

OI Assessment Report 202300706 – Hampshire Holiday Parks Limited

Ki / To: Clare Needham, Principal Customer Regulatory Specialist **Rā / Date:** 5 February 2024

Mai / From: Heidi Hughes, Customer Regulatory Specialist **Rā Mutunga/ Deadline:** 19 February 2024

Pūtake/Purpose statement

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

Key information

Applicant	Hampshire Holiday Parks Limited Australia (100.00%)
Vendor	Kaikōura District Council (Lessor of leasehold interest) New Zealand (100%) Kaikōura Top 10 Holiday Park Limited (Vendor of business assets including lease) New Zealand (100%)
Investment	Acquisition of sensitive land
Land	A leasehold interest for 30 years in approximately 2.0061 hectares of land located at Kaikoura Top 10 Holiday Park.
Consideration	[s 9(2)(b)(ii)]
Sensitivity	Includes land that a district plan or proposed district plan under the Resource Management Act 1991 provides is to be used as a reserve, as a public park, for recreation purposes, or as open space ²
Pathway	Benefit to NZ
Relevant tests	Investor test ³ Benefit to NZ test ⁴ National interest criterion ⁵

¹ [s 9(2)(b)(ii)]

² Row 8, Table 1, Part 1, Schedule 1 of the Act.

³ Sections 16(1)(a) and 18A of the Act.

⁴ Section 16(1)(c)(ii) of the Act

⁵ Section 16(1)(g) of the Act.

Timing

1. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 70 working days. This application is currently on day 61, therefore a decision is due to the applicant by 19 February 2024.

A. Decision

Core tests

2. I determine that:
 - 2.1. The '**relevant overseas person**' (**ROP**) are collectively:

Relevant overseas person	Role
Hampshire Holiday Parks Limited	Applicant and acquiring entity
Hampshire (NZ) Limited	100% owner of Hampshire Holiday Parks Limited
AZZ Pty Limited	100% owner of Hampshire (NZ) Limited
Andrew David Hoffman	100% owner of AZZ Pty Limited

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

Individuals with control	Role
David George Hoffman	Director of Hampshire Holiday Parks Limited, Hampshire (NZ) Limited and AZZ Pty Limited

- 2.3. None of the relevant overseas persons and individuals with control of the relevant overseas person have established any of the factors contained in section 18A(4) of the Act.
3. I am satisfied that the investor test in section 18A, as outlined in Part D below, has been met.
4. I am satisfied, in relation to the benefit to New Zealand test, that:
 - 4.1. the criteria for consent in sections 16 and 16A have been met;
 - 4.2. the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders); and
 - 4.3. the benefit is proportionate to the sensitivity of the land and the nature of the transaction.

National interest assessment

5. 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.

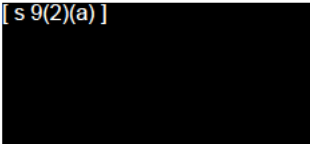
Priority: Medium

Classification: IN CONFIDENCE

Decision about whether to grant or decline consent.

6. My ultimate decision is to grant consent subject to the conditions in the Proposed Decision in **Attachment 1**.

[s 9(2)(a)]



Clare Needham

Principal Customer Regulatory Specialist (Overseas Investment -LINZ)

Date: 07 / 02 / 2024

Released under the Official Information Act 1982

B. Background and proposed transaction

7. Hampshire Holiday Parks New Zealand⁶ (**Applicant**) seeks to acquire the business operations⁷ and assets (including sensitive land under the Act) of Kaikōura Top 10 Holiday Park. The core business of the holiday park is the provision of short-term tourist accommodation for domestic and international visitors.
8. The transaction involves acquiring:
 - business assets from Kaikōura Holiday Park Limited;
 - a franchising agreement from Top Ten Group New Zealand Limited; and
 - a leasehold interest in approximately 2.0061 hectares of land at 34 Beach Road, Kaikōura (**Land**), on which the holiday park operates, from Kaikōura District Council (**Proposed Transaction**).
9. The Applicant entered into sale and purchase agreements with Kaikōura Holiday Park Limited (**Vendor**) for both the business assets and the prospective leasehold interest in the Land on 12 May 2023. The agreement for sale and purchase of the business assets is conditional on the Applicant entering a deed of lease for the Land.

Land

10. The Land is located 300 metres from Kaikōura town centre and adjacent to the Pacific coastline. The Land is highlighted below, in blue:



Figure 1: an outline of the Land.

11. An aerial photo of the land and wider location can be found in **Attachment 2**.
12. The Land is leased from Kaikōura District Council (the **Lessor**) under two lease agreements:
 - The lease of record of title MB6A/181⁸ commenced on 23 December 1992 for a 10-year term with seven rights of renewal through to 22 December 2072. It most

⁶ New Zealand company number 848332.

⁷ Consent under the Act is not required for the acquisition of the business operations as the consideration is less than the \$100m threshold.

⁸ Title includes easement for drainage (MB5B/297).

recently renewed in October 2022. The land must be operated “*in trust for recreation purposes*”.

- The lease for record of title 234557 commenced on 1 October 2022 for a 10-year term, to 22 December 2032, and contains two rights of renewal for 10 years (to 22 December 2052).

13. There are no historic heritage or environmental features on the Land.

C. Application of the Act

14. The Land is sensitive because it includes land larger than 0.4 hectares that a district plan under the Resource Management Act 1991 provides to be used as a reserve, as a public park, for recreation purposes, or as an open space,⁹ so consent is required.¹⁰ The following criteria for an investment in sensitive land apply to this application:¹¹

- The investor test must be met.¹²
- The benefit to New Zealand test must be met.¹³
- 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.¹⁴

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

- determine that the overseas investment will, or is likely to, benefit NZ.¹⁵

16. We assess the investor test in **Part D**, the benefit to New Zealand test in **Part E**, and discuss national interest matters in **Part F**.

D. Applicant and investor test

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

Business Activities

18. The Applicant was incorporated, in New Zealand, in September 2022.¹⁶ Its ultimate holding company is Australian registered company AZZ Pty Limited (**AZZ**).

19. AZZ operates at least 46 Australian caravan and holiday parks under the trading name Hampshire Property Group. AZZ states that it operates its parks with a focus on sustainability and social responsibility.

⁹ Row 8, Table 1, Part 1, Schedule 1 of the Act.

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

¹¹ Set out in section 16(1) of the Act.

¹² Section 18A/16(1)(a) of the Act.

¹³ Section 16(1)(c)(ii).

¹⁴ Section 16(1)(g) of the Act.

¹⁵ Section 16A(1)(a) of the Act.

¹⁶ New Zealand company number 8484279.

20. The Applicant has previously been granted consent¹⁷ to acquire a leasehold interest in five holiday parks. The acquisition of Queenstown Lakeview Holiday Park, Arrowtown Holiday Park, Albert Town Camp Ground and Glendhu Motor Camp was approved in May 2023. They account for a 1.64% market share¹⁸ of the New Zealand registered holiday park sector.

Ownership and Control

21. The Applicant is wholly owned by Hampshire (NZ) Limited¹⁹ (**Hampshire NZ**), a New Zealand company incorporated in September 2022.
22. Hampshire NZ is ultimately owned by Australian citizen Andrew Hoffman, as the sole shareholder of AZZ.
23. A diagram of the intended ownership structure is in **Attachment 2**.
24. The Applicant, Hampshire NZ and AZZ are all controlled by a board of directors, comprised of Andrew Hoffman and David Hoffman.
25. The directors approved the acquisition of the holiday park and make key capital and operating expenditure decisions relating to the investment.
26. The day-to-day management of the holiday park will be coordinated by a New Zealand-based finance manager and area manager.

Relevant overseas person and individuals with control

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

Relevant overseas person	Role
Hampshire Holiday Parks Limited	Applicant and acquiring entity
Hampshire (NZ) Limited	100% owner of Hampshire Holiday Parks Limited
AZZ Pty Limited	100% owner of Hampshire (NZ) Limited
Andrew David Hoffman	100% owner of AZZ Pty Limited

28. We recommend that the '**individuals with control of the relevant overseas person**' (**IWC**)²⁰ are:

Individuals with control	Role
David George Hoffman	Director of Hampshire Holiday Parks Limited, Hampshire (NZ) Limited and AZZ Pty Limited

¹⁷ Application 20220538.

¹⁸ As at 05 October 2023.

¹⁹ New Zealand company number 848279.

²⁰ See, section 15 of the Act.

Summary of investor test

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

E. Investment plan and benefit to NZ test

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

Current state (counterfactual)

31. The Vendor provides short-term tourist accommodation, as a holiday park, on the Land. It comprises of 95 camping sites and 31 motel and cabin-style units. The amenities of the holiday park include a laundry room, conference facilities, a playground, a heated swimming pool and spa, recycling facilities and a covered BBQ area.
32. The Vendor employs 9 full-time equivalent (**FTE**) staff, including three managing directors, who each take drawings averaging [s 9(2)(b)(ii)]
33. The Vendor is party to a franchising agreement with Top Ten Group New Zealand Limited (**Top 10**). The five-year agreement commenced on 26 September 2022 and allows for two rights of renewal.
34. The franchising agreement prescribes expected quality standards for the operation and facilities of the holiday park. As part of the agreement, Top 10 provides marketing of the holiday park and benefits for the Vendor's employees such as training and 25% discounts on accommodation.
35. On average, [s 9(2)(b)(i)] has been invested into capital improvements, over the last three years. The Vendor has no further capital upgrades planned.
36. Public access is permitted through a portion of the Land,²¹ in accordance with the Reserves Act 1977. In practice, the public does not exercise that right.

Investment plan

37. The Applicant plans to continue operating the holiday park, through the franchising agreement with Top 10.
38. The Applicant submits capital expenditure of between [s 9(2)(b)(ii)] will be invested into upgrades to some or all of the following:
- installation of two electronic vehicle charging stations;
 - refurbishment²² of 10 cabins;
 - construction of two eco-cabins;
 - construction of a camp kitchen area;

²¹ Title MB6A/181.

²² Refurbishment entails replacement of window and floor coverings, furniture and soft furnishings, when required.

- creation of a pool shelter and upgrade of pool heating system. If this is uneconomical due to Kaikōura's seismic building regulations, the Applicant instead plans to replace the existing pool with a new, larger pool.
39. The Applicant expects to complete most upgrades within 18 months of the Proposed Transaction. The pool upgrade is expected to be completed within three years, due to the resource consent process and contingency plans.
40. The Applicant will adopt environmentally friendly practices such as installing water saving devices on showers, taps and toilets; replacing lighting with energy efficient alternatives; installing water tanks and providing environmental education to staff and holiday park visitors. The environmental practices are expected to be implemented within 18 months.
41. The Applicant plans to employ 10 FTE on the Land, including managers earning an average annual salary of s 9(2)(b)(ii). The Applicant projects that staffing will increase by 1 FTE, per annum, due to additional working hours for the existing cleaning staff.
42. A finance manager, area manager and accounts person, currently employed by the Applicant, will assist with holiday park operation. These staff have not been employed specifically for the Proposed Transaction therefore we have not considered their contribution to FTE.
43. The Applicant submits staff benefits will be progressed through an Employee Assistance Programme²³; a 50% discount on accommodation at its holiday parks; flexible working arrangements and internal career progression.

Summary of benefits

44. The benefits to New Zealand that are likely to result from this investment and our assessment of the relative weight to be given to each are set out in the table below.
45. Factors that we considered were either not relevant to the investment, or the benefit to New Zealand was not sufficient to be relied on, are noted in **Attachment 3**.
46. In applying the benefit to New Zealand criteria, you are required to consider each of the benefit factors, decide which of them are relevant and determine the relative importance of those relevant factors. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker. This report sets out our assessment to guide your consideration, however it is not determinative.
47. This table assesses the benefits to NZ likely to result from the investment and the relative weight to be given to each.

²³ An independent counselling service.

Benefit		Analysis
<u>Economic</u> Strong	Capital investment	There will be at least an additional s 9(2)(b)(ii) invested into swimming pool, campground infrastructure and accommodation upgrades.
	Creation of jobs	The creation of the equivalent of 1 additional FTE per annum.
	Employee benefits	Staff discounts will be widened and increased by 25%. Other employee benefits are likely to improve employee value proposition.
<u>Environmental</u> Weak	Energy and resource conservation	The investment is likely to result in reduced water usage, increased energy efficiency and greater facilities for electronic vehicles.
<u>Government policy</u> Moderate	New Zealand-Aotearoa Government Tourism Strategy ²⁴	Government policy is likely advanced through refurbishment of holiday park facilities and employment in the Kaikōura region.

²⁴ Ministry of Business, Innovation & Employment and Department of Conservation: *New Zealand-Aotearoa Government Tourism Strategy* (May 2019) available at <https://www.mbie.govt.nz/dmsdocument/5482-2019-new-zealand-aotearoa-government-tourism-strategy-pdf>

Consultation and submissions about the investment

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

Conclusion – benefit to NZ test

Key benefits

49. After considering the application, we are satisfied that the investment is likely to result in the benefits considered above. In particular, significant economic benefit arising from the capital investment of at least s 9(2)(b)(ii) and advancement of the New Zealand-Aotearoa Government Tourism Strategy.

Proportionality

50. We have undertaken our assessment having regard to the sensitivity of the Land and the nature of the overseas investment transaction, reflecting the proportional nature of the benefit to NZ test.
51. The Land is currently used for a holiday park and the Applicant will continue its operation.
52. Taking into account the size of the Land and the nature of the interest being acquired (i.e. leasehold interest) we consider the overseas investment is likely to benefit New Zealand.

F. Not a transaction of national interest

53. The Investment does not involve a transaction of national interest under the mandatory criteria of the Act.²⁵ 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).
54. The Minister of Finance has not called the Investment in for a national interest assessment.²⁶

G. Conclusion

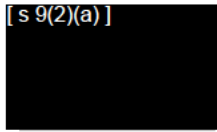
55. After considering the application, our view is that:
- the investor test has been met; and
 - the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders); and
 - the benefit is proportionate to the sensitivity of the land and the nature of the transaction; and
 - the transaction is not considered to be a transaction of national interest.

²⁵ Section 20A of the Act.

²⁶ Section 20B of the Act.

56. Therefore, we consider that the criteria for consent in section 16 have been met and our recommendation is to **grant consent**.

[s 9(2)(a)]



Heidi Hughes

Customer Regulatory Specialist
Overseas Investment -LINZ

Date: 05/02/2024

H. List of Attachments

1. Proposed Decision
2. Intended ownership structure
3. Other benefit factors
4. Photo

Released under the Official Information Act 1982

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: 7 February 2024

The following people have been given the following consent:

Case	202300706
Consent	The Consent holder may acquire the Land subject to the Conditions set out below.
Consent holder/s	Hampshire Holiday Parks Limited (company number 8484332) We will also refer to the Consent holder as you .
Land	Leasehold interests in approximately 2.0061 hectares of land located at Kaikōura Top 10 Holiday Park, 34 Beach Road, Kaikōura contained in Records of Title MB6A/181, MB5B/297 and 234557 (Marlborough).
Timeframe	You have until 28 February 2025 to acquire the Land.

Conditions

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

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

Act means the Overseas Investment Act 2005.

Development Purposes means capital expenditure invested into some or all of the following:

- (a) construction of a swimming pool and/or swimming pool shelter;
- (b) swimming pool heating upgrades;
- (c) installation of electronic vehicle charging station(s);
- (d) construction or refurbishment of cabin accommodation; or
- (e) construction of campground kitchen.

Regulations means Overseas Investment Regulations 2005.

Special conditions

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

Details	Required date
Special condition 1: Must operate as a holiday park	
You must operate the Land as a holiday park. If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of your interest in the Land.	At all times
Special condition 2: Non-occupation use outcome	
None of the following people may occupy the Land acquired under this consent for residential purposes: <ul style="list-style-type: none"> a) You b) Any overseas person with more than 25% ownership or control interest in any of the people in (a) 	At all times

Details	Required date
<p>c) Any overseas person that occupies the Land other than on arm's length terms²⁷</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 and the trustees' discretion</p> <p>If any such persons do occupy the Land for residential purposes, Standard Condition 6 will apply and we may require you to dispose of your interest in the Land.</p>	
Special condition 3: Capital expenditure	
<p>You must spend a minimum of s 9(2)(b)(ii) on the Land, for Development Purposes.</p> <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of your interest in the Land.</p>	28 February 2028

²⁷ 'At arm's length terms' has the meaning in clause 17, Part 5, Schedule 2 of the Overseas Investment Act 2005.

Standard conditions

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

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

Details	Required date
<p>c. gather information, d. conduct surveys, inquiries, tests, and measurements, e. take photographs and video records, and f. do all other things reasonably necessary to carry out the Inspection.</p> <p>2. Take all reasonable steps to facilitate an Inspection including:</p> <p>a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection, b. being available, or requiring your employees, agents, tenants, or other occupiers to be available, at all reasonable times during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required.</p> <p>During an Inspection:</p> <p>a. we will not compel you and your employees, agents, tenants, or other occupiers to answer our questions or to let us look at, copy or take away documents, b. our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection.</p>	
Standard condition 4: Remain not unsuitable to Invest in New Zealand	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the Assets in accordance with section 18A(1) of the Act.</p> <p>The Individuals Who Control You are individuals who:</p> <p>a. are members of your governing body b. directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you, and c. are members of the governing body of the people referred to in paragraph (b) above.</p>	<p>At all times</p>

Details	Required date
Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control	
<p>You must tell us in writing if any of the following events happens to any of the Consent holders:</p> <ol style="list-style-type: none"> 1. You become aware that you and/or any Individual Who Controls you establishes any of the investor test factors listed in section 18A(4) of the Act. 2. You cease to be an overseas person or dispose of all or any part of the Asset. 3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you. 	<p>Within 20 working days after the change</p>
Standard condition 6: Dispose of your leasehold interest in the Land if you do not comply with key special conditions	
<p>If all or part of this Standard Condition 6 applies to a special condition, we have said so in that special condition. 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 your leasehold interest in the Land. We will give you written notice if we require you to dispose of your leasehold interest in the Land. After we have given you notice, you must:</p>	
<p>Dispose of the interest in Land: dispose of your leasehold interest in the Land to a third party who is not your associate.</p>	<p>Within six months of our notice</p>
<p>Report disposal to us: send us, in writing, evidence of the following:</p> <ol style="list-style-type: none"> a. that you have disposed of your leasehold interest in the Land, and b. that the purchaser is not your associate. 	<p>Within one month after your leasehold interest in the Land has been disposed of</p>

Reporting conditions

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

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

1. be submitted via our [Webform](#) by 31/03/2028,
2. contain information about your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions), and
3. follow the format of the template annual report published on our website.

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

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

Power to vary reporting date

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

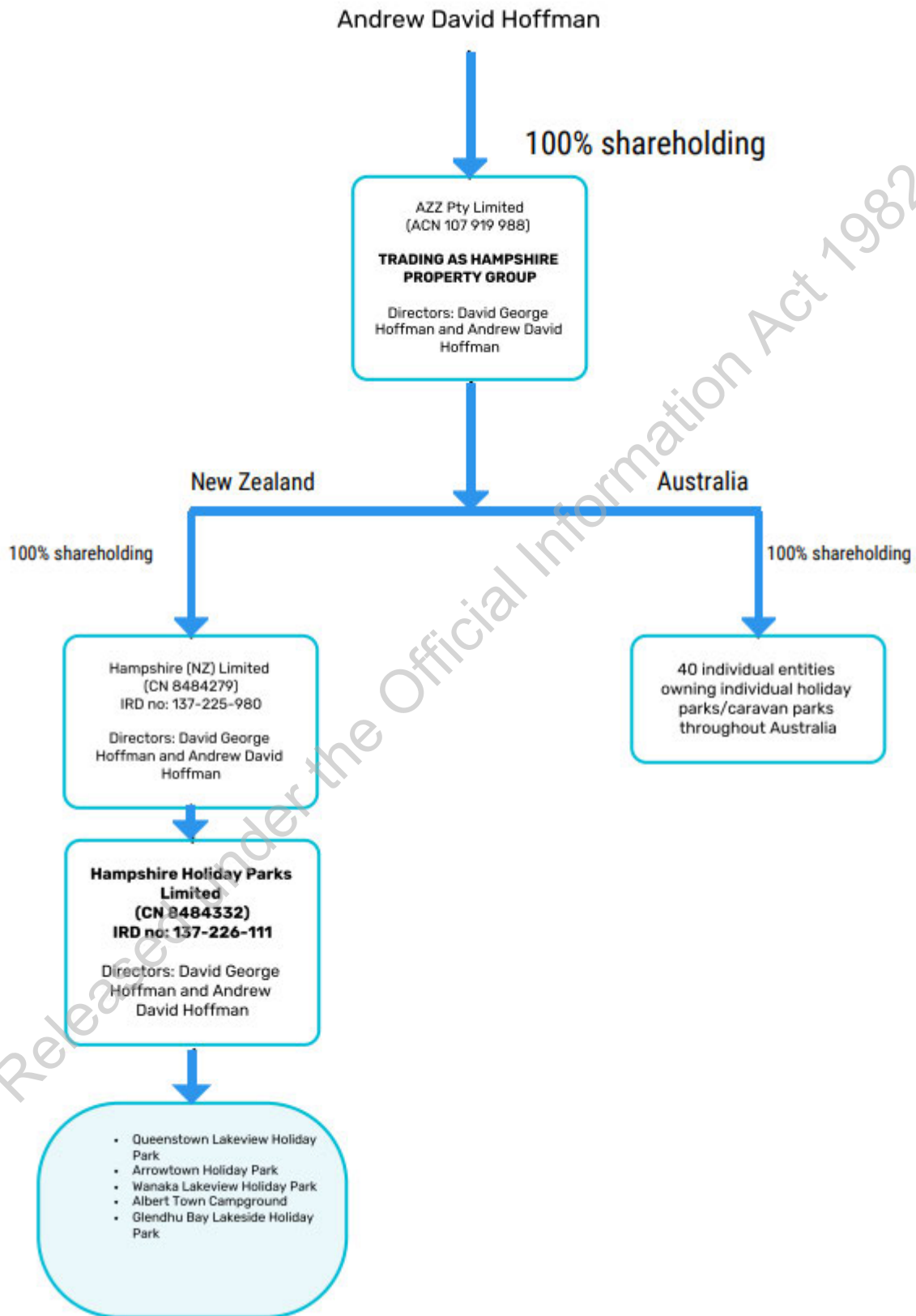
Power to narrow scope of reports

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

Power not to require further reporting

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

ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE



ATTACHMENT 3 – OTHER BENEFIT FACTORS

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

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

Factor	Reason not relevant or insufficient
Public access	Not met – public access rights limited to legislative requirements of Reserves Act 1977
Historic heritage	Not relevant – there are no known areas of historic heritage on the Land.
Oversight or participation by New Zealanders	Not met – the investment will result in a decrease in ownership by New Zealanders
Consequential benefits	Not relevant – no consequential benefits were proposed to result from the investment

Released under the Official Information Act 1982

ATTACHMENT 4 – PHOTO

