

BRF 24-208 OI Assessment Report 202300047 – Norsewood Estate Limited

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

Rā / Date: 1 February 2024

Ngā mahi e hiahiatia ana / Action Sought

Minita/Minister	Hohenga/Action	Rā Mutunga/Deadline
Hon David Seymour, Associate Minister of Finance and Hon Chris Penk, Minister for Land Information	<ol style="list-style-type: none"> Review this report and consult with each other if desired; Determine whether to grant consent and, if so, on what conditions; and Indicate your decision from page 4. 	15 February 2024

Toitū Te Whenua LINZ Whakapā / Contacts

Ingoa/Name	Tūnga/Position	Nama waea/ Contact number	Whakapā tuatahi/ First contact
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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**).

Summary

Applicant	Norsewood Estate Limited s9(2)(b)(2)(ii) [REDACTED]
Vendor	Otiwhiti Limited Partnership New Zealand 100%
Investment	Acquisition of sensitive land
Land	A freehold interest in approximately 1,248.9792 hectares of land located at Otiwhiti Forest, 4744 Turakina Valley Road, Hunterville, Rangitikei
Consideration	\$22,750,000
Sensitivity	Is more than 5 hectares of non-urban land Adjoins land that is over 0.4 hectares and is held for conservation purposes under the Conservation Act 1987
Pathway	Benefit to NZ – Farm to Forestry conversion
Relevant tests	Investor test ¹ Benefit to NZ test ² Farm land offer criterion ³ National interest criterion ⁴

The Applicant is ultimately owned by ANZFF3. The latter is a single purpose holding company formed for the purpose of holding forest assets on behalf of New Forests Australia New Zealand Forest Fund 3 (ANZFF 3).

The Applicant is acquiring a sheep farm to convert approximately 575 hectares to production forestry. There is also 494 hectares of existing two-year-old *Pinus radiata* on a section of the Land that is subject to a Crown Forestry Right.

The Vendor is retaining land which is the site of the Otiwhiti Station Land Based Training School (the School) which includes training for students in the sheep and beef industry. The

¹ Section 18A of the Act.

² Sections 16(1)(c)(ii), 16A(1A), 16A(2) of the Act.

³ Section 16(1)(f) of the Act.

⁴ Section 16(1)(g) of the Act.

Applicant has committed to support the School by donating \$750,000 for various initiatives pursuant to a signed letter of intent with the School.

The key benefits likely to occur as a result of the investment include the creation of jobs, increased revenue from timber sales, increased investment in the land, a reduction in net carbon emissions and consequential benefits for the School.

Timing

The prescribed assessment timeframe has been exceeded due to the complexity of the application and the timing of the 2023 general election. The Applicant requires a decision as soon as possible to secure their funding.

Tohutohu/Recommendations

After considering the application, LINZ's recommended assessment is that:

- the investor test has been met;
- the farm land offer test has been met
- the transaction is not considered to be a transaction of national interest; and
- while finely balanced, the benefit test has been met.

LINZ refers you to page 4 of this Assessment Report to record your decision.

s9(2)(a)

Anneke Turton

Leader Assessment - Overseas Investment, Toitū Te
Whenua LINZ

Rā/date: 1 December 2023

Decision

Core tests

1. I determine that:

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

Relevant overseas person	Role
Norsewood Estate Limited	Applicant and acquiring entity
New Forests Asset Management Pty Limited	Asset manager of the Applicant

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

Individuals with control	Role
Matthew Charles Crapp	Director of the Applicant
Matthew Davis Wakelin	
Richard Aldford Arderne	
Mark Nicholas Rogers	Director of New Forests Asset Management Pty Ltd
Gavin Mark Le Roux	
Catherine Whitfield Lintner Chambers	

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

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

Hon David Seymour

Agree

Disagree

Hon Chris Penk

Agree

Disagree

3. I am satisfied, in relation to the benefit to New Zealand test in sections 16 and 16A, that:
- the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
 - the benefit is proportionate to the sensitivity of the land and the nature of the transaction; and
 - the farm land benefit test need not be met, on the grounds set out in section 16A(2).

Hon David Seymour

Agree

Disagree

Hon Chris Penk

Agree

Disagree

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

Hon David Seymour

Agree

Disagree

Hon Chris Penk

Agree

Disagree

National interest assessment

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.

Hon David Seymour

Noted

Hon Chris Penk

Noted

Decision about whether to grant or decline consent

6. My ultimate decision is to:

Hon David Seymour

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

Grant consent with amended conditions provided on:

Decline consent

Hon Chris Penk

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

Grant consent with amended conditions provided on:

Decline consent

Hon David Seymour

Date: 1 / 2 / 24

Hon Chris Penk

Date: / /

Released under the Official Information Act 1982

Decision

Core tests

1. I determine that:

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

Relevant overseas person	Role
Norsewood Estate Limited	Applicant and acquiring entity
New Forests Asset Management Pty Limited	Asset manager of the Applicant

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

Individuals with control	Role
Matthew Charles Crapp	Director of the Applicant
Matthew Davis Wakelin	
Richard Aldford Arderne	
Mark Nicholas Rogers	Director of New Forests Asset Management Pty Ltd
Gavin Mark Le Roux	
Catherine Whitfield Lintner Chambers	

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

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

Hon Nicola Willis

Agree

Disagree

Hon Chris Penk

Agree

Disagree

3. I am satisfied, in relation to the benefit to New Zealand test in sections 16 and 16A, that:
- the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
 - the benefit is proportionate to the sensitivity of the land and the nature of the transaction; and
 - the farm land benefit test need not be met, on the grounds set out in section 16A(2).

Hon Nicola Willis

Hon Chris Penk

Agree

Agree

Disagree

Disagree

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

Hon Nicola Willis

Hon Chris Penk

Agree

Agree

Disagree

Disagree

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.

Hon Nicola Willis

Hon Chris Penk

Noted

Noted

Decision about whether to grant or decline consent

6. My ultimate decision is to:

Hon Nicola Willis

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

Grant consent with amended conditions provided on:

Decline consent

Hon Chris Penk

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

Grant consent with amended conditions provided on:

Decline consent

Hon Nicola Willis

Date: / /



Hon Chris Penk

Date: 12 / 12 / 2023.

Released under the Official Information Act 1982

A. Background and proposed transaction

7. Norsewood Estate Limited (Applicant) is seeking consent to acquire 1,249 hectares of land of which approximately half is a sheep and beef farm and the other half has been planted in *Pinus radiata*.

Land

8. The land is a freehold interest in approximately 1,249 hectares of land known as the Otiwhiti Forest, Rangitikei (**Land**)⁵. Currently 494 hectares of this land is used for growing commercial plantation forests (**Existing Plantation**) and 623 hectares is used for farming.
9. Of the existing forest, 492 hectares are under a **Forestry Right** to the Crown. This Crown Forestry Right includes a right for the grantor to invoke a right to negotiate to purchase the Crown's interest at any time after the tenth anniversary of the commencement date. The Applicant intends to invoke this right to negotiation.
10. The land is subject to two leases:
- Bradley Lease⁶: 14.5 hectares of land is leased to the Vendor and is used for farming.
 - Otiwhiti Westoe Lease⁷: The Land is also subject to an unregistered lease to Otiwhiti Westoe Farming Company Limited which will be surrendered prior to or on the settlement date.
11. The Land is outlined in the photo below:

⁵ Record of Title 1131599

⁶ Records of title WN94/74 and WN101/281. Commenced on 1 June 2022 and expires on 31 May 2057.

⁷ Under titles WN94/74 and WN101/281

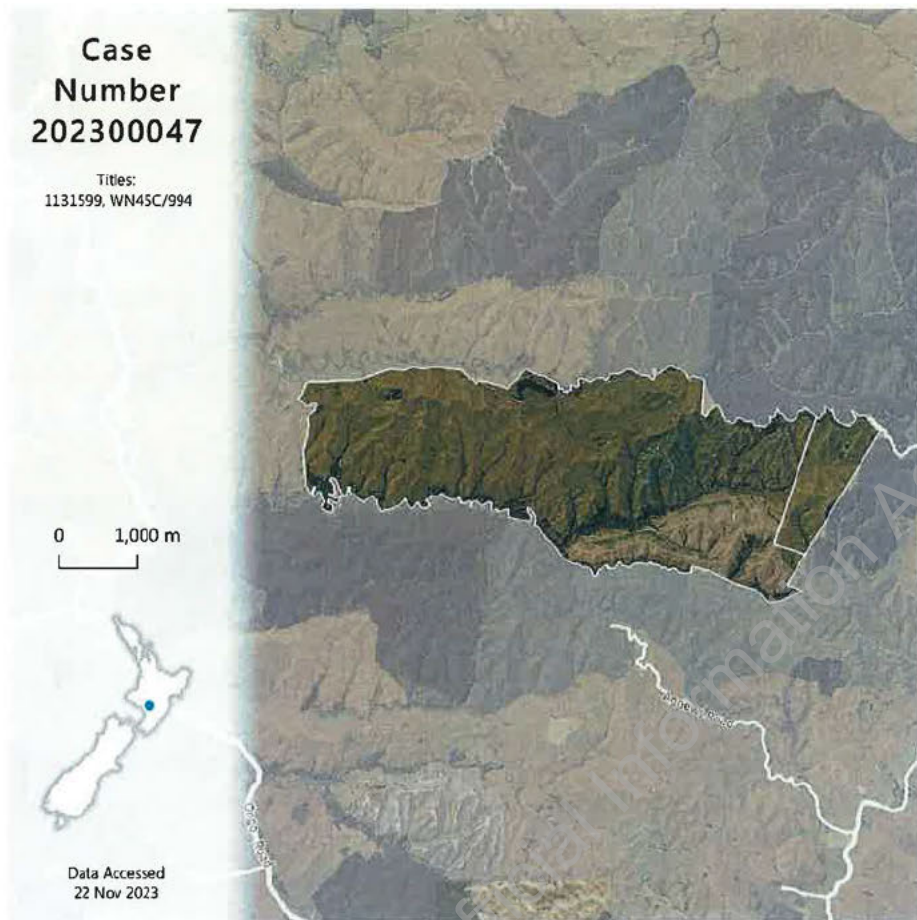


Figure 1: 7158 Turakina Valley Road

12. Around 1/3rd of the Land is of Moderate Erosion risk, with the other 2/3rd being of High Erosion risk. The Land Use Classification⁸ for the Land is:
- 26 hectares of LUC 4 (2%),
 - 249 hectares of LUC 6 (18%),
 - 979 hectares of LUC 7 (70%),
 - 144 hectares of LUC 8 (10%).
13. A LUC Map is included at **Attachment 4**.
14. The Haumakariri Stream (estimated width of 5 – 10 metres on average) borders the Land on the southern boundary and the Hautawa Stream (estimated width of 3 – 10 metres on average) adjoins the Land on the northern boundary.⁹

⁸ The Land Use Capability (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.

⁹ See paragraph [111] for a discussion of the fresh or sea water areas.

15. There is some commercial forestry to the south and the north-east of the Land.
16. Aerial photos of the land can be found in **Attachment 5** and the location of the Land in **Attachment 6**.

Vendor

17. The Land is currently owned by the Otiwhiti Limited Partnership (**Vendor**, a New Zealand limited partnership).
18. The Vendor is selling the Land for the following reasons:
 - The Land forms part of a farming operation which includes training for students in the sheep and beef industry. The part of the Land being sold is no longer required for that training. Training will continue on the land being retained by the Vendor.
 - The Vendor's view is that the pastoral area of the Land is not suitable for long term pastoral farming. The sale of this Land will allow the Vendor to retire debt and ensure the continued feasibility of their farming operation and to enhance the development and expansion of the School.

B. Application of the Act

19. The Land is sensitive because it is non-urban land over 5 hectares in size and adjoins Conservation areas,¹⁰ so consent is required.¹¹ The following criteria for an investment in sensitive land apply to this application:¹²
 - The investor test must be met.¹³
 - The benefit to New Zealand test must be met.¹⁴
 - The farm land must have been offered for sale on the open market,¹⁵ unless exempt.¹⁶
 - 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.¹⁷
20. In order to satisfy the benefit to New Zealand test, the decision-maker must determine that the overseas investment will, or is likely to, benefit NZ (or any part of it or group of New Zealanders).¹⁸

¹⁰ Table 1, Part 1, Schedule 1 of the Act.

¹¹ Under sections 10(1)(a) and 12(1)(a)(i) of the Act.

¹² Set out in section 16(1) of the Act.

¹³ Section 18A / 16(1)(a) of the Act.

¹⁴ Sections 16(1)(c)(ii), 16A(1), 16A(1A) and 16A(2) of the Act.

¹⁵ Section 16(1)(f) of the Act.

¹⁶ Section 20(1)(a) or (b) of the Act.

¹⁷ Section 16(1)(g) of the Act.

¹⁸ Section 16A(1)(a) of the Act.

21. As this transaction includes fresh or seawater interest(s), the automatic condition relating to fresh and seawater areas applies.¹⁹ The Crown must acquire, and the owner of the Land must allow the Crown to acquire, the fresh and seawater interest(s).²⁰ However, the Crown need not acquire the fresh or seawater interest(s) if the owner is notified of a decision not to acquire.²¹
22. We assess the investor test in Part C, the benefit to New Zealand test in Part D, the farm land offer test in Part E, and discuss national interest matters in Part F.

C. Applicant and investor test

Ownership and control

23. ANZFF3 is ultimately wholly owned by The Trust Company (Australia) Limited (**TCL**) in its capacity as the trustee of New Forests Australia New Zealand Forest Operating Fund 3 (**Fund 3**).
24. Fund 3 is owned by nine overseas institutional investor entities who provide capital in order to fund acquisitions of forestry assets by ANZFF3.
25. New Forests Asset Management Pty Limited (**New Forests**) will be the asset manager of the Applicant and will be responsible for overseeing the day-to-day management of the Land. New Forests is an experienced forestry investment management firm with over AU\$7 billion of assets and committed capital under management.
26. While the Applicant is ultimately owned by TCL, New Forests is able to directly control its actions given that the Applicant's directors are directors / employees of New Forests and therefore New Forests is able to make decisions in relation to the Applicant without reference to TCL.
27. New Forests will be responsible for day-to-day management and will exercise operational control over, and direct the decision making of, the Applicant including capital and operating expenditure and approving any divestment of the Land.
28. A diagram of the intended ownership structure is in **Attachment 2**.

Business Activities

29. ANZFF3 invests in high-quality timberlands (i.e., plantation forests) in Australia and New Zealand only, investing in forestry and land assets with a mix of returns from timber and land leasing. ANZFF3 also has the mandate to invest in processing infrastructure where the investment case links to target plantation forests.
30. As at 13 December 2022, ANZFF3 (and co-investors alongside the fund) has invested approximately s9(2)(b)(2)(i) in forestry assets in New Zealand, with a further s9(2)(b)(2)(ii) under contract pending settlement. The investor has been acquiring New Zealand forest land since 2015 and now own approximately 110,000 hectares.

¹⁹ Section 25D of the Act.

²⁰ Clause 3, Part 2, Schedule 5 of the Act.

²¹ This is accordance with Clause 4 or 5, Part 2, Schedule 5 of the Act.

Relevant overseas person and individuals with control

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

Relevant overseas person	Role
Norsewood Estate Limited	Applicant and acquiring entity
New Forests Asset Management Pty Limited	Asset manager of the Applicant

32. We recommend that the 'individuals with control of the relevant overseas person' (IWC)²² are:

Individuals with control	Role
Matthew Charles Crapp	Director of the Applicant
Matthew Davis Wakelin	
Richard Aldford Arderne	
Mark Nicholas Rogers	Director of New Forests Asset Management Pty Ltd
Gavin Mark Le Roux	
Catherine Whitfield Lintner Chambers	

Summary of investor test

33. The relevant overseas persons and individuals with control established none of the factors contained in section 18A(4) of the Act, therefore LINZ considers **the investor test has been met.**

D. Investment plan and benefit to NZ test

34. 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)

35. The land is currently used for farming and forestry operations. Approximately 50% of the Land is used for low intensity, lower productivity sheep and beef farming and supports 3,600 stock units. The other 50% (being approximately 494 hectares) is used for growing commercial plantation forests and was planted in 2019.
36. The Vendor advises that the farming and forestry activities support:
- **Jobs:** 1.5 Full Time Equivalent staff (FTEs)
 - **Revenue:** The average gross annual profit from farming activities over the last 3 years was \$166,000.

²² Section 15.

- **Expenses:** The average annual operating expenses were \$102,000.
- **Export receipts:** These are derived from cull cows that go to the abattoir each year and the average annual total is approximately \$22,000.

Investment plan

37. The Applicant intends on maintaining the existing plantation (**Existing Plantation**) on the Land and to plant 575 hectares of the remaining land in *Pinus radiata* trees (**New Plantation**).
38. It will also be retiring 33 hectares of the erosion prone farm land to enable it to be regenerated to native forest through excluding stock and completing pest animal control measures.

Planting plans

39. The Applicant intends to commence planting of 575 hectares of *Pinus radiata* plantations on the Land from June 2024. The planting of this new plantation is expected to take between 1-2 years to complete.

Harvesting and export

40. Harvesting of the Existing Plantation will commence in 2046 and continue until 2051 (with a break in 2050). The New Plantation will be harvested between 2050 and 2054. The expected total harvest volume is approximately 830,000 m³.
41. The Applicant expects to start generating export revenue from 2046, 31,000 m³ is expected to be exported with an estimated revenue of s9(2)(b)(2)(ii). Overall, 160,000 m³ of logs will be exported from the Existing Plantation generating s9(2)(b)(2)(ii) in revenue.

Employment

42. The Applicant expects that 5 or 6 FTEs per annum will be employed in the initial 2 years in support of the forest establishment. Over the length of a forestry rotation, it is expected that on average 6 FTEs per annum will be employed,²³ with numbers peaking at 20 FTEs per annum for harvesting.

Development Expenditure

43. The Applicant plans to spend s9(2)(b)(2)(ii) in financial years 2023 - 2025 to establish the new *Pinus radiata* forest plantation and s9(2)(b)(2)(ii) on native planting, which will occur in financial year 2025. This cost includes the purchase of seedlings, planting and maintenance which is likely to continue until 2027.
44. The Applicant intends to spend an additional approximately s9(2)(b)(2)(ii) per year on tending, maintenance/protection and management of the Land (being the Existing Plantation and the New Plantation), for 30 years or more (i.e., totalling at least s9(2)(b)(2)(ii) s9(2)(b)(2)(ii)).

²³ This is a net increase of approximately 0.36 annual FTE per 100 ha.

Timber revenue

45. Harvesting of the New and Existing Plantations is expected to commence in 2046. Harvest volumes are expected to start at 62,000 m³ per annum, rising to 100,000 m³, and generating \$11 million in revenue per annum over the 8-year harvest period.
46. Total timber revenue for the two plantations is expected to be s9(2)(b)(2)(ii) (approximately s9(2)(b)(2)(ii) per year averaged over 28 years²⁴).

Increased domestic log processing

47. The Applicant has committed to supplying s9(2)(b)(2)(ii) of logs for processing in local sawmills.
48. The higher-grade logs will be processed at s9(2)(b)(2)(ii), and the lower grade logs will go to s9(2)(b)(2)(ii).

Carbon sequestration

49. The removal of the stock units will result in the reduction of approximately 1,150 tonnes of CO₂ emissions from the Land per year²⁵. In addition, the forests are expected to sequester 700 thousand tonnes of carbon over the 28-year period before the trees are harvested.
50. The Applicant intends registering the forests in the New Zealand Emissions Trading Scheme and expects to earn approximately s9(2)(b)(2)(ii) in carbon revenues²⁶.

Environmental initiatives

51. The Applicant will seek to obtain Forest Stewardship Council certification for its forest. To obtain certification, the Applicant will be required to implement several measures that are currently not in place. These include riparian protection zones, limitations on herbicides and/ or pesticides, and weed and pest controls.
52. The Applicant intends to retire 22.6 hectares of land including land within identified erosion prone watercourses, which is currently under pastoral farming use. This land will be managed so that it reverts to permanent native bush.
53. The Applicant intends to plant native species on 11.2 hectares of land which is identified as red zone, and which is currently used for pastoral farming purposes.

Public access

54. The Applicant is not aware of any public access arrangements which will continue following its acquisition of the Land. However, the Applicant intends to continue to allow the School to access the land for riparian planting and pest control education.
55. Public access will be granted to recreational hunters in support of pest control programmes and other recreational users would be encouraged where appropriate.

²⁴ Net annual increase of approximately \$306,000 per 100 hectares.

²⁵ This is due to removing 3,600 stock units.

²⁶ Under the current rules will be able to claim carbon credits for the first rotation only. Based on September carbon prices (\$73).

Advancing Government policies

56. This proposal would support the Government's Forestry and Wood Processing Industry Transformation Plan (ITP) which was released by MPI in 2022.
57. A key goal of this plan is to increase domestic wood processing and the Applicant has committed to selling at least [REDACTED] of their logs to local processors.

s9(2)(b)(2)(ii) *support to the School*

58. Part of the farm is used as the Otiwhiti Station Land Based Training School. However, the land comprising the School will be subdivided into its own record of title and will not be included in the transaction.
59. The School has one fulltime supervisor and two full-time equivalent cadet managers, for a total of 3 FTEs. There are 18 students / cadets and numerous part-time staff and tutors.
60. The Applicant has committed to supporting the School for a total of [REDACTED] for various initiatives (including scholarships and facility upgrades).

Assessment of benefits

61. 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.²⁷

Farmland benefit test does not apply

62. The Investment involves the acquisition of farm land over 5 hectares which would ordinarily need to meet the modified farm land benefit test. In this case, the test has not been applied because the land will be used for forestry activities.²⁸

Benefit claims

63. LINZ have analysed the benefits that are likely to occur as a result of the Investment, compared to the current state of the Land, in the table below. This may include benefits that the Applicant did not specifically claim, but that LINZ have identified may occur. Carbon and climate related claims are assessed under their own heading to prevent double counting as they relate to more than one benefit factor.
64. Factors that we considered were either not relevant to the Investment, or the benefit to New Zealand was not sufficient to be relied on, are noted in **Attachment 4**.

²⁷ In applying the benefit to NZ test, you are required to consider each of the benefit factors, decide which of them are relevant and determine the relative importance of those relevant factors. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker (except where the farm land benefit test requires a factor to be given high relative importance). This report sets out our assessment to guide your consideration, however it is not determinative.

²⁸ Section 16A(2) of the Act states the modified farm land benefit test does not apply if the relevant Ministers are satisfied that:

- the farm land will, or is likely to, be used exclusively, or nearly exclusively, for forestry activities; and
- whenever a crop of trees is harvested on the farm land, a new crop will be, or is likely to be, established on the farm land to replace the crop that is harvested; and
- the non-occupation outcome will, or is likely to, occur in relation to the farm land.²⁸

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

Benefit		Analysis
Economic Moderate	Creation of jobs	The creation of the equivalent of approximately 4.5 additional FTE per annum fluctuating over the life of the forest.
	Timber revenues	Increased revenue of approximately \$9(2)(b)(2)(ii) per annum.
	Development and operating expenditure	Increased spending of \$9(2)(b)(2)(ii) establishing the new plantation and approximately \$9(2)(b)(2)(ii) per annum on maintenance.
Carbon & Climate change Moderate	Reduction in net carbon emissions	The conversion to forestry and removal of the stock is likely to result in a net emission reduction of approximately 700,000 tonnes of CO2 over a 28 year period.
	Revenue from carbon credits	Expect to receive \$9(2)(b)(2)(ii) from the sale of carbon credits.
	Support the Government Emissions Reduction Plan 2022.	The net emission reduction is likely to advance this Government policy. LINZ notes that the Plan acknowledges the importance of afforestation initiatives and growing the forestry industry.
Environmental Weak	Erosion control	Retiring 33 hectares of erosion prone land and the planting of trees which will likely reduce overall erosion risks.
	Reduction of stock numbers and fertilizer use	Will result in a reduction of any animal effluent issues and in-ground nitrogen leaching from fertilizer application.
	Protection and expansion of native forests	Establishment of Significant Natural Areas of up to 169 hectares and retiring 22 hectares of erosion prone land.
Public access Weak	Permit system	Increased public access for recreational users.
	School access	The agricultural school will have continued access to the property for educational purposes.

Advance Significant Government Policy Weak	Support the Government's Forestry and Wood Industry Transformation Plan	This Application would support the plan via domestic log supply commitments.
Consequential Benefits Moderate	School sponsorship	The Applicant expects to spend s9(2)(b)(2)(ii) over 4 years supporting the school (including scholarships and contributions to building new facilities).

Consultation and submissions about the investment

Consultation

65. In undertaking our assessment, we consulted with the Ministry for Primary Industries (MPI).
66. MPI provided feedback on questions about the current farming venture, erosion susceptibility of the Land, benefit claims (including employment) and establishment costs. The information provided was used in the preparation of this Report.

Proposed conditions and rationale

67. The Applicant's afforestation proposal is the primary action from which all the specific benefit claims flow. The proposed conditions require the Applicant to use the Land for forestry activities (including planting, maintaining, harvesting and replanting a crop of trees) and undertake the other initiatives referred to above, including the undertaking of the support for the School.

Conclusion – benefit to NZ test

Key benefits

68. After considering the application we are satisfied that the investment is likely to result in the benefits considered above. In particular, it is likely to result in economic benefits such as jobs, additional expenditure, increased export receipts and domestic log supply commitments. The Investment is also likely to result in environmental benefits, primarily due to the sequestration of carbon. There are also consequential benefits with financial support for the School.

Proportionality

69. We have undertaken our assessment having regard to the sensitivity of the Land and the nature of the Investment, reflecting the proportional nature of the benefit to NZ test.
70. Matters which were considered to raise the proportionality include:
 - The Land being acquired is 1,249 hectares which is relatively large;

- Part of the Land is currently being used for low intensity sheep and beef farming;
 - The Land will be converted to an alternative (non-farming) use;
 - The Applicant is acquiring a freehold interest;
 - The Applicant is entirely overseas owned;
71. Mitigation factors include:
- Approximately 50% of the Land is already planted in forest;
 - This is not a very productive farm land and the Vendors consider that it is not suitable for long term pastoral farming.
 - The Land is almost entirely LUC 6, 7 and 8;
72. LINZ considers that the Land is **low** on the spectrum of "sensitivity" for farm land. This is because the Land has limited economic viability due to its size, which is partially limited by its LUC classification and topography. The Applicant submits that due to these limitations, forestry is a more productive land use that will result in benefits to New Zealand.

Conclusion

73. After considering the application, LINZ are satisfied that the Investment is likely to result in moderate economic, climate change and consequential benefits as well as weak environmental and public access benefits.
74. Ministerial judgement is required to determine the importance and weighting that should be given to the benefits likely to occur as a result of this investment and whether they are proportionate to the land being acquired.
75. LINZ's recommendation is that, while finely balanced, the benefit test has been met. LINZ's assessment has been informed by recent Ministerial decisions on farm-to-forestry conversion applications under the benefit test.

E. Farm land offer test

76. Because the Land is farm land, we note that it was advertised for sale by tender on the open market with the required information for a period of at least 30 working days²⁹ on several websites (including Trade Me and realestate.co.nz) and in the NZ Farmer's Weekly.
77. We are therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.³⁰

²⁹ Advertising commenced on 10 June 2022 with the Deadline Offer period ending 3 August 2022.

³⁰ Overseas Investment Regulations 2005, regulations 5 to 10.

F. Not a transaction of national interest

78. The investment does not involve a transaction of national interest under the mandatory criteria of the Act.³¹ 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).
79. The Minister of Finance has not called the transaction in for a national interest assessment.³²

G. Conclusion

80. For the reasons set out in this report, LINZ considers that, while finely balanced, the criteria for consent have been met.
81. We refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and to page 4 of this report to record your decision.

H. Attachments

1. Proposed Decision
2. Intended ownership structure
3. Other benefit factors
4. LUC Map
5. Photos of the land

³¹ Under s 20A of the Act.

³² Under s20B of the Act.

ATTACHMENT 1 PROPOSED DECISION

Consent for Overseas Person to Acquire Sensitive New Zealand Land

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

Consent

Decision date: [date]

The following people have been given the following consent:

Case	202300047
Consent	Norsewood Estate Limited may acquire the Land subject to the Conditions set out below.
Consent holder/s	Norsewood Estate Limited (company number 6617855) We will also refer to each Consent holder and the Consent holders together as you .
Land	A freehold interest in 1248.9792 hectares of land located at Otiwhiti Forest, 4744 Turakina Valley Road, Hunterville, Rangitikei. Contained in record of title 1131599 (Wellington Registry) ³³
Timeframe	You have until [date] to acquire the Land.

³³ Previously contained in Record of Title Part of 451368, WN94/74, WN101/281, WN45C/994 (Wellington).

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.

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").

LINZ means Land Information New Zealand.

NES-CF means the National Environmental Standards for Commercial Forestry.

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

Regulations means the Overseas Investment Regulations 2005.

School means Otiwhiti Station Land Based Training School.

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 include conditions that LINZ must impose under the Act.

Details	Required date
Automatic condition: Fresh or Seawater Areas	
You must, in relation to the fresh or seawater area(s), comply with all provisions of Schedule 5 of the Act.	By the times set out in schedule 5.
You must provide a draft WAAN to FSAapplications@linz.govt.nz.	At least 15 working days before settlement.
You must lodge the WAAN on the title.	Immediately following the transfer and before registering any other interests on the title.
Special condition 1: Land must be planted with trees	
You must establish a new Crop of trees on the Land covering at least 550 hectares.	By 30 October 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 2: Forestry Land must be used for forestry activities	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

Details	Required date
Special condition 3: Minimum silvicultural practices	
The Crop of trees must be maintained in accordance with minimum silvicultural practices.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special Condition 4: Crop of trees must be harvested	
<p>You must ensure that no more than 5% (by area) of the Crop of trees on the Land is older than the species age limit.</p> <p>For <u>pinus radiata</u>, species age limit is 35 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by LINZ.</p>	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 5: Trees must be replanted after harvest	
<p>You must replace each Crop of trees (Existing Trees and New Trees) which you harvest with a new Crop of trees (Replant). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <ol style="list-style-type: none"> 1. replant the Land with the same species of tree or use the same silvicultural regime; or 2. do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>This condition does not limit Special Condition 2 (Forestry Land must be used for forestry activities) or Special Condition 3 (Minimum silvicultural practices).</p>	Within 3 years of harvest (or as otherwise permitted by this condition).
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 6: ETS registration	

Details	Required date
<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>	
<p>Special condition 7: Permitted temporary activities</p>	
<p>The Land may be used temporarily for the following activities for transitional purposes:</p> <p>The Land may be grazed prior to being planted with a Crop of trees in accordance with Special Condition 1 (Land must be planted with trees).</p>	<p>Until 31 October 2026</p>
<p>Special condition 8: Non-occupation outcome</p>	
<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"> • You; • Any overseas person with a more than 25% ownership or control interest in any of the people in (a); • Any overseas person who occupies the Land other than on arm's length terms³⁴; • Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land; • If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion. <p>This condition does not apply to the extent that accommodation is being provided for the purpose only of supporting forestry activities (as defined in section 16A(9)) being carried out on the Land.</p>	<p>At all times</p>

³⁴ '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
<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>Special condition 9: Comply with NES-CF</p>	
<p>You must comply with the NES-CF 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>Special condition 10: Ecological condition</p>	
<p>You must investigate any Significant Natural Areas (SNAs) on the Land, using a suitably qualified consultant, and to implement any reasonable measures recommended by such a consultant.</p>	<p>By 30 October 2026.</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>Special condition 11: Permit system</p>	
<p>1. You must establish and maintain a public permit system for access to the Land. For the avoidance of doubt access permits may be refused or be subject to reasonable limitations, for reasons including but not limited to:</p> <ul style="list-style-type: none"> (a) prohibiting or limiting access for operational reasons (like during planting and harvest or to manage the risk of fire), (b) defining the times and frequency of access, entry and exit points, routes, and activities undertaken on the Land, (c) rules to manage for health and safety and other risks (including communications, insurance requirements, and induction processes), (d) to ensure the access does not disturb or cause a nuisance to the vegetation and activities on the Land or the neighbouring land through which the Land is accessed. 	<p>1) by 31 August 2025 and once established, at all times.</p>

Details	Required date
2. You must advertise this permit system by installing signage on the Land. 3. You must advise the local DOC office of this permit system so that DOC is able to direct any enquiries to the correct place.	2 and 3) by 31 August 2025
4. You must continue to allow the School to access the Land for educational purposes upon request where it is safe to do so.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 12: Slash control measures	
You must consult with the Rangitikei District Council with regard to the implementation of slash control on the Land and implement any reasonable slash control measures recommended by them.	By 31 August 2024
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
Special condition 13: Domestic Processing supply	
You must offer for sale a minimum of s9(2)(b)(2)(i) of all trees harvested on the Land to domestic processors based in New Zealand.	Upon harvest of any 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.	
Special condition 14: School support condition	
You must donate a minimum of s9(2)(b)(2)(i) over four years to the School (as recommended by the School), including for the purposes of: a. funding one scholarship per year of: i) s9(2)(b)(2)(i) of course costs; and / or	By October 2027

Details	Required date
<p>ii). [§9(2)(b)(2)(ii)] of expenses; for a student of the School for a period of up to five years (for a total amount of up to [§9(2)(b)(2)(ii)];</p> <p>b. contributing to the building costs of new educational facilities (up to [§9(2)(b)(2)(ii)] in total);</p> <p>c. contributing to a new rooftop solar system for the educational facilities (up to [§9(2)(b)(2)(ii)] in total);</p> <p>d. contributing to a new communications network facility for the educational facility and surrounding community (up to [§9(2)(b)(2)(ii)] in total);</p> <p>e. contributing to the costs of new electric or plug in hybrid vehicles for the School (up to [§9(2)(b)(2)(ii)]);</p> <p>f. contributing to the costs of new electric motor bikes for the agricultural school (up to [§9(2)(b)(2)(ii)]);</p> <p>g. contributing to capital projects including upgrading the chiller, freezer and outdoor upgrade (up to a value of [§9(2)(b)(2)(ii)]).</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>	

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
<p>Standard condition 1: Acquire the Land</p>	
<p>You must acquire the Land:</p> <ol style="list-style-type: none"> 1. by the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Land; and 2. using the acquisition, ownership, and control structure you described in your application. <p>Note, only you – the named Consent Holder – may acquire the Land, not your subsidiary, trust, or other entity.</p>	<p>As stated in the Consent</p>
<p>Standard condition 2: Tell us when you acquire the Land</p>	

<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. 	<p>As soon as you can, and no later than two months after settlement</p>
<p>Standard condition 3: Allow us to inspect the Land</p>	
<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; c. gather information; d. conduct surveys, inquiries, tests, and measurements; e. take photographs and video records; and f. do all other things reasonably necessary to carry out the Inspection; and 2. take all reasonable steps to facilitate an Inspection including: <ol style="list-style-type: none"> a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection; and b. being available, or requiring your employees, agents, tenants, or other occupiers to be available, at all reasonable times, during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required. 3. During an Inspection: <p style="margin-left: 20px;">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>At all times</p>

our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection.	
Standard condition 4: Remain not unsuitable to invest in New Zealand	
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. The Individuals Who Control You are individuals who: (a) are members of your governing body; (b) directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you; and (c) are members of the governing body of the people referred to in paragraph (b) above.	At all times
Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control	
You must tell us in writing if any of the following events happen to the Consent Holder: 1. You become aware that you and/or any Individual Who Controls You establishes any of the investor test factors listed in section 18A(4) of the Act. 2. You cease to be an overseas person or dispose of all or any part of the Land. 3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you.	At all times
Standard condition 6: Dispose of the Land if you do not comply with key special conditions	
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. If all or part of this standard condition 6 applies to a special condition, we have said so in that condition. We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:	
Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.	Within six weeks of the date of our notice
Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.	Within six weeks of the date of our notice
Dispose of the Land: dispose of the Land to a third party who is not your associate.	Within six months of our notice

<p>Offer without reserve: if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.</p>	<p>Within nine months of our notice</p>
<p>Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Land.</p>	<p>By the last day of every March, June, September and December after our notice or at any other time we require</p>
<p>Report disposal to us: send us, in writing, evidence of the following:</p> <ol style="list-style-type: none"> 1. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor); and 2. that the purchaser is not your associate. 	<p>Within one month after the Land has been disposed of</p>

Reporting conditions

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

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

1. be submitted via our [Webform](#) by these dates:
 - o 30 October 2024; and
 - o 30 October 2026.
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. 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.

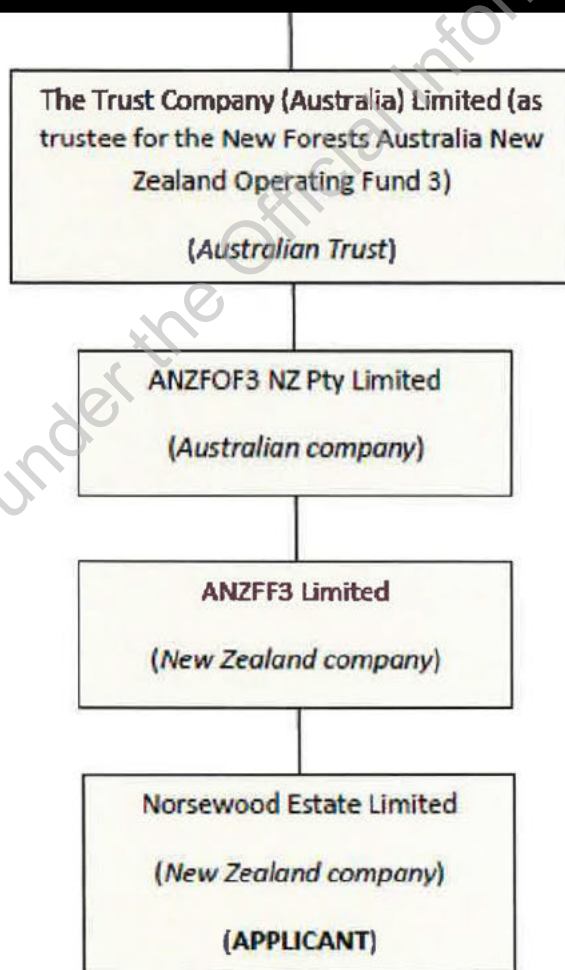
Power not to require further reporting

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

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ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE

s9(2)(b)(2)(ii)



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ATTACHMENT 3 – OTHER BENEFIT FACTORS

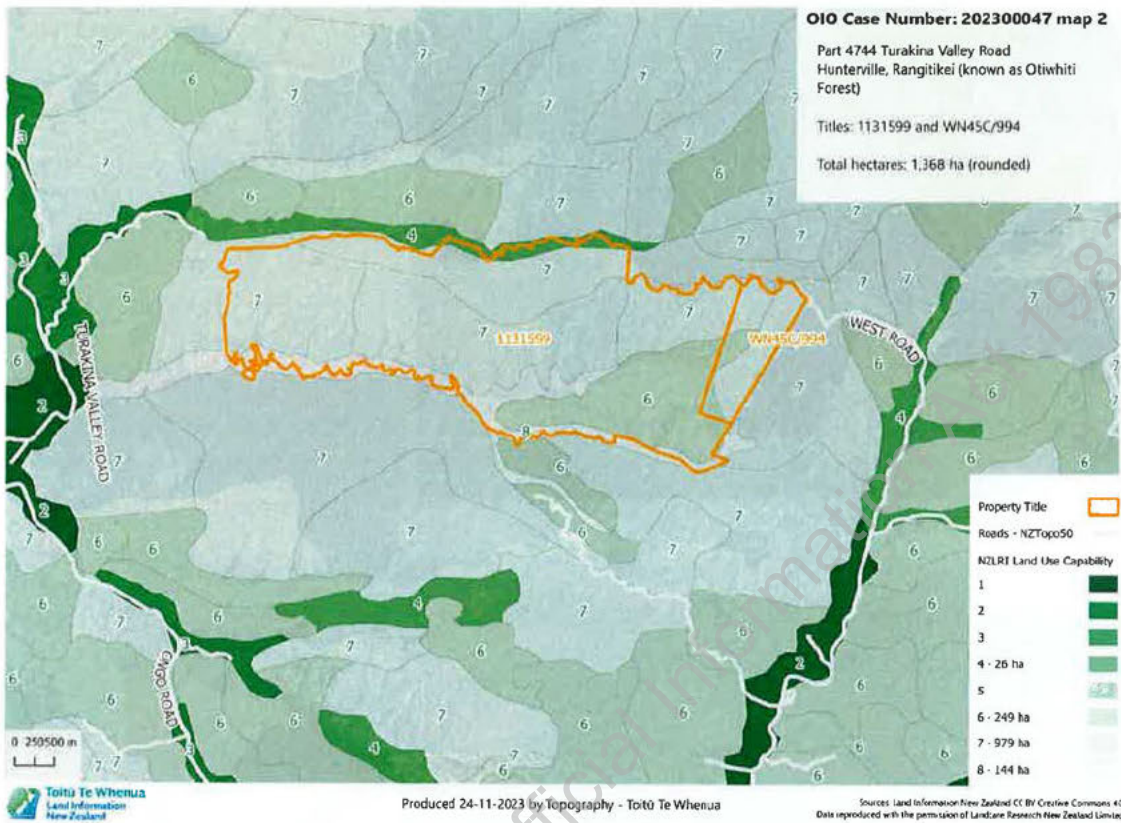
The table **below** lists other factors in the Act for assessing the benefit of overseas investments.

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
Historic heritage	Not relevant
Oversight or participation by New Zealanders	Not relevant – Ownership is reducing from 100% New Zealand to 100% overseas ownership
Extraction of water for bottling / human consumption	Not relevant

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ATTACHMENT 4 – LUC MAP



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ATTACHMENT 5 – PHOTOS



Figure 2: Image shows some of the erosion



Figure 3: Shows pastoral grazing land



Figure 4: Shows some of the Pinus radiata planted in 2019