

BRF 24-181 OI Assessment Report 202300306 – Port Blakely 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 required; Determine whether to grant consent and, if so, on what conditions; and Indicate your decision from page 5. 	15 February 2024

Toitū Te Whenua LINZ Whakapā / Contacts

Ingoa/Name	Tūnga/Position	Nama waea/ Contact number	Whakapā tuatahi/ First contact
Anneke Turton	Leader Assessment	04 830 2513	<input checked="" type="checkbox"/>
Kynsléy Nazareth	Customer Regulatory Specialist	04 474 0914	<input type="checkbox"/>

RELEASED UNDER THE OFFICIAL INFORMATION ACT
 subject to s9(2)(b)(i)

Pūtake/Purpose statement

Toitū Te Whenua Land Information New Zealand (LINZ) seek your decision on an application for consent to acquire an interest in sensitive land under the Overseas Investment Act 2005 (Act).

Summary

Applicant	Port Blakely Limited USA 100%
Vendor	Moerangi Farms (Oparau) Limited New Zealand 100%
Investment	Acquisition of sensitive land
Land	A freehold interest in approximately 452.0100 hectares of land located at 613 Pirongia West Road, Oparau, Otorohanga ¹
Consideration	██████████
Sensitivity	Is more than 5 hectares of non-urban land
Pathway	Benefit to NZ – Farm to Forestry conversion
Relevant tests	Investor test ² Benefit to NZ test ³ Farm land offer criterion ⁴ National interest criterion ⁵

The Applicant is ultimately majority owned by an American trust for the benefit of the Eddy family members. The Applicant is a well-established forestry company in New Zealand.

The Applicant is acquiring a sheep and beef farm in Waikato to convert to production forestry; and anticipates processing approximately ██████████ of logs domestically and exporting the remainder at maturity.

The key benefits likely to occur as a result of the investment include increased productivity of the land, increased export receipts, the creation of jobs and capital expenses.

Timing

The assessment timeframe and Applicant's commercial deadline for this application has passed due to the timing of 2023 general election. A decision is requested as soon as possible.

¹ Record of Title 1068505

² Section 18A of the Act.

³ s16(1)(c)(ii), s16A(1A) and s16A(2)

⁴ Section 16(1)(f) of the Act.

⁵ Section 16(1)(g) of the Act.

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 5 of this Assessment Report to record your decision.

s9(2)(a)

Anneke Turton

Leader Assessment

Overseas Investment – Toitū Te Whenua LINZ

Rā/date: 12 December 2023

Decision

Core tests

1. I determine that:

1.1. The '**relevant overseas person**' is (collectively):

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

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

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

1.3. 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.

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

Hon David Seymour

Hon Chris Penk

Agree

Agree

Disagree

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

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 David Seymour

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 David Seymour

Hon Chris Penk

Noted

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: 8 / 2 / 24

Hon Chris Penk
Date: / /

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

Hon Nicola Willis

Hon Chris Penk

Agree

Agree

Disagree

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: 20 / 12 / 2023

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A. Background and proposed transaction

7. Port Blakely Limited (**Applicant**) is a well-established forestry company. The Applicant is buying an approximately 452-hectares sheep and beef farm to convert to plantation forestry (**Investment**).

Land

8. The land is a freehold interest in approximately 452.0100 hectares of land located at 613 Pirongia West Road, Oparau, Otorohanga in the Waikato District (**Land**)⁶.

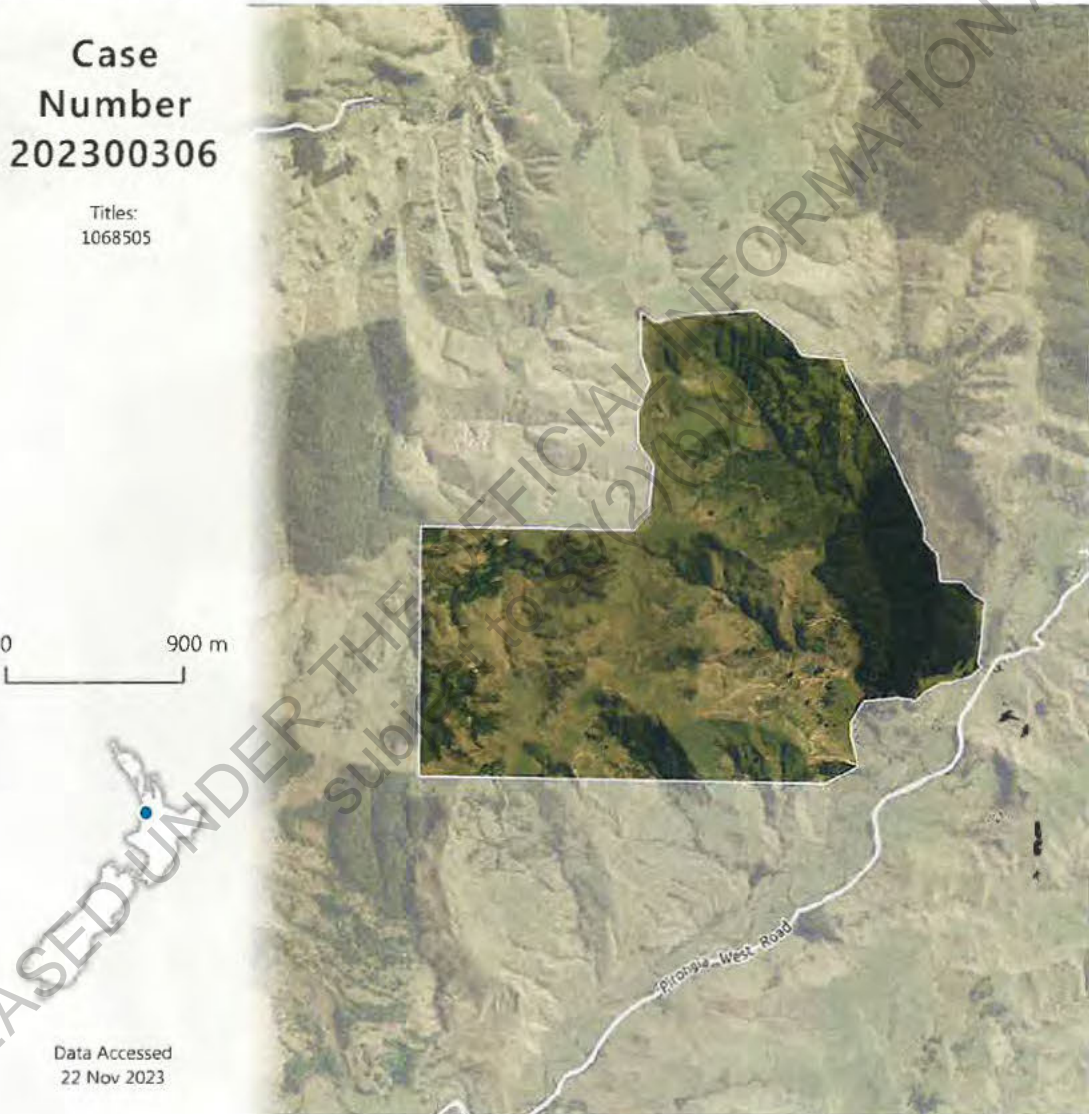


Figure 1: Aerial view of the Land

⁶ RT 1068505

9. The Land Use Capability (**LUC**) class information⁷ for the Land is:

- Less than 1 hectare of LUC 3 (0.1%),
- 79 hectares of LUC 4 (17%),
- 373 hectares of LUC 6 (83%).

10. A LUC Map is included at **Attachment 4**.

11. The Land is located adjacent to, and backs onto, Port Blakely's existing 982 ha Kawhia Forest, enabling both to be managed together, using common infrastructure such as access and logging roads.

12. As this transaction includes fresh or seawater interest(s), the automatic condition relating to fresh and seawater areas applies.⁸ The Crown must acquire, and the owner of the Land must allow the Crown to acquire, the fresh and seawater interest(s).⁹ However, the Crown need not acquire the fresh or seawater interest(s) if the owner is notified of a decision not to acquire.¹⁰

13. For completeness, a radio tower owned by Lightwire Limited is situated on the Land. Lightwire provides fixed wireless broadband services to rural customers in the Waikato region, and this particular tower provides internet services to properties along Pirongia West Road. The tower arrangement will remain.

Vendor

14. The Land is owned by Moerangi Farms (Oparau) Limited, of whom the director and shareholders of which are all New Zealand citizens. The Vendor is selling to reduce the overall family group farm debt.

B. Application of the Act

15. The Land is sensitive because it is non-urban land over 5 ha in size¹¹ so consent is required.¹² The following criteria for an investment in sensitive land apply to this application:¹³

- The investor test must be met.¹⁴
- The benefit to New Zealand test must be met.¹⁵
- Where the land is farm land it must have been offered for sale on the open market,¹⁶ unless exempt.¹⁷

⁷ 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.

⁸ Section 25D of the Act.

⁹ Clause 3, Part 2, Schedule 5 of the Act.

¹⁰ This is accordance with Clause 4 or 5, Part 2, Schedule 5 of the Act.

¹¹ Table 1, Part 1, Schedule 1 of the Act.

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

¹³ Set out in section 16(1) of the Act.

¹⁴ Section 18A / 16(1)(a) of the Act.

¹⁵ Sections 16(1)(c)(ii), 16A(1), 16A(1A) and 16A(2).

¹⁶ Section 16(1)(f) of the Act.

¹⁷ Section 20(1)(a) or (b) of the Act.

- 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.¹⁸
16. 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 (or any part of it or group of New Zealanders).¹⁹
17. 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

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

Ownership and control

19. The Applicant is Port Blakely Limited (**Port Blakely**), as the trustee for the South Blakely Trust. The South Blakely Trust is a trust for the benefit of 82 members of the Eddy Family (**Eddy Family investors**).
20. Port Blakely Limited is owned by a limited partnership, Port Blakely Tree Farms LP (**PBTF**).
- The general partner of PBTF is The Port Blakely Company (**PB Company**), owned by Eddy Family Investors.
 - The limited partners of PBTF are the Eddy Family Investors.
21. The board of directors of the PB Company control the delegation of decision making.
22. The directors of the Applicant will be responsible for the day-to-day management of the investment.
23. A diagram of the ownership structure is in **Attachment 2**.

Business Activities

24. The PB Company has been family owned since its establishment in 1864. Its primary business activity is investment in production forestry in the U.S.A and New Zealand. The Applicant has been operating in New Zealand since 1994 when it made its first forestry acquisition.
25. The Applicant's total estate in New Zealand is approximately 39,223 hectares. The ownership covers both the North and South Island with approximately 8,598 hectares in the North Island and 30,635 hectares in the South Island. It is divided into 25 geographically separate forests made up of 15 recently established ex-pasture sites and 10 mixed aged forests.²⁰

¹⁸ Section 16(1)(g) of the Act.

¹⁹ Section 16A(1)(a) of the Act.

²⁰ The net stocked area of the Applicant's estate is approximately 28,602 hectares, comprising of approximately 35% Douglas-fir and 57% Radiata Pine. The remaining net area is made up of other commercial species such as Cypresses, Eucalyptus, Cedars, Pines and Larch. The balance of the "un-stocked area" of 10,631 hectares is reserve, roads and landings or unproductive land which is managed as part of the total overall land holdings.

26. The Applicant operates as a management operation, subcontracting to professional crews for planting, spraying, road construction, thinning and final harvesting.
27. The Applicant is well known to LINZ, with 28 previous consents granted under the Act dating back to 1994; several of these consents have been under the special forestry test.

Relevant overseas person and individuals with control

28. We recommend that the 'relevant overseas person' is collectively:

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

29. We recommend that the 'individuals with control of the relevant overseas person' (IWC)²¹ are:

Individuals with control* ²²	Role
Rene Ismael Ancinas	Chairman of PB Company and Director of Applicant
Julie Rose Appling	Director of PB Company
Colleen Birdnow Brown	
Debra Anne Somberg	
Richard Scott Howell	
Therese Ouillette Rehn	
Jeffrey Baron Van Duzer	
Susan Warjone Barratt	
Stanley George Renecker	
Anne Charlotte McClain	
Jeffery Lee Nuss	
Kimberly Laurine Eiring	Director of Applicant
Michael Frederick Warjone	
Philip James Taylor	

²¹ Section 15.

²² Individuals marked with an asterisk are not overseas persons, either because they are New Zealand citizens or are ordinarily resident in New Zealand, therefore they do not need to meet the investor test.

Summary of investor test

30. 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 New Zealand test

31. This section describes the Investment and our assessment of whether it is likely to meet the benefit to New Zealand test in the Act.

Current state (counterfactual)

32. The Land is currently used for dry stock farming; sheep and cattle, and currently runs 1,154 stock units.

33. The Vendor advises that the farming activities support:

- **Jobs:** 0.2 FTE
- **Revenue:** Average annual income for the previous 3 years is \$ [REDACTED]
- **Export receipts:** Approximately \$ [REDACTED] annually from sheep and beef exports.

34. The Vendor has advised that the Land is farmed as part of a larger farming group operation which will continue after the sale of the Land. The number of employees will not reduce due to the sale.

35. The Agri Compass Report²³ provided by the Applicant state that the Land is operating below the per hectare benchmark compared to other Beef and Lamb Class 4²⁴ farms (4.6 stock units per hectare compared to the average Beef and Lamb Class 4 farms which are 9.7 stock units per hectare). This is because the land size is smaller in scale and contains areas of native bush, established forest and gorse which directly impact the carrying capacity. The Applicant further submits that there are large areas of gorse and high numbers of goats and weeds.

36. The Land's farm profit per hectare is therefore also lower at \$ [REDACTED] per hectare, compared to the Beef and Lamb Class 4 average of \$350 per hectare.

37. There is no public access to the parts of the river that are on the Land, or to anywhere else on the Land. There are no other special features on the Land.

Existing forestry right

38. There is also an existing forestry block of approximately 53 hectares which was planted in *Pinus radiata* 28 years ago and is subject to a Forestry Right jointly held by Manulife

²³ Compass is a professional services firm specialising in the Agribusiness sector. The Compass Agri report has been provided by the Applicant to provide an independent assessment of export earnings for the 1,154 stock units carried on the Land, to calculate the greenhouse gas emissions and provide comments on New Zealand's rural population. However, no property or stock inspection was completed; stock tallies and production information have been provided by the current owner and their professionals.

²⁴ According to Beef and Lamb NZ's website, a Class 4 farm is defined as 'North Island Hill Country' - one mostly carrying between 7 and 13 stock units per hectare. A high proportion of sale stock sold is in forward store or prime condition.

Investment Management Forest Management (NZ) Limited (Manulife Forest Management which is ultimately owned by a USA entity) and Richard Montague Gilbert. The Forestry Right expires in 2029, by which time the trees will be harvested and after remedial work is carried out, the block is handed back to the landowner.

Investment plan

39. The Applicant intends to establish a commercial production forestry by planting 218 hectares of the Land in *Pinus radiata* trees.
40. This Investment is a part of the Applicants' wider forestry investment strategy which is to purchase forest and land assets in New Zealand to ultimately sustain an annual wood flow of [REDACTED] harvested per annum.
41. The Applicant submits that the acquisition of the Land is strategically important and critical to the long-term success of the Port Blakely business in New Zealand because it:
 - provides for economies of scale,
 - ensures continuity of Port Blakely's workforce,
 - consolidates new forest investments in preferred geographic regions,
 - enhances partnerships with local providers/businesses, and
 - provides for future supply of high-quality logs and sawlogs for domestic processors, thereby reducing the dependence on the export log market and the current dependence on China.

Planting

42. The Land will be planted at 833 stems per hectare which will be thinned between ages 7-10, depending on site productivity and exposure to predominant winds, to 350-550 stems per hectare (framing structural regime).
43. The Erosion Susceptibility Classifications for the Land is low (green zone) and moderate (yellow), therefore no resource consent is currently required for planting.

Subdivision

44. There is no subdivision required in relation to this transaction as the Vendor's residence and other farm buildings are located on a separate title which is not for sale.

Harvesting and export

45. The harvest of trees will occur during the years 2050 – 2054 with each rotation being around 30 years.
46. Some log grades are not suitable for domestic processing because of knot size or sweep (lack of straightness) characteristics not acceptable to a New Zealand processor. It is predicted that approximately [REDACTED] of the logs (total recoverable volume) will be domestic grades (S30, roundwood and pulp) and processed domestically provided there is capacity at the domestic processors at the time of harvest. The remainder of the logs are likely to be exported.

47. The logs to be exported will go to China and Korea via the Port of Tauranga (169 km away). Based on current market conditions, approximately [REDACTED] will be sent to Korea and [REDACTED] to China.

48. The following domestic sawmills and processors are all located within a reasonable transport distance from the Land:

- Kiwi Lumber Putaruru – 111 km
- Red Stag Rotorua – 169 km
- Max Birt Pokeno – 151 km
- Roundwood NZ Tokoroa – 127 km; and
- Oji Fibre Solutions Kinleith Mill – 134 km.

Employment

49. The Applicant estimates it will create the equivalent of 2.31 direct new Full Time Equivalent (FTE) annual job opportunities as a result of establishing this forest.²⁵ With forestry the number of jobs is cyclical in nature, but these numbers have been averaged out through to 2052.

50. A new production forest is also likely to create some indirect jobs.

Development Expenditure

51. The Applicant plans to spend an estimated [REDACTED] million on local suppliers of goods and services such as plant nurseries, forest managers, logging, etc throughout the first rotation.

52. This compares to the Vendor's annual input costs averaged over the last three years as \$61,000. The difference works out to approximately [REDACTED] on average per year.²⁶

Timber revenues and export receipts

53. The Applicant expects total timber revenues over the first rotation to be approximately [REDACTED] (approximately [REDACTED] million per year when averaged over a 30-year period).

54. Converting the Land to a production forest will result in a net increase in export receipts of approximately [REDACTED] over a 30-year period (given approximately [REDACTED] of logs are likely to be exported).²⁷

Domestic processing

55. The Applicant estimates [REDACTED] of logs will be sent to domestic processing facilities and has committed to condition to provide [REDACTED] of logs to domestic processors. The Ministry for Primary Industries (MPI) notes that about [REDACTED] of all logs produced were processed onshore based on the year ending March 2022²⁸ [REDACTED] MPI also

²⁵ This is a net increase of approximately 0.51 annual FTE per 100 ha.

²⁶ Net annual increase of approximately [REDACTED] per [REDACTED] hectares.

²⁷ Net annual export receipts increase of approximately [REDACTED] per [REDACTED] hectares

²⁸ This is based on [Te Ara Whakahou – Ahumahi Ngahere – Forestry and Wood Processing Industry Transformation Plan \(mpi.govt.nz\)](#) Page 40. Of the 37M m3 logs produced in New Zealand in the year ending March 2022, approximately 61% were exported and 39% were processed onshore.

advised that while several new domestic plants and upgrades have been developed in recent years, it could be later in the decade before significant volumes of lower-grade logs are diverted from export to local processing.

Carbon sequestration

56. The Applicant estimates the forest will reduce total net emissions by over [REDACTED] tonnes per rotation. It also considered that processing domestically and exporting processed wood products is likely to lower overall emissions because logs processed into sawn timber and medium density fibreboard weigh half the weight of unprocessed logs, reducing fuel consumption of ships²⁹.
57. The forest will be registered in the New Zealand Emissions Trading Scheme. It is estimated to generate [REDACTED] in carbon revenue.

Environmental initiatives

58. The Applicant plans to build or repair the existing boundary fencing across 7.6 kms of fence lines. Unwanted pests will be efficiently controlled through the Integrated Pest Management Plan (IPMP).³⁰
59. Minimum 10m buffer zones surrounding the Oparau river and 5m buffer zones along the streams that feed the river will be established. These measures, as well as removing stock from the Land, are likely to help improve water quality in the Oparau River and its tributaries.
60. The Applicant will consult with the QEII National Trust in regard to protecting native bush areas with a QEII covenant.

Public Access

61. The Applicant will operate a permit system to allow access to the Land for recreational purposes. Currently the public have no access to the farm.³¹

Assessment of benefits

62. 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.³²

²⁹ Government's Industry Transformation Plan (ITP) - appendix 22, page 99

³⁰ Department of Conservation (DOC) provided additional recommendations such as creating a setback and fencing for all regenerating native bush areas with new goat proof fencing and increasing the buffer zone along the river. The Applicant was unwilling to increase these protections above what is required in the National Environmental Standards for Protection Forestry (NES-PF).

³¹ As a permit system does not provide enduring access, the Outdoor Access Commission (OAC) recommended a number of options including building esplanade strips with an access strip over the Applicant's own neighbouring property. However, the Applicant stated this would cost over \$30,000, was outside the scope of this application and that health and safety were a barrier particularly during forestry operations. OAC had advised that health and safety concerns are regularly provided for in esplanade strip instrument clauses enabling the strip to be temporarily closed for genuine health and safety reasons. The Applicant conveyed, the advantage of the access permit system is to ensure the forestry managers are aware of who are in the forest at any point in time and it also gives the public confidence that access is appropriate at a particular time.

³² 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.

Farmland benefit test does not apply

63. The Investment involves the acquisition of farm land over five 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.³³

Benefit Claims

64. 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.

65. Carbon and climate related claims are assessed under their own heading to prevent double counting as they relate to more than one benefit factor.

66. Factors that were 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**.

Benefit		Analysis
Economic Moderate	Creation of jobs	The creation of the equivalent of 2.3 additional FTE per annum, fluctuating over the life of the forest
	Revenue and export receipts	Revenue is likely to increase by approximately [REDACTED] per annum (including increases in export receipts of approximately [REDACTED] per annum)
	Increased domestic processing	Approximately [REDACTED] of logs likely to be processed domestically
	Development and operating expenditure	Additional spending of approximately [REDACTED] per annum on average to establish and maintain the forest.
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 [REDACTED] tonnes of carbon dioxide over a 30-year period.

³³ Section 16A(2) of the Act states the modified farm land benefit test does not apply if the relevant Ministers are satisfied that:

- 1.1. the farm land will, or is likely to, be used exclusively, or nearly exclusively, for forestry activities; and
- 1.2. 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
- 1.3. the non-occupation outcome will, or is likely to, occur in relation to the farm land.³³ LINZ considers that all three of these requirements are met in this case.

Benefit	Analysis	
	Support Government Emissions Reduction Plan - 2022 ³⁴	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	Protect flora and fauna	There will likely be ecological gains upon the Land.
	Improve water quality	The removal of stock reduces effluent risk to freshwater areas on the Land.
	Erosion control	Planting trees and adding buffer zones, in freshwater areas, will likely reduce erosion risk.
Public access Weak	Permit system	Public access is improved however there is no enduring legal right to access.

Consultation and submissions about the investment

67. LINZ consulted three government agencies, Herenga ā Nuku - the Outdoor Access Commission, Manatū Ahu Matua - Ministry for Primary Industries and Te Papa Atawhai - the Department of Conservation, about the credibility and accuracy of the Applicant's proposals. Where applicable, this consultation has been referred to throughout the report.
68. No third-party submissions were sought or received in relation to this application. However, there has been much public and media interest in farm to forest conversions and their impact on local farming communities.

Proposed conditions and rationale

69. 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.
70. We have also proposed a condition that requires the Applicant to supply at least [REDACTED] of logs harvested to domestic processors.

³⁴ The relevant chapter within the Plan relating to forestry is Chapter 14 - <https://environment.govt.nz/publications/aotearoa-new-zealands-first-emissions-reduction-plan/forestry/>.

Conclusion – benefit to NZ test

Key benefits

71. After considering the application, LINZ 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, domestic processing and increased export receipts. The investment is also likely to result in environmental benefits, primarily due to the sequestration of carbon.

Proportionality

72. LINZ 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 New Zealand test.

73. Matters which were considered to raise the proportionality include:

- the Land being acquired is 452 hectares which is not large;
- the Land is currently being used as farm land and is a low output farming operation;
- the Land contains a freshwater area;
- the Land will be converted to an alternative (non-farming) use;
- the Applicant is acquiring a freehold interest in the Land; and
- the Applicant is entirely overseas owned.

74. Mitigation factors include:

- the Land is a majority LUC 6 (82.5%);
- approximately 53 ha (or under 12%) of the Land is already a forestry block;
- the Applicant already owns the adjacent 982 ha Kawhia forest, enabling use of common resources; and
- the present employment for the Land will be retained by the vendor as part of its larger farming operation.

75. LINZ considers that the Land is low on the spectrum of "sensitivity" for farm land as it is operating significantly below capacity and has areas of gorse, weed and goat-infestation. The Applicant submits that due to these limitations, forestry is a more productive land use that will result in benefits to New Zealand.

Conclusion

76. After considering the application, LINZ is satisfied that the Investment is likely to result in moderate economic benefits, as well as weak environmental, public access and government policy benefits.

77. 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.

78. 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

79. Because the Land is farm land³⁵, we note that it was advertised for sale on the open market with the required information for a period exceeding 30 working days³⁶, within the 12 months preceding the date the transaction that requires consent was entered into³⁷. This was on the Realestate, Trademe and PGG Wrightson websites and several times in print on Te Awamutu Courier and Farmer's Weekly³⁸.
80. We are therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.³⁹

F. Not a transaction of national interest

81. The Investment does not involve a transaction of national interest under the mandatory criteria of the Act.⁴⁰ 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).
82. The Minister of Finance has not called the Investment in for a national interest assessment.⁴¹

G. Fresh or seawater areas

83. The investment includes fresh or seawater interests, being the bed of the Oparau River, which is a non-navigable river having an average width exceeding 3.0 metres.
84. If the Applicant is granted consent for this investment, the Applicant will lodge a water areas acquisition notice⁴² immediately on receiving the interest in the Land. A separate decision will be made by decision-making Ministers subsequently. LINZ have included the automatic condition that the Applicant must comply with the provisions of Schedule 5 of the Act.

H. Conclusion

85. For the reasons set out in this report, LINZ considers that, while finely balanced, the criteria for consent have been met.

³⁵ Currently being used primarily for sheep and cattle (see the definition of farm land in s 6 of the Act).

³⁶ For sale by tender from 28 October 2022 to 12 December 2022 which is 32 working days

³⁷ Agreement signed on 16 December 2022

³⁸ Printed on Te Awamutu Courier on 3, 10 & 17 November 2022 and on Farmer's Weekly on 31 October and 7 November 2022.

³⁹ Overseas Investment Regulations 2005, regulations 5 to 10.

⁴⁰ Under s 20A of the Act.

⁴¹ Under s20B of the Act.

⁴² The water areas acquisition notice records the Crown's right to acquire the fresh or seawater area and the Crown may acquire the fresh or seawater area at any point within the subsequent 10 years.

86. We refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and to page 5 of this report to record your decision.

I. Attachments

1. Proposed Decision
2. Ownership structure
3. Other benefit factors
4. LUC and other maps

RELEASED UNDER THE OFFICIAL INFORMATION ACT
subject to s9(2)(b)(i)

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: TBA

The following people have been given the following consent:

Case	202300306
Consent	Port Blakely Limited may acquire the Land subject to the Conditions set out below.
Consent holder/s	Port Blakely Limited (company number 610849) We will also refer to each Consent holder and the Consent holders together as you .
Land	A Freehold Interest in 452.01 hectares of land located at 613 Pirongia West Road, Oparau, Otorohanga contained in Record of Title 1068505 - South Auckland.
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 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 conditions 1 and 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 Forestry block means the existing ~53 hectare forestry right presently held by Manulife Forest Management and Richard Montague Gilbert

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").

Fresh or Seawater Areas means the bed of the Oparau river.

LINZ means Land Information New Zealand

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

NES-F means the National Environmental Standards for Freshwater regulations.

OAC means The Outdoor Access Commission

Other Land means land that is not forestry land on the Land.

Regulations means the Overseas Investment Regulations 2005.

WAAN means water areas acquisition notice in accordance with the Act.

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

Special conditions

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

Details	Required date
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 180 hectares.	By 30 August 2026
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 2: Forestry Land must be used for forestry activities	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 3: Minimum silvicultural practices	
The crop of trees must be maintained in accordance with minimum silvicultural practices. In particular, the crop of trees must be planted at approximately 833 stems per hectare and thinned to approximately 350 to 550 stems per hectare.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	

Details	Required date
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
<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>	
Special condition 5: Trees must be replanted after harvest	
<p>You must replace each crop of 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> <ul style="list-style-type: none"> (a) replant the Land with the same species of tree or use the same silvicultural regime; or (b) do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>This condition does not limit Special Condition 2 (Forestry Land must be used for forestry activities) or Special Condition 3 (Minimum silvicultural practices).</p>	<p>Within 3 years of harvest (or as otherwise permitted by this condition).</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>	
Special condition 6: Confirm area of Forestry Land and Other Land	
<p>You must:</p> <ul style="list-style-type: none"> a) confirm to us in writing the area of Forestry Land and the area of Other Land; b) provide a map showing the extent of the Forestry Land and the Other Land. 	By 30 August 2026
Special condition 7: ETS registration	
<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</p>	At all times

Details	Required date
enactment).	
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 8: Non-occupation outcome	
<p>None of the following people may occupy the Land acquired under this consent for residential purposes:</p> <ul style="list-style-type: none"> a) You; b) Any overseas person with a more than 25% ownership or control interest in any of the people in (a); c) Any overseas person who occupies the Land other than on arm's length terms⁴³; d) Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land; e) If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion. <p>This condition does not apply to the extent that accommodation is being provided for the purpose only of supporting forestry activities (as defined in section 16A(9)) being carried out on the Land.</p>	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 9: Permitted temporary activities	
<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>	Until 30 August 2026
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 10: Comply with NES-PF and NES-F	
You must comply with the NES-PF and NES-F or any replacement to the regulations.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may	

⁴³ At arm's 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
require you to dispose of the Land.	
Special condition 11: Repair and/or build boundary fencing	
You must repair and/or build new fencing along the boundary of the Land.	By 30 August 2026
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 12: Logs to domestic processors	
You must send at least [REDACTED] of the total logs produced on the Land to domestic processing facilities.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 13: Consult Ngā Kairauhi Papa QEII National Trust regarding the protection of native bush areas	
You must, consult Ngā Kairauhi Papa QEII National Trust and other entities where required regarding the protection of native bush areas on the Land.	By 30 August 2026
You must allow access to their representatives and contractors to get on-site	At all times
Provided QEII National Trust agrees to the registration, you must complete registration of the covenant and implement all requirements	By 30 August 2026
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 14: Permit system	
<p>You must establish and maintain a public permit system for access to the river for fishing. For the avoidance of doubt access permits may be refused or be subject to reasonable limitations, for reasons including but not limited to:</p> <p>(a) prohibiting or limiting access for operational reasons (like during planting and harvest or to manage the risk</p>	To be established by 30 August 2026, and once established, to be maintained at all times

Details	Required date
<p>of fire),</p> <p>(b) defining the times and frequency of access, entry and exit points, routes, and activities undertaken on the Land,</p> <p>(c) rules to manage for health and safety and other risks (including communications, insurance requirements, and induction processes),</p> <p>(d) to ensure the access does not disturb or cause a nuisance to the native bush on the Land.</p>	
<p>You must advertise this permit system by installing adequate signage</p>	<p>By 30 August 2026</p>
<p>You must advise the local DOC office of this permit system so that DOC is able to direct any enquiries to the correct place</p>	<p>By 30 August 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 15: Construct setbacks/buffer zones</p>	
<p>You must construct minimum 10m setbacks/buffer zones to the river and minimum 5m setback/buffer zones to streams on the Land.</p>	<p>By 30 August 2026</p>
<p>You must allow access to DOC's representatives, contractors and relevant staff to get on-site</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>	

Standard conditions

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

Details	Required date
Standard condition 1: Acquire the Land	
<p>You must acquire the Land:</p> <ol style="list-style-type: none">1. by the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Land, and2. using the acquisition, ownership, and control structure you described in your application. 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, and4. copies of any transfer documents and Settlement statements.	As soon as you can, and no later than two months after Settlement
Standard condition 3: Allow us to inspect the Land	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions. 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,	At all times

Details	Required date
<p>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> <ul style="list-style-type: none"> 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>During an Inspection:</p> <ul style="list-style-type: none"> a. we will not compel you and your employees, agents, tenants, or other occupiers to answer our questions or to let us look at, copy or take away documents, 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>	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the Assets in accordance with section 18A(1) of the Act.</p> <p>The Individuals Who Control You are individuals who:</p> <ul style="list-style-type: none"> a. are members of your governing body b. directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you, and c. are members of the governing body of the people referred to in paragraph (b) above. 	<p>At all times</p>
<p>Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control</p>	
<p>You must tell us in writing if any of the following events happens to any of the Consent holders:</p> <ul 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. 	<p>Within 20 working days after the change</p>

Details	Required date
<p>2. You cease to be an overseas person or dispose of all or any part of the Asset.</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>	
<p>Standard condition 6: Dispose of the Land if you do not comply with key special conditions</p>	
<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 the Land. We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p>	
<p>Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.</p>	<p>Within six weeks of the date of our notice</p>
<p>Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.</p>	<p>Within six weeks of the date of our notice</p>
<p>Dispose of the Land: dispose of the Land to a third party who is not your associate.</p>	<p>Within six months of our notice</p>
<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> <ul style="list-style-type: none"> a. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor), and b. 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:
 - a. 30 September 2026
 - b. 30 September 2029
2. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions),
 - b. your most current forecast or schedule for harvesting and replanting of various areas of the Land (including maps indicating the particular areas and likely schedules).
3. follow the format of the template annual report published on our website
4. If requested in writing by the OIO, the Consent Holder(s) must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
 - a. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted, or
 - b. the conditions of this Consent

Power to vary reporting date

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

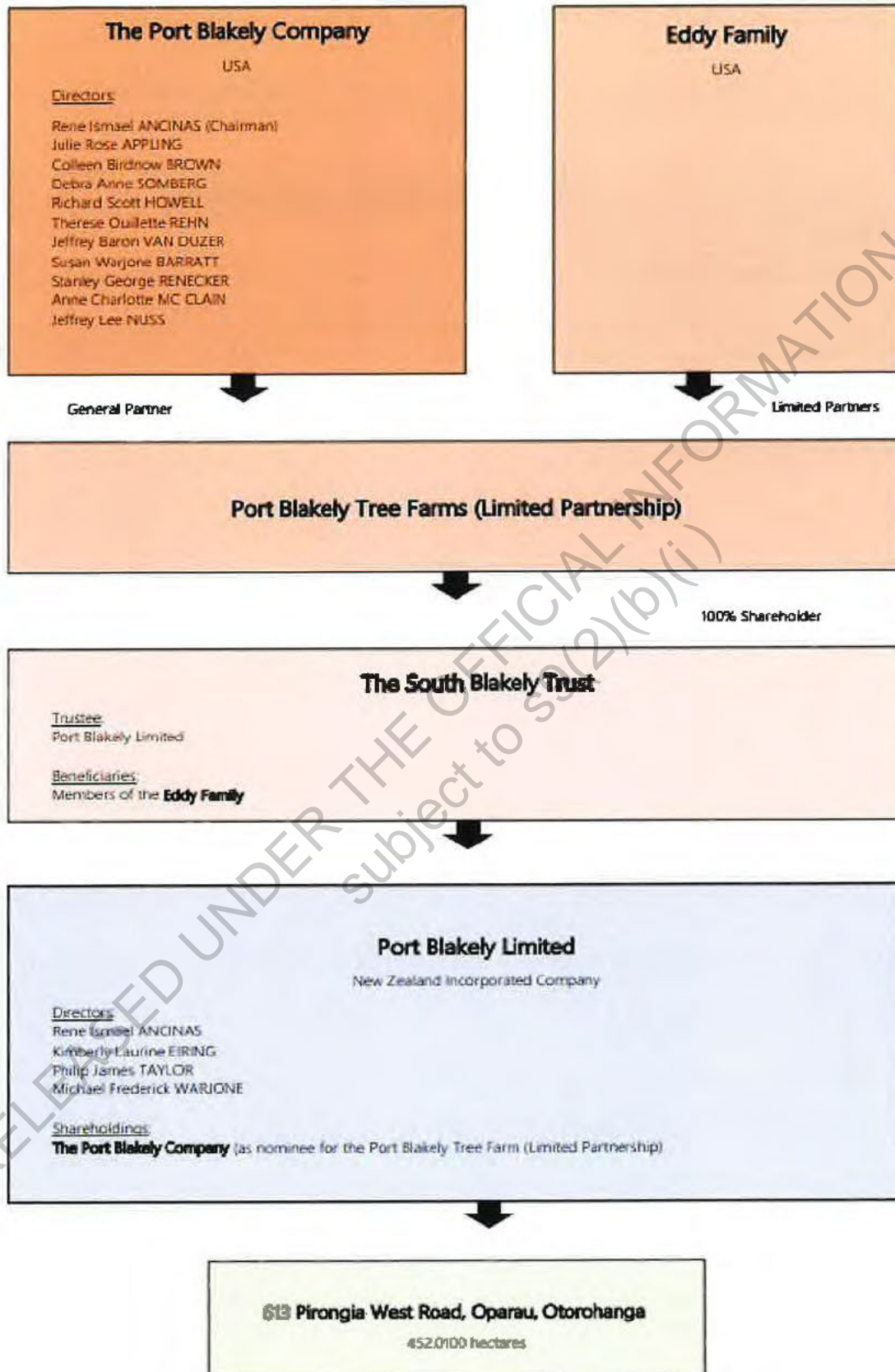
Power to narrow scope of reports

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

Power not to require further reporting

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

ATTACHMENT 2 – OWNERSHIP STRUCTURE



ATTACHMENT 3 – OTHER BENEFIT FACTORS

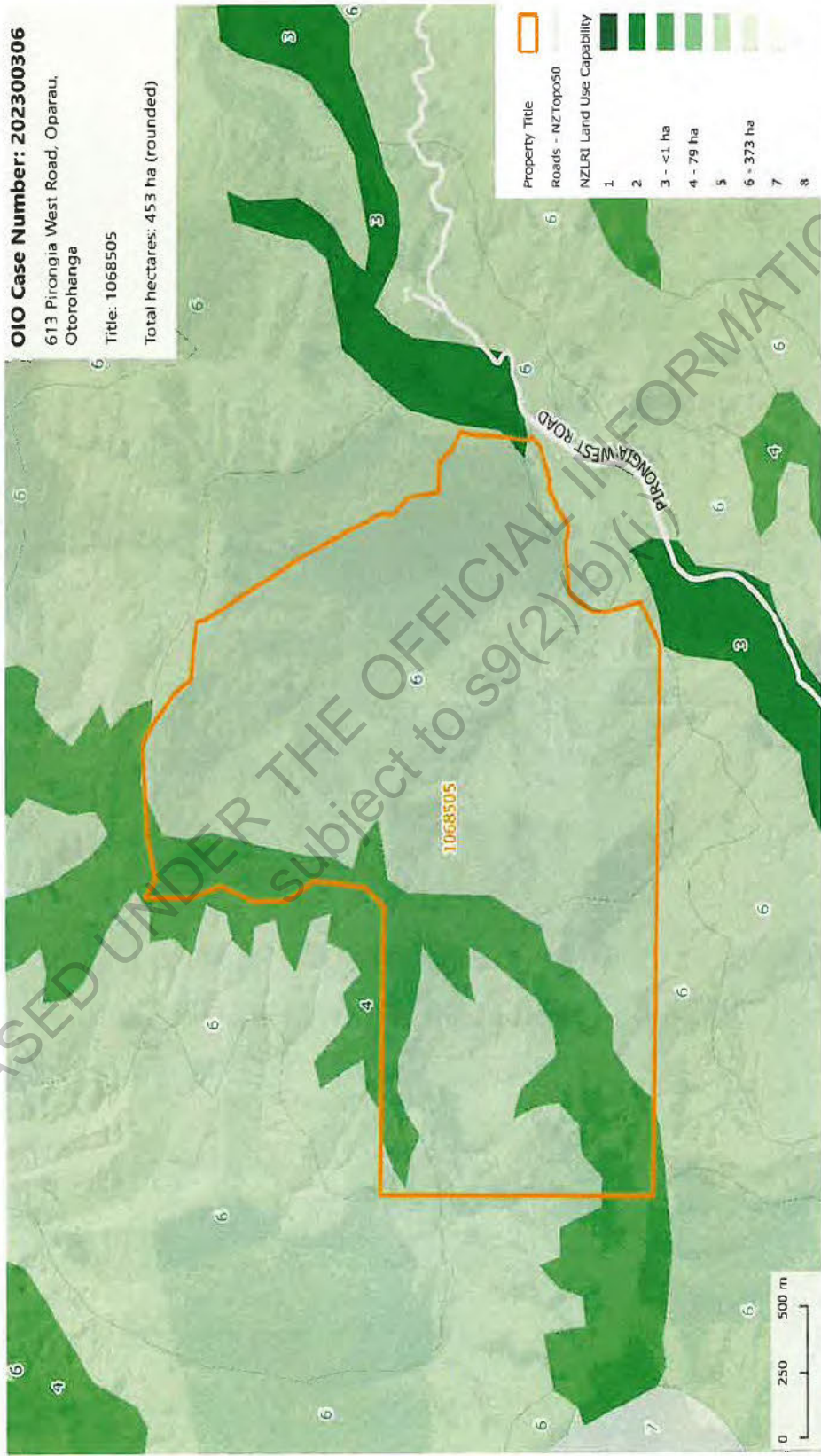
The table below lists other factors in the Act for assessing the benefit of overseas investments.

LINZ 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
Consequential benefits	Some community, etc., sponsorships - Insufficient benefits
Extraction of water for bottling/human consumption	Not relevant

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subject to s9(2)(b)(i)

ATTACHMENT 4 – LUC AND OTHER MAPS



**Case
Number
202300306**

Titles:
SA10C/419, 1068505,
SA39A/303, SA22B/1292,
SA22B/1293, SA2A/518,
SA1785/40, SA1710/100,
SA745/156

0 1,000 m



Data Accessed
22 Nov 2023



The Land with the Applicant's adjoining properties