being able to achieve the then prevailing market price for its logs at those sawmills.</p>	Upon harvest of the new and any replacement trees on the Land
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
<b>Standard condition 1: Acquire the Land</b>	
<p>You must acquire the Land:</p> <ol style="list-style-type: none"> <li>by the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Land; and</li> <li>using the acquisition, ownership, and control structure you described in your application.</li> </ol> <p>Note, only you – the named Consent Holder – may acquire the Land, not your subsidiary, trust, or other entity.</p>	As stated in the Consent
<b>Standard condition 2: Tell us when you acquire the Land</b>	
<p>You must tell us in writing when you have acquired the Land.</p> <p>Include details of:</p> <ol style="list-style-type: none"> <li>the date you acquired the Land (<b>settlement</b>);</li> <li>consideration paid (plus GST if any);</li> <li>the structure by which the acquisition was made and who acquired the Land; and</li> <li>copies of any transfer documents and settlement statements.</li> </ol>	As soon as you can, and no later than two months after settlement
<b>Standard condition 3: Allow us to inspect the Land</b>	
<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"> <li>allow a person we appoint (<b>Inspector</b>) to: <ol style="list-style-type: none"> <li>enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (<b>Inspection</b>);</li> <li>remain there as long as is reasonably required to conduct the Inspection;</li> <li>gather information;</li> <li>conduct surveys, inquiries, tests, and measurements;</li> <li>take photographs and video records; and</li> <li>do all other things reasonably necessary to carry out the Inspection; and</li> </ol> </li> <li>take all reasonable steps to facilitate an Inspection including:</li> </ol>	At all times

Details	Required date
<p>a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection; and</p> <p>b. being available, or requiring your employees, agents, tenants, or other occupiers to be available, at all reasonable times, during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required.</p> <p>3. During an Inspection:</p> <p>a. we will not compel you and your employees, agents, tenants, or other occupiers to answer our questions or to let us look at, copy, or take away documents; and</p> <p>b. our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection.</p>	
<b>Standard condition 4: Remain not unsuitable to invest in New Zealand</b>	
<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 <b>Individuals Who Control You</b> are individuals who:</p> <p>(a) are members of your governing body;</p> <p>(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</p> <p>(c) are members of the governing body of the people referred to in paragraph (b) above.</p>	At all times
<b>Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control</b>	
<p>You must tell us in writing if any of the following events happen to the Consent Holder:</p> <p>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.</p> <p>2. You cease to be an overseas person or dispose of all or any part of the Land.</p> <p>3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you.</p>	At all times

Details	Required date
<b>Standard condition 6: Dispose of the Land if you do not comply with key special conditions</b>	
<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>	
<b>Value the Land:</b> 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
<b>Market the Land:</b> 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
<b>Dispose of the Land:</b> dispose of the Land to a third party who is not your associate.	Within six months of our notice
<b>Offer without reserve:</b> 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
<b>Report to us about marketing:</b> 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
<p><b>Report disposal to us:</b> send us, in writing, evidence of the following:</p> <ol style="list-style-type: none"> <li>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</li> <li>2. that the purchaser is not your associate.</li> </ol>	Within one month after the Land has been disposed of

### Reporting conditions

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

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

1. be submitted via our [Webform](#) by these dates:
  - (a) 30 August 2025; and
  - (b) 30 August 2027.
1. 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).
2. follow the format of the template annual report published on our website.
3. 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**

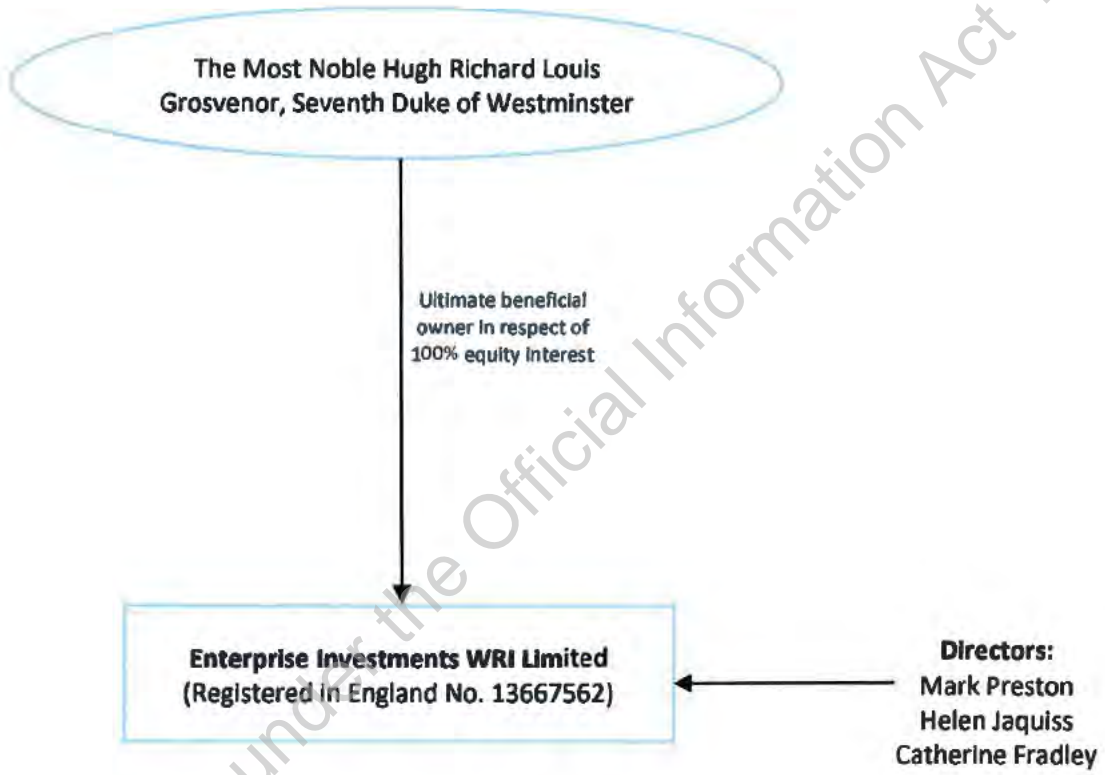
The regulator may waive the requirement to submit a report and may waive the requirement for future reporting.

Released under the Official Information Act 1982

**ATTACHMENT 2 – OWNERSHIP STRUCTURE**

---

**Enterprise Investments WRI Limited  
Structure Chart as at January 2023**



Released under the Official Information Act 1982

## ATTACHMENT 3 – ADVERTISEMENT EXAMPLE

PGG Wrightson Real Estate

RURAL | LIFESTYLE | RESIDENTIAL



### PIKOWAI 598 Pikowai Road Grazing / Dairy Support or Forestry

- Presently a grazing / dairy support & finishing production property totalling 237.59 hectares in two titles
- 70 paddocks, with an effective grazing area of 215 hectares (more or less) - balance made up of 20 ha mixed age Pinus Redata and Luskatica trees and riparian plantings. Carbon Credits available.
- Load out with cattle yards, a 3-stand wool shed, a calf rearing shed that holds 140 calves, all paddocks have water reticulated to them
- Conventional post and batten fencing with electric over the entire property with deer fencing on the second 28-hectare title
- Hay barn and in ground slaga pits are positioned with good access off Airstrip Road. Airstrip company shares available.
- Well located to the Port of Tauranga and sawmills at Kawerau and Rotorua, if a new owner had an eye for the future and wanted to develop a production forestry block
- Several development sites with exceptional rural and ocean views allowing an opportunity to speculate a little and create a rural subdivision or build that dream lifestyle property
- Call Phil for a property information memorandum and bring your bike to one of the planned open days - starting on Friday 14 October 1.00 - 3.00pm

**TENDER**  
Plus GST (if any)  
(Unless Sold By Private Treaty)  
Closes 4.00pm, Thursday 17 November  
VIEW 1.00-3.00pm, Friday 14 October

Phil Goldsmith  
M 027 494 1844  
E [pgoldsmith@pggwrightson.co.nz](mailto:pgoldsmith@pggwrightson.co.nz)



[pggwre.co.nz/WHR36630](http://pggwre.co.nz/WHR36630)

## **ATTACHMENT 4 – OTHER BENEFIT FACTORS**

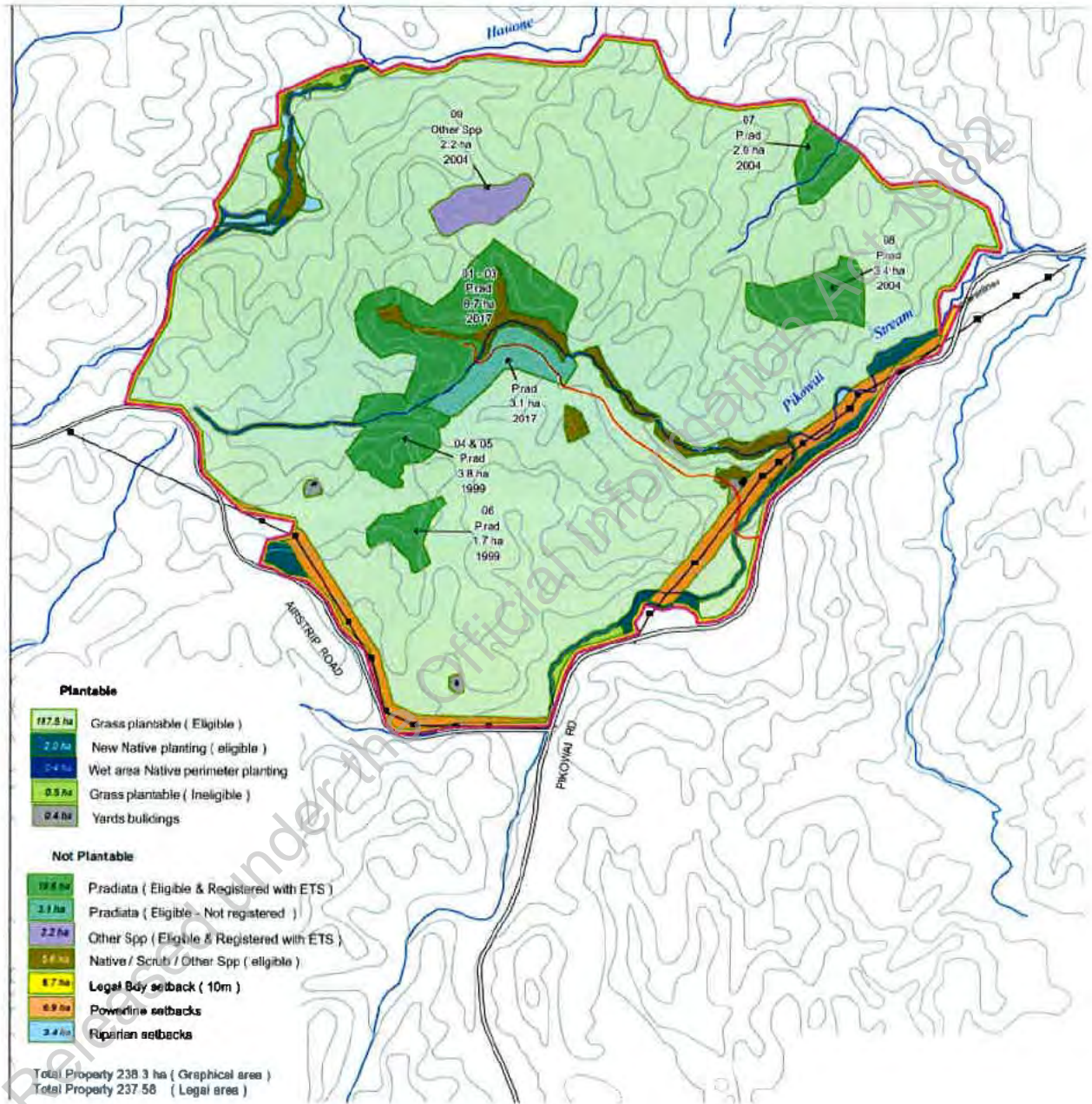
---

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.

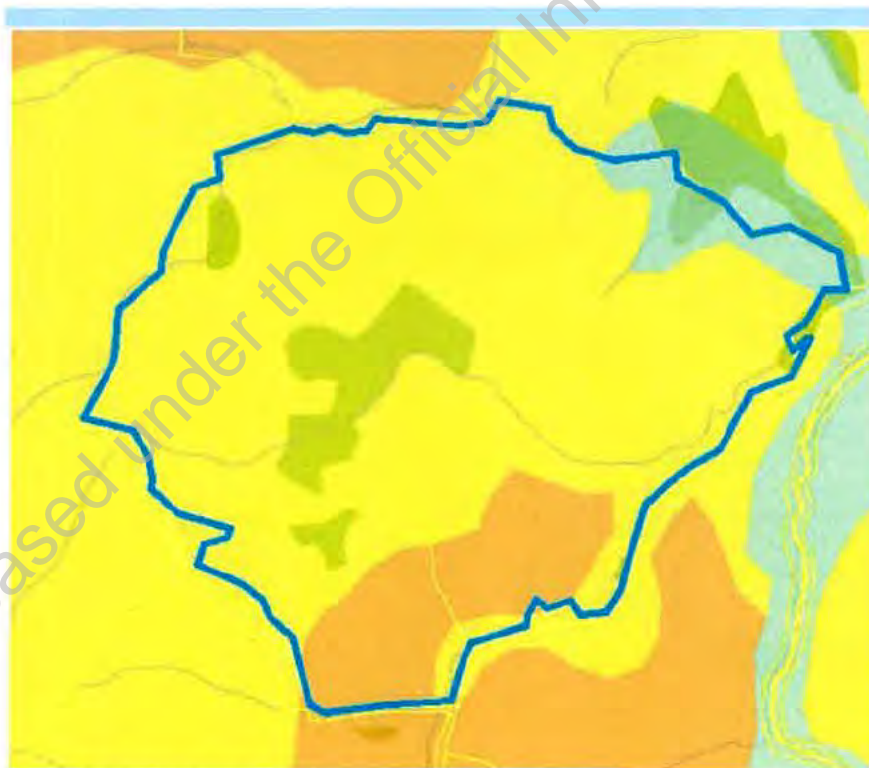
<b>Factor</b>	<b>Reason not relevant or insufficient</b>
<b>Oversight or participation by New Zealanders</b>	No benefit – The Land is going from 100% New Zealand owned to 100% overseas owned.
<b>Consequential benefits</b>	Applicant has not identified any additional consequential benefits to New Zealand that are likely to occur.

Released under the Official Information Act 1982

## ATTACHMENT 5 – PLANTING AND EXISTING TREES MAP



**ATTACHMENT 6 – LUC, ERROSION AND WOOD DENSITY MAPS**



**NES-PF Erosion Susceptibility Classification**

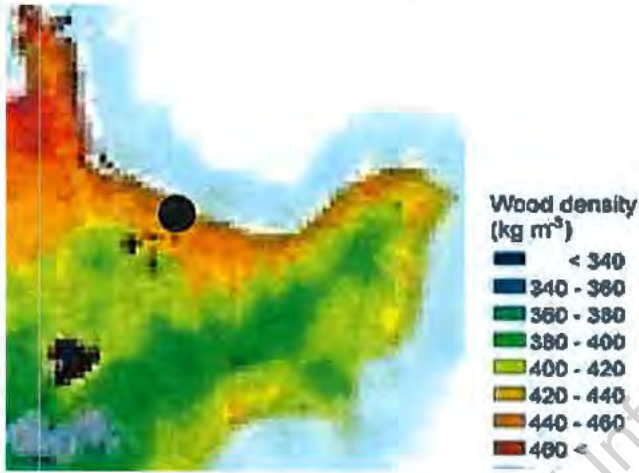
ESC (March 2018)

Low Moderate High Very High Other

Appendix: 06

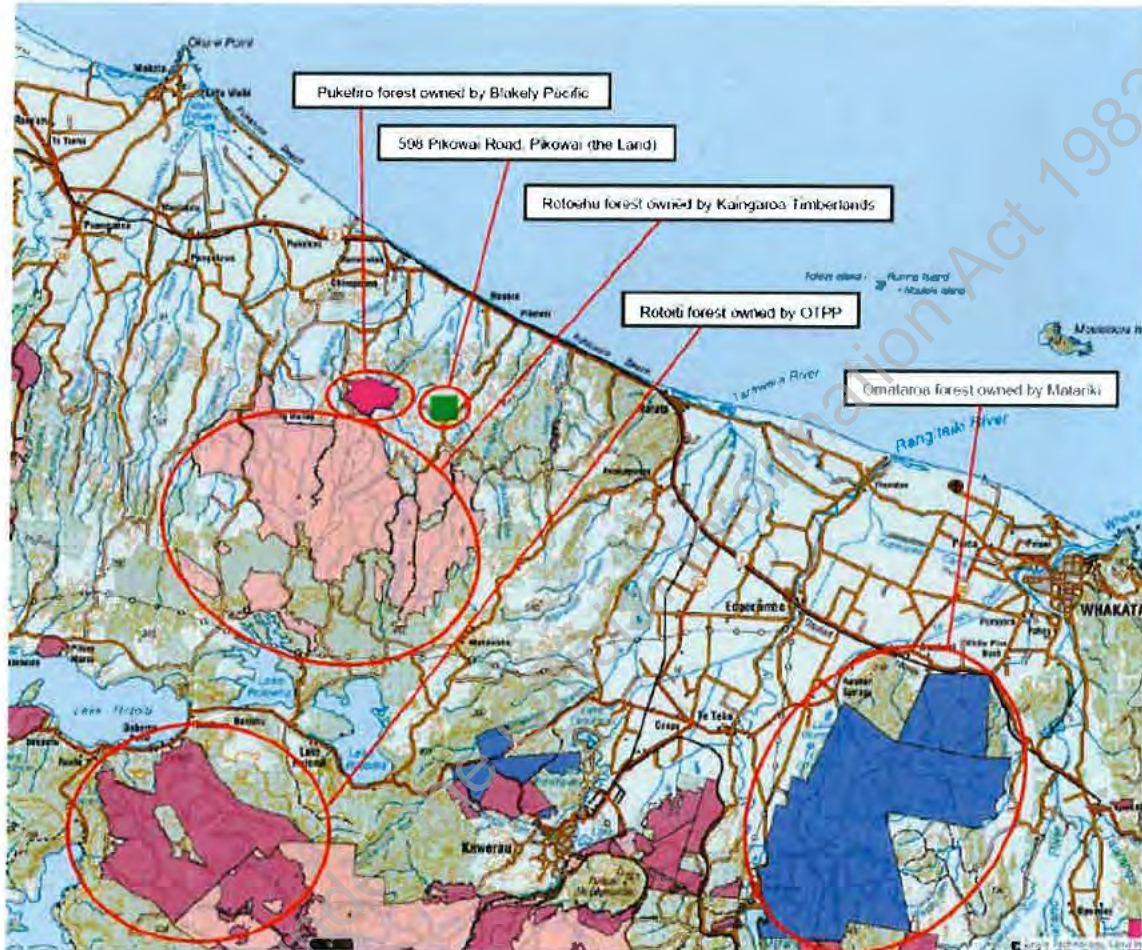
Map showing high  
land classification for  
Producing Wood.

Pikowai location is marked by the black spot  
The property is classed as a high to very high density wood zone >440kg/m<sup>3</sup>, classed as orange/red in the map below  
This high density indicates that the structural properties (lumber strength) are likely to be very strong.  
Lumber strength is the most desirable attribute for the local framing market, for domestic usage



Released under the Official Information Act 1982

## ATTACHMENT 7 – MAP SHOWING NEARBY EXISTING FSE CERTIFIED FORESTS





## ATTACHMENT 8 – CURRENT AND PROPOSED USE TABLE (APPROXIMATE FIGURES ONLY)<sup>48</sup>

Land use	Current use (ha)	Proposed use (ha)
Forestry (total)	24.9	212.4
Unplanted ( <i>other than farm land</i> ) (total)	10.2	25.8
Farm land (total)	203.1	0
Land to be divested/subdivided and sold (total)	0 ha	0 ha
	238.2	238.2
Forestry (total ha)	24.9	212.4
Existing plantation	24.9	24.9
New planting / afforestation – at X stems per ha	0 ha	187.5
Unplanted (total ha)	10.2	25.8
Native bush (including scrub)	5.6	7.6
Unplantable – ridges, gullies, steep land	0	0
Infrastructure – roads, tracks	0.4	0.4
Buffer land, set-backs, riparian planting	4.2	17.8
Farm land (total ha)	238.2	0
Pasture	203.1	0
Land to be divested / subdivided and sold (total ha)		
Farm land	0 ha	0 ha
Forestry	0 ha	0 ha
Other	0 ha	0 ha

\* stock number defined as total number and type of stock on the relevant land.

\*\* approximate areas, rounded to two decimal places.

<sup>48</sup> We note that the combined areas from the two records of title is 237.5957ha more or less (slight discrepancies are not unusual)



**ATTACHMENT 9 – ECONOMIC PROJECTIONS FROM APPLICANT**

s 9(2)(b)(ii)

Released under the Official Information Act 1982



§ 9(2)(b)(ii)

Released under the Official Information Act 1982

Released under the Official Information Act 1982

s 9(2)(b)(ii)

s 9(2)(b)(ii)

Released under the Official Information Act 1982