

## BRF 24-211 OI Assessment Report 20230056 – Ponga Silva Limited

**Ki / To:** Hon Nicola Willis, Minister of Finance

**Rā / Date:** 18 December 2023

Hon Chris Penk, Minister for Land Information New Zealand

### Ngā mahi e hiahiatia ana / Action Sought

Minita/Minister	Hohenga/Action	Rā Mutunga/Deadline
Hon Nicola Willis, Minister of Finance and Hon Chris Penk, Minister for Land Information	<ol style="list-style-type: none"> <li>Review this report and consult with each other if desired;</li> <li>determine whether to grant consent and, if so, on what conditions; and</li> <li>indicate your decision from page 3.</li> </ol>	2 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"/>
Emma Bailey	Senior Solicitor	04 462 4407	<input type="checkbox"/>

## 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

<b>Applicant</b>	<b>Ponga Silva Limited</b> Germany 49.20%, United Kingdom 17.80%, USA 7.60%, Ireland 6.8%, Luxembourg 6.30%, Switzerland 4.70%, Various 4.20%, France 3.40%
<b>Vendor</b>	<b>Piquet Hill Holdings Limited</b> New Zealand 100%
<b>Investment</b>	Acquisition of sensitive land
<b>Land</b>	A freehold interest in approximately 1,559.4998 hectares of land located at Piquet Hill Farm, 887 Te Akau Road, 1075 Te Akau Road and 1251 Ruakiwi Road, Waikato District
<b>Consideration</b>	[ s 9(2)(b)(ii) ]
<b>Sensitivity</b>	Is more than 5 hectares of non-urban land
<b>Pathway</b>	Benefit to NZ – Farm to Forestry conversion
<b>Relevant tests</b>	Investor test <sup>1</sup> Benefit to NZ test <sup>2</sup> Farm land offer criterion <sup>3</sup> National interest criterion <sup>4</sup>

The Applicant is ultimately majority owned by Munich Re, a publicly listed German company.

The Applicant is acquiring a sheep and beef stud farm in Waikato to convert into production forestry.

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 and a reduction in net carbon emissions.

## Timing

The prescribed assessment timeframe has been exceeded due to the complexity of the application and the timing of the 2023 general election. A decision is required as soon as possible by to enable the Applicant to meet its contractual deadline.

<sup>1</sup> Section 18A of the Act.

<sup>2</sup> Sections 16(1)(c)(ii), 16A(1A), 16A(2) of the Act.

<sup>3</sup> Section 16(1)(f) of the Act.

<sup>4</sup> Section 16(1)(g) of the Act.

## Tohutohu/Recommendations

After considering the application, LINZ's 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 not been met.

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

[ s 9(2)(a) ]



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Anneke Turton

Leader Assessment – Overseas Investment, LINZ

**Rā/Date: 14 December 2023**

Released under the Official Information Act 1982

## Decision

### Core tests

1. I determine that:

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

Relevant overseas person	Role
Ponga Silva Limited	Applicant
Silvanus Vermögensverwaltungsgesellschaft mbH ( <b>Silvanus</b> )	100% owner of the Applicant

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

Individuals with control	Role
Wendelin Adrian Johannes Hermann-Joseph Kai Freiherr von Gravenreuth	Director of Silvanus
Viktor Rolf Alexander Keller	
Hans-Joachim Rolf Eckehard Seyfarth	Managing Director of Silvanus
Margaret Anne Blackburn	Director of Applicant
Timothy Andrew Fleming	
Peter Allan Keach	

- 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: 19 / 12 / 2023.

Released under the Official Information Act 1982

# Decision

## Core tests

1. I determine that:

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

Relevant overseas person	Role
Ponga Silva Limited	Applicant
Silvanus Vermögensverwaltungsgesellschaft mbH ( <b>Silvanus</b> )	100% owner of the Applicant

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

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Wendelin Adrian Johannes Hermann-Joseph Kai Freiherr von Gravenreuth	Director of Silvanus
Viktor Rolf Alexander Keller	
Hans-Joachim Rolf Eckehard Seyfarth	Managing Director of Silvanus
Margaret Anne Blackburn	Director of Applicant
Timothy Andrew Fleming	
Peter Allan Keach	

- 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**

**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: / /

Released under the Official Information Act 1982

## A. Background and proposed transaction

7. Ponga Silva Limited (**Applicant**) is a forestry company, ultimately owned by Munich Re, a German publicly listed company. The Applicant is buying an approximately 1,559 hectare sheep and beef farm to convert to a *Pinus radiata* commercial forest (**Investment**).

### Land

8. The land is a freehold interest in approximately 1,559.4998 hectares of land located at Piquet Hill Farm, 887 Te Akau Road, 1075 Te Akau Road and 1251 Ruakiwi Road, Waikato District (**Land**). The Land is comprised of eleven adjoining records of title<sup>5</sup> as shown in Figure 1 below:

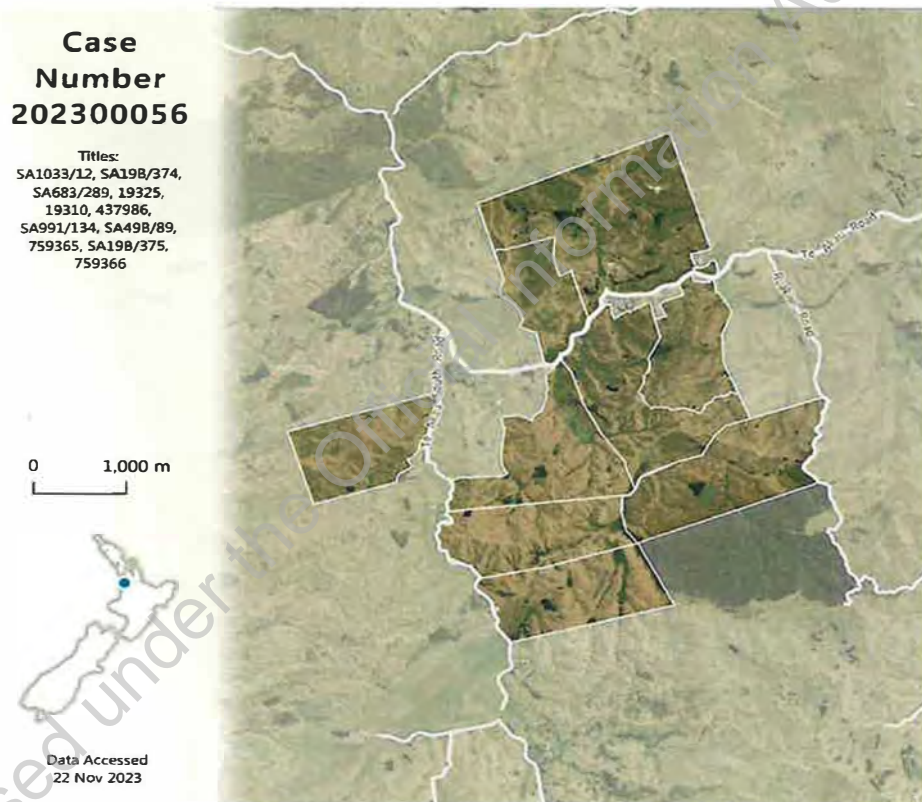


Figure 1: The Land

9. The Land is comprised of:
- 71 hectares of LUC<sup>6</sup> 3 (5%);
  - 115 hectares of LUC 4 (7%); and

<sup>5</sup> Being records of title 245268, 831681, WN18B/1371, WN18B/1372, WN34D/648, WN452/218, WN592/204, WNE2/683, WNE2/843, WN12A/571 and WN591/139, Wellington Registry

<sup>6</sup> 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.

- 1,377 hectares of LUC 6 (88%).
10. An LUC Map is included at **Attachment 3**.
  11. The Land is currently used as a beef and sheep stud operation.
  12. The Land is classified as easy to medium hill country with some relatively small areas of flat land and steeper sidings. It is fenced into 238 main paddocks and contains a number of farm buildings and improvements including six farm houses.
  13. The Mangati Stream flows through the interior of the Land and appears to be a qualifying fresh or seawater area<sup>7</sup>.

#### Vendor

14. The Land is currently owned by Piquet Hill Holdings Limited (**Vendor**), which is a New Zealand company ultimately owned by a New Zealand trust whose trustees and beneficiaries are all New Zealand citizens.
15. The Vendor wishes to sell the Land to [ s 9(2)(a) ]  
[REDACTED]  
[REDACTED]

#### B. Application of the Act

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16. The Land is sensitive because it is non-urban land over 5 ha in size,<sup>8</sup> so consent is required.<sup>9</sup> The following criteria for an investment in sensitive land apply to this application:<sup>10</sup>
  - The investor test must be met.<sup>11</sup>
  - The benefit to New Zealand test must be met.<sup>12</sup>
  - The farm land must have been offered for sale on the open market,<sup>13</sup> unless exempt.<sup>14</sup>
  - You must also note whether the investment is a transaction of national interest and, if so, whether the Minister of Finance has decided that the investment is contrary to New Zealand's national interest.<sup>15</sup>
17. 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).<sup>16</sup>

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<sup>7</sup> See Part G, paragraph 103.

<sup>8</sup> Table 1, Part 1, Schedule 1 of the Act.

<sup>9</sup> Under sections 10(1)(a) and 12(1)(a)(i) of the Act.

<sup>10</sup> Set out in section 16(1) of the Act.

<sup>11</sup> Section 18A / 16(1)(a) of the Act.

<sup>12</sup> Section 16(1)(c)(ii).

<sup>13</sup> Section 16(1)(f) of the Act.

<sup>14</sup> Section 20(1)(a) or (b) of the Act.

<sup>15</sup> Section 16(1)(g) of the Act.

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

18. As this transaction includes fresh or seawater interest(s), the automatic condition relating to fresh and seawater areas applies.<sup>17</sup> The Crown must acquire, and the owner of the Land must allow the Crown to acquire, the fresh and seawater interest(s).<sup>18</sup> However, the Crown need not acquire the fresh or seawater interest(s) if the owner is notified of a decision not to acquire.<sup>19</sup>
19. 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**

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

#### **Business Activities**

21. The Applicant was formed to set up a forestry platform in New Zealand to acquire forestry assets, including freehold interests, leasehold interests and harvesting rights for timber production. The Applicant's long term strategy and goal is to generate investment return from a portfolio of sustainably managed New Zealand forestry assets.
22. The Applicant has been investing in New Zealand since 2021 and its current estate comprises 5,788 hectares.

#### **Ownership and Control**

23. The Applicant is a wholly owned subsidiary of Silvanus, a company incorporated in Germany. Silvanus is a wholly owned subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft (**Munich Re**).
24. 100% of Munich Re's shares are free floated on the German stock exchanges. Only two shareholders hold more than 3%, [ s 9(2)(b)(ii) ]  
[ s 9(2)(b)(ii) ]<sup>20</sup>

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<sup>17</sup> Section 25D of the Act.

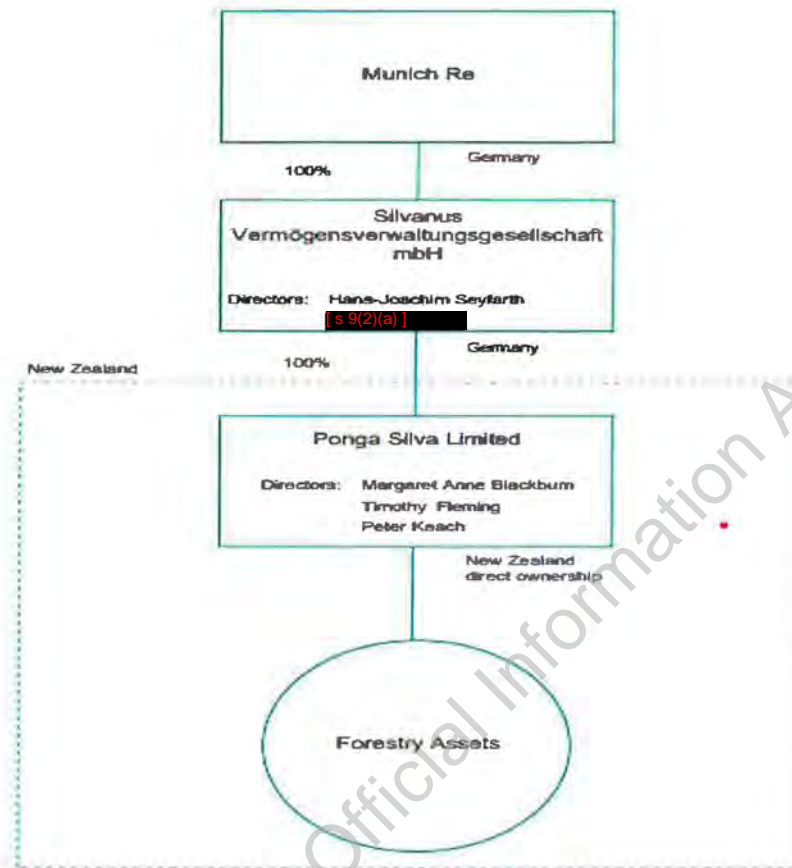
<sup>18</sup> Clause 3, Part 2, Schedule 5 of the Act.

<sup>19</sup> This is accordance with Clause 4 or 5, Part 2, Schedule 5 of the Act.

<sup>20</sup> Investors with shareholdings below 3% are not required by the German Securities Trading Act to notify their shareholdings to Munich Re and German Federal Financial Supervisory Authority (BaFin).



25. A diagram of the intended ownership structure is below.



26. [ s 9(2)(b)(ii) ]

27. The Applicant will be ultimately responsible for the day-to-day management of the Land. [ s 9(2)(b)(ii) ]

28. The Applicant has entered into a Property Management Agreement with [ s 9(2)(b)(ii) ], who will manage the Land (and already manage other forestry assets) on behalf of the Applicant.

## Relevant overseas person and individuals with control

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

Relevant overseas person	Reason
Ponga Silva Limited	Applicant
Silvanus Vermögensverwaltungsgesellschaft mbH ( <b>Silvanus</b> )	100% owner of the Applicant

30. We recommend that the 'individuals with control of the relevant overseas person' (IWC)<sup>21</sup> are:

Individuals with control	Role
Wendelin Adrian Johannes Hermann-Joseph Kai Freiherr von Gravenreuth	Director of Silvanus
Viktor Rolf Alexander Keller	
Hans-Joachim Rolf Eckehard Seyfarth	Managing Director of Silvanus
Margaret Anne Blackburn	Director of Applicant
Timothy Andrew Fleming	
Peter Allan Keach	

## Summary of investor test

31. 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

32. 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)

33. The Land is currently used as a sheep and beef stud operation, with the Vendor supplying beef and sheep genetics to clients around the North Island. Due to the nature of the Vendor's operation, the stock numbers on the Land fluctuate, however the Land typically supports [s 9(2)(b)(i)] sheep, [s 9(2)(b)(i)] bulls, [s 9(2)(b)(i)] cows and [s 9(2)(b)(i)] heifers<sup>22</sup>.

34. The Vendor advises that the current farming activities support:

- **Jobs:** [s 9(2)(b)(ii)]

<sup>21</sup> Section 15 of the Act.

<sup>22</sup> These figures are heads of stock rather than stock units (*Information Memorandum prepared by Arotahi Agribusiness Limited*.)

- **Annual turnover:** [ s 9(2)(b)(i) ] from production of drystock and seedstock.
35. The Vendor has planted [ s 9(2)(b)(i) ] in plantain and sorghum and a further [ s 9(2)(b)(i) ] in kale crop. The Land produces around [ s 9(2)(b) ] bales of silage annually for use in the farming operation.
  36. There are extensive improvements on the Land including six houses, four woolsheds, six cattle yards, a sheep yard, reticulated water supply and 238 fenced paddocks.
  37. The Land is subject to a conservation covenant<sup>23</sup> which protects an archaeological pa site covering an area of 3,590m<sup>2</sup>. The covenant restricts how that part of the Land can be dealt with, including preventing material alteration to the appearance or condition of the area and prohibiting earthworks without obtaining permission from Heritage New Zealand Pouhere Taonga and the Waikato District Council.
  38. There are some small areas of bush noted as Significant Natural Areas.

### Investment plan

39. The Applicant intends to establish a commercial production forest by planting 1,121.62ha the Land in *Pinus radiata* trees by [ s 9(2)(b)(i) ]. The remainder of the Land will be used as follows:
  - [ s 9(2)(b) ] hectares of unplanted area to allow for conservation covenant, buffer land, setbacks, gullies, and infrastructure (roads and tracks); and
  - 204 hectares will be subdivided and sold.
40. The Applicant has appointed [ s 9(2)(b)(i) ] (an established New Zealand forestry services provider) as forest manager, to undertake the day-to-day management of the Land [ s 9(2)(b)(ii) ]  
[REDACTED]
41. Forestry experts, [ s 9(2)(b)(i) ], provided an independent feasibility study of the proposed investment<sup>24</sup>.

### Planting and silvicultural plans

42. The Applicant will undertake a structural regime, with initial stocking at [ s 9(2)(b) ] stems per hectare. The Applicant will thin to [ s 9(2)(b)(ii) ] stems per hectare at approximately year 9.

[ s 9(2)(b)(ii) ]  
[REDACTED]  
[REDACTED]  
[REDACTED]

<sup>23</sup> Conservation covenant 5197136.3, pursuant to section 77 Reserves Act 1977 and registered against Record of Title 19325.

<sup>24</sup> [ s 9(2)(b)(ii) ]



### Grazing licence

43. The Land is sold subject to a grazing licence between the Applicant and the Vendor (as licensee)<sup>25</sup> which gives the Vendor the exclusive right to graze stock and carry out all associated farming activities on the licensed area prior to the completion of planting.

### Subdivision

44. The Applicant intends to subdivide 204.45 hectares off part of the Land (subject to resource consent<sup>26</sup>) through a two stage subdivision process, with the aim of divesting land which is better suited to farming than forestry. Stage one involves the subdivision of [redacted] ha within 18 months and stage two involves the subdivision of [redacted] ha [ s 9(2)(b)(ii) ]

### Harvesting

45. The Applicant intends to harvest the tress when they are between 26 and 32 years of age. Subject to obtaining all necessary resource consents, the Applicant intends to re-plant with *Pinus radiata* in the winter season, one year after harvesting.
46. The nearest export port is Tauranga, 170km away, therefore the Applicant could favour domestic markets if mill location and capacity is similar in 26 years' time to the situation today. However it is difficult to predict what domestic facilities will be in the future and therefore the percentage of logs that are likely to be processed domestically.

### Employment

47. The Applicant estimates the investment will create the equivalent of approximately 223 FTEs<sup>27</sup> per rotation of trees which averages out to the equivalent of 6.75 FTE per annum.<sup>28</sup> This figure includes employment up to the point of sale of the logs (i.e. it includes haulage but not indirect employment associated with local mills or ports).<sup>29</sup>
48. Due to the nature of the investment, jobs will be spread over the lifetime of a rotation but will be concentrated around planting, thinning, harvesting and transport. Jobs will include pruning trees, pest control and management of the forest.
49. The increased jobs will predominantly be in the Waikato region. The Waikato is currently disproportionately represented in New Zealand's unemployment statistics.

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<sup>25</sup> Where there is a staged settlement (as contemplated in the sale and purchase agreement), the grazing licence will be granted at settlement for the property, excluding the Northern Block. The term of the grazing licence aligns with the planting programme and either parties have the right to issue a 3 month termination notice in respect of the whole area at any time.

<sup>26</sup> The Applicant has received advice from its planning consultants CKL Limited that resource consent is likely to be granted.

<sup>27</sup> One FTE is a permanent job for at least 30 hours per week, on average, calculated over a year.

<sup>28</sup> LINZ has previously consulted with MPI to confirm the accuracy of FTE estimates in relation to similar investments in farm land to forestry conversions. This estimate is consistent with those other investments.

<sup>29</sup> This represents an increase in employment from the current state of approximately 0.24 FTE per 100ha.

#### *Development and capital expenditure*

50. The Applicant estimates establishing and managing the new forest will result in total capital expenditure of approximately \$ [s 9(2)(b)(i)] (s 9(2)(b)(ii)] per annum) over the first rotation (30 years).<sup>30</sup>
51. This increased expenditure is likely to bring benefit to the Waikato community as the majority will be paid to local suppliers of goods and services.

#### *Timber revenue*

52. The Applicant expects the total timber revenues from the first rotation to be \$ [s 9(2)(b)(i)] (approximately \$ [s 9(2)(b)(ii)] per year averaged over 30 years<sup>31</sup>).
53. The current farm revenue is just under \$ [s 9(2)(b)(i)] per annum from drystock and seedstock farming (\$ [s 9(2)(b)(ii)] over 30 years).
54. Converting the Land to a production forest will result in a net increase in revenue of approximately \$ [s 9(2)(b)(ii)] (over a 30 year period)<sup>32</sup>.

#### *Increased domestic log processing*

55. The Applicant recognises that the availability of local processors and the market conditions for domestic and export logs are difficult to predict 26-32 years in advance. Based on modelling of current market conditions, the Applicant would seek to export approximately 60% of logs through the Port of Tauranga. The remaining logs would be processed domestically.
56. The Applicant is not able to commit to the domestic processing of its logs, however it has indicated it is prepared to offer the domestic market a first right of refusal on [s 9(2)(b)(i)] of the volume from the forest on an 'at market price' basis.

#### *Carbon reduction and sequestration*

57. The forest will be registered in the New Zealand Emissions Trading Scheme and will generate approximately \$ [s 9(2)(b)(ii)] in carbon revenues<sup>33</sup>.
58. The new forest will absorb approximately 657,000 tonnes of CO<sub>2</sub> per rotation. Therefore the Applicant submits the investment will result in a total net emission reduction of approximately 800,000 tonnes of CO<sub>2</sub> per rotation<sup>34</sup>.

#### *Improved water quality*

59. The Applicant claims the removal of livestock grazing from in and around water courses, as well as the afforestation of pastoral sites, will lead to improvements in water

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<sup>30</sup> Annual increase of approximately \$ [s 9(2)(b)(i)] per 100 hectares.

<sup>31</sup> Annual increase of approximately \$ [s 9(2)(b)(ii)] per 100 hectares.

<sup>32</sup> Annual export receipts of approximately \$ [s 9(2)(b)(ii)] per 100 hectares.

<sup>33</sup> This figure is calculated from the start of the rotation to age 16 and represents the extent of the sequestration that can be claimed for the trees under the current expression of the averaging regime under the NZ ETS.

<sup>34</sup> LINZ notes that there is uncertainty whether the investment will result in a net reduction of CO<sub>2</sub> in NZ. Given the Applicant plans to register the land in the ETS, the carbon reductions may be on-sold to other emitters, meaning the total net carbon emissions in NZ may not decrease.

quality. The elimination or reduction in the use of nitrogen and phosphate fertilisers will reduce runoff into waterways.

60. There are numerous wetlands and two small waterways on the Land. The Mangati Stream flows both through and along the boundary of the Land and contains whitebait and freshwater endemic fish species, including longfin eel. The Tuaterei Stream has been identified as a potential spawning area for galaxiids and probably has long-finned eel. The Department of Conservation (**DOC**) has advised the Applicant that these streams have been heavily degraded by past land-use practices. The proposed planting (with the required set-backs) will lead to a net environmental benefit for these streams which currently allow pastoral grazing up to their edge in places.

#### *Protection of vegetation and waterways*

61. The current farm contains 50ha of native forest remnants, including scrub. These areas are widely distributed and only 3ha are fenced to exclude livestock grazing. The removal of grazing will protect these areas<sup>35</sup>.
62. The Applicant intends to seek certification of the forest under the Forest Stewardship Council (**FSC**) Programme or Programme for the Endorsement of Forest Certification (**PEFC**)<sup>36</sup>. Under this certification, the Applicant will manage at least 10% (135ha) of the Land for conservation purposes. This will be made up of current native forest remnants and scrub, current wetland areas and new riparian areas. Some voluntary revegetation areas will be added to make up the required size.
63. As part of certification under the programme the Applicant will engage a qualified expert to do an ecological report and adopt any recommended measures. In addition, the Applicant will assess for any High Conservation Value areas every 5 years (with 14ha of additional conservation area identified to date).
64. The Applicant will undertake native riparian revegetation planting along the Mangati stream.
65. The Applicant intends to undertake pest control throughout the forest both in terms of invasive or noxious weeds (including for wilding pine) and also pest and feral animal control. The Applicant will establish a pest control programme particularly for ungulates (deer, hares, rabbit, possums and goats) and feral cat management.
66. The Applicant has committed to abiding by the National Environmental Standards for Plantation Forestry and LINZ recommends this is a condition of consent. In addition, the Applicant will be required, under the proposed conditions of consent, to consult with the Waikato District and Regional Councils regarding the implementation of appropriate slash control measures on the Land.

#### *Public Access Benefits*

67. The Applicant pre-consulted with Herenga ā Nuku Aotearoa/Outdoor Access Commission (**OAC**) in relation to public access arrangements. OAC recommended that

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<sup>35</sup> The Land will be subject to a grazing licence until the two stage subdivision process has settled by 2025.

<sup>36</sup> The intent is that the forest will be certified under either FSC or PEFC. These certifications reflect a high standard of responsible forest management, including showing the forest meets the world's highest environmental, economic and social standards. FSC is an international organisation that provides for voluntary accreditation and independent third party certification.



the Applicant provide enduring public access alongside the part of the Mangati Stream that traverses records of title 19310, SA1033/12 and SA19B/37, by creating registered esplanade strips.

68. There are currently no formal or informal public access arrangements to the stream. The Vendor advised that local residents of Te Akau have approached the Vendor to request access to the stream to collect watercress.
69. The Applicant will also install appropriate signage to identify the public access and any conditions to its use and install stiles or gates where appropriate.

#### *Historic Heritage*

70. The Land contains an archaeological pā and pit site of approximately 3,590m<sup>2</sup>, which is protected by a Conservation Covenant registered on title 19325. The Land also contains several pre-European New Zealand Archaeological Association sites<sup>37</sup>. These sites are already subject to the requirements of the Heritage New Zealand Pouhere Taonga Act 2014 but they are currently not protected from farming operations.
71. The Applicant intends to consult with local iwi to understand if there is interest in establishing a traditional pathway to the historic pā and pit site within 12 months of settlement.
72. The Applicant proposes to create an extended 2.5ha setback from the pā and pit site to ensure the forestry activities do not disturb the site. The Applicant will consult with the Waikato District Council, local iwi and Heritage within 12 months of settlement to determine what is appropriate in terms of re-vegetation of the setback. DOC recommends this buffer zone should be kept pest and weed free and clear from any forestry debris.
73. The Applicant pre-consulted with Heritage New Zealand Pouhere Taonga and were advised that none of these additional sites have been identified by Heritage as warranting wider public access.
74. In addition, the Applicant will ensure that its planting is set back a minimum of 10m from the additional archaeological sites identified.

#### **Assessment of benefits**

75. The benefits to New Zealand that are likely to result from this investment and our assessment of the relative weight we consider could be given to each benefit (proportionate to the investment) are set out in the table below.<sup>38</sup>

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<sup>37</sup> Sites R14/166, R14/189, R14/190, R14/399, R14/3, R14/177, R14/183, R14/184, R14/191, R14/193 and R14/194.

<sup>38</sup> 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*

76. 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.<sup>39</sup>

*Benefit claims*

77. LINZ has 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 has identified may occur.

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

79. 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 2**.

Benefit		Analysis
Economic Moderate	Creation of jobs	The creation of the equivalent of approximately 3.75 additional FTE per annum fluctuating over the life of the forest.
	Revenue and export receipts	Increased revenue of approximately \$[ s 9(2)(b)(ii) ] per annum.
	Development and operating expenditure	Increased spending on development and operating expenses by approximately \$[ s 9(2)(b)(iii) ] per annum.
Carbon & Climate change <sup>40</sup> 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 1.3 million tonnes of CO <sub>2</sub> over a 28 year period.
	Revenue from carbon credits	This investment is expected to generate approximately \$[ s 9(2)(b)(ii) ] in carbon revenues for the first rotation of trees.

<sup>39</sup> 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.<sup>39</sup>

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

<sup>40</sup> Carbon and climate related claims are assessed under their own heading to prevent double counting as they relate to more than one benefit factor.

Benefit	Analysis
	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.
<b>Environmental</b> <b>Weak</b>	Protection of vegetation The Applicant will undertake a pest control programme for weeds, wilding pine, pests and feral animals, as well as seeking FSC/PEFC certification and managing at least 10% of the Land for conservation purposes. In addition the Applicant will undertake native riparian planting within the setback areas alongside the Mangati Stream.
	Reduction in animal effluent and nitrogen leaching issues The removal of stock units and ceasing the use of fertilizers will result in a complete removal of animal effluents and nitrogen leaching.
	Erosion control Planting trees will likely reduce erosion risk.
<b>Historic Heritage</b> <b>Weak</b>	Setback area around pā Consultation to create setback area around archaeological pā, consultation with local iwi regarding re-establishment of pathway, planting setback of 10m around additional archaeological sites is likely to be of value to Māori.
<b>Public Access</b> <b>Weak</b>	Esplanade strips With the agreement of Waikato District Council, creation of esplanade strips along the Mangaiti Stream to provide public access to the stream which has significant recreational appeal as the site of watercress and whitebait is likely to be of benefit to the local community.
<b>Significant government policy</b> <b>Weak</b>	Support the Forestry and Wood Industry Transformation Plan There may be some advancement of this policy through offering logs to domestic processors.

### Consultation and submissions about the investment

#### *Third party submission*

80. One third-party submission was received in relation to this application. The submission came from a neighbouring landowner who expressed concern that the area had been identified as a possible site for the placement of wind turbines. The submitter noted

that the afforestation of the Land would likely have an impact on the efficacy of wind turbines being placed on neighbouring land areas.

81. The Applicant noted that the submission is speculative as the submitter has not provided any evidence of a formal binding agreement regarding the proposed windfarm development. In addition, the Applicant disputes the claim that afforestation on the Land would materially affect wind speeds and affect viability of a future windfarm (noting the distance between the Land boundary and the proposed turbine placements and the predominant westerly or south westerly wind flow).
82. LINZ considers that the submission is not relevant to the benefit to New Zealand test which requires a comparison of the current state of affairs with the proposed investment.

#### *Consultation*

83. In undertaking our assessment, we consulted with Outdoor Access Commission/Herenga a Nuku (**OAC**), the Department of Conservation/Te Papa (**DOC**) Atawhai and the Ministry for Primary Industries. The Applicant had consulted with OAC and DOC directly, in advance of submitting their application. Where applicable, this consultation has been referred to throughout.

#### **Proposed conditions and rationale**

84. 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.

#### **Conclusion – benefit to NZ test**

##### *Key benefits*

85. 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 and increased export receipts. The investment is also likely to result in environmental benefits, primarily due to the sequestration of carbon.

##### *Proportionality*

86. 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.
87. Matters which were considered to raise the proportionality include:
  - the Land being acquired is 1,559 hectares which is relatively large;
  - the Land is currently being used as farm land and is a viable sheep and beef stud farm operation;
  - the Land contains archaeological sites and a freshwater area;
  - the Land will be converted to an alternative (non-farming) use;



- the Applicant is acquiring a freehold interest; and
  - the Applicant is entirely overseas owned.
88. Mitigation factors include:
- the majority of LUC 3 and LUC 4 land will be subdivided and disposed of.
89. LINZ considers that the Land is medium on the spectrum of "sensitivity" for farm land for the following reasons:
- as a farm, the Land has good economic viability due to its size however the Land is mostly LUC 6;
  - there are some forestry estates in the area but the surrounding area is mostly farm land.
90. The Applicant submits that, given the Land is largely LUC 6, forestry is a more productive land use that can produce benefits to New Zealand.

#### *Conclusion*

91. 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.
92. 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.
93. LINZ's recommendation is that, while finely balanced, the benefits are not sufficient to meet the benefit test. 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**

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94. Because the Land is farm land,<sup>41</sup> we note that it was advertised for sale on the open market with the required information for a period exceeding 30 working days<sup>42</sup> on [www.realestate.co.nz](http://www.realestate.co.nz), [www.trademe.co.nz](http://www.trademe.co.nz), and [arotahiagri.co.nz](http://arotahiagri.co.nz) and through "Waikato Times", "New Zealand Farmer's Weekly" and "Farming First"<sup>43</sup>.
95. In addition, the Land was advertised using digital campaigns on [stuff.co.nz](http://stuff.co.nz), a YouTube video, digital marketing to Arotahi's forestry database and to its dairy, sheep and beef database, LinkedIn post on Arotahi page, and For Sale signage at property entrance.
96. We are therefore satisfied the regulations requiring that farm land be offered for acquisition on the open market have been complied with.<sup>44</sup>

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<sup>41</sup> Currently being used primarily for sheep and beef breeding and finishing (see the definition of farm land in s 6 of the Act).

<sup>42</sup> First advertised on 4 November 2022. Advertised for a further 30 working days, i.e. until 16 December 2022.

<sup>43</sup> Ads were run at different times in these publications from the period 12 November 2022 to 28 November 2022.

<sup>44</sup> Overseas Investment Regulations 2005, regulations 5 to 10.

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

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97. The investment does not involve a transaction of national interest under the mandatory criteria of the Act.<sup>45</sup> This is because the investment does not involve a non-NZ government investor, or an investment in a strategically important business (as defined in the Act).
98. The Minister of Finance has not called the transaction in for a national interest assessment.<sup>46</sup>

## **G. Fresh or seawater areas**

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99. The investment includes fresh or seawater interests, being the bed of the Mangati Stream which has an average width of 5-6m and flows through the Land.
100. If the Applicant is granted consent for this investment, the Applicant will lodge a water areas acquisition notice<sup>47</sup> 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**

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101. For the reasons set out in this report, LINZ considers that, while finely balanced, the benefit test has not been met and our recommendation is to decline consent.
102. We refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and to page 3 of this report to record your decision.

## **I. Attachments**

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1. Proposed Decision
2. Other benefit factors
3. LUC map

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<sup>45</sup> Under s 20A of the Act.

<sup>46</sup> Under s20B of the Act.

<sup>47</sup> 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.

## ATTACHMENT 1 PROPOSED DECISION

### Consent for Overseas Person to Acquire Sensitive New Zealand Land

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

#### Consent

Decision date: [date]

The following people have been given the following consent:

<b>Case</b>	202300056
<b>Consent</b>	The Consent Holder may acquire the Land subject to the Conditions set out below.
<b>Consent Holder/s</b>	Ponga Silva Limited (New Zealand company number 8145689) ( <b>You</b> or the <b>Consent Holder</b> )
<b>Land</b>	A freehold interest in approximately 1,559 hectares of sensitive land located at 887 Te Akau Road, 1075 Te Akau Road and 1251 Ruakiwi Road, Waikato District, contained in records of title SA19B/375, SA1033/12, 437986, 759366, SA19B/374, SA49B/89, SA991/134, 759365, SA683/289, 19310 and 19325.
<b>Timeframe</b>	You have until 30 November 2024 to acquire the Land.

#### Conditions

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

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

**Act** means the Overseas Investment Act 2005.

**Additional Archaeological Sites** means R14/166, R14/189, R14/190, R14/399, R14/3, R14/177, R14/183, R14/184, R14/191, R14/192, R14/193, R14/194 located on the Land.

**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.

**Dwellings** means the houses and associated buildings identified in the Stage 1 Subdivision Plan at Appendix A and the Stage 2 Subdivision Plan at Appendix B.

**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").

**Grazing Licence** means the [ s 9(2)(b)(ii) ]

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

**New Trees** means the Pinus Radiata trees to be planted by the Applicant.

**Other Land** means Land that is not Forestry Land (which for the avoidance of doubt, comprises approximately 204.7 hectares containing the Dwellings and associated farm buildings to be subdivided and sold).

**Regulations** means the Overseas Investment Regulations 2005.

**Stage 1 Subdivision** means the subdivision of the Land intended to be carried out by the Applicant following settlement in accordance with the Stage 1 Subdivision Plan.

**Stage 1 Subdivision Plan** means the subdivision scheme plan attached as Appendix A.

**Stage 2 Subdivision** means the subdivision of the Land intended to be carried out by the Applicant following settlement in accordance with the Stage 2 Subdivision Plan.

**Stage 2 Subdivision Plan** means the subdivision scheme plan attached as Appendix B.

**WAAN** means a water areas acquisition notice.

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.

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### Special conditions

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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
<b>Automatic condition: Fresh or Seawater Areas</b>	
You must, in relation to the fresh or seawater area(s), comply with all provisions of <u>Schedule 5</u> 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.
<b>Special condition 1: Land must be planted with trees</b>	
You must establish a new crop of trees on the Land covering at least 1100 hectares.	By 31 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.	
<b>Special condition 2: Forestry Land must be used for forestry activities</b>	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
<b>Special condition 3: Minimum silvicultural practices</b>	
The crop of trees must be maintained in accordance with minimum silvicultural practices. In particular, the crop of trees must be planted at approximately [§ 9(2)(b)(i)] stems per hectare and thinned to a maximum of [§ 9(2)(b)(ii)] stems per hectare.	At all times

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><b>Special Condition 4: Crop of trees must be harvested</b></p>	
<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>	<p>At all times</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 5: Trees must be replanted after harvest</b></p>	
<p>You must replace each crop of trees which you harvest with a new crop of trees (<b>Replant</b>). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <ul style="list-style-type: none"> <li>(a) replant the Land with the same species of tree or use the same silvicultural regime; or</li> <li>(b) do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law.</li> </ul> <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>	
<p><b>Special condition 6: Confirm area of Forestry Land and Other Land</b></p>	
<p>You must:</p> <ul style="list-style-type: none"> <li>a) confirm to us in writing the area of Forestry Land and the area of Other Land;</li> </ul>	<p>By 31 October 2026</p>

Details	Required date
b) provide a map showing the extent of the Forestry Land and the Other Land.	
<b>Special condition 7: Complete a two-stage subdivision and dispose of Other Land</b>	
You must complete the Stage One Subdivision.	By 31 October 2025
You must dispose of Lot 1 on the Stage 1 Subdivision Plan.	By 31 October 2025
You must complete the Stage Two Subdivision.	By 31 May 2026
You must dispose of Lots 3, 5, 6, 7 and 9 on the Stage 2 Subdivision Plan.	By 31 May 2026
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	
<b>Special condition 8: ETS registration</b>	
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).	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.	
<b>Special condition 9: Non-occupation outcome</b>	
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):	At all times



Details	Required date
<ol style="list-style-type: none"> <li>1. You;</li> <li>2. Any overseas person with a more than 25% ownership or control interest in any of the people in (a);</li> <li>3. Any overseas person who occupies the Land other than on arm's length terms<sup>48</sup>;</li> <li>4. Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land;</li> <li>5. If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion.</li> </ol> <p>This condition does not apply to the extent that accommodation is being provided for the purpose only of supporting forestry activities (as defined in section 16A(9)) being carried out on the Land</p>	
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 10: Permitted temporary activities</b></p>	
<p>The Land may be used temporarily for the following activities for transitional purposes:</p> <ol style="list-style-type: none"> <li>1. The Land may be grazed in accordance with the provisions of the Grazing Licence, prior to being planted with a crop of trees in accordance with Special Condition 1 (Land must be planted with trees); and</li> <li>2. The Dwellings may be used for residential purposes by the Vendor in accordance with the terms of the Grazing Licence.</li> </ol>	<p>Until 31 October 2025</p> <p>Until 31 October 2025</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 11: Comply with NES-PF</b></p>	
<p>You must comply with the NES-PF in respect of the Land.</p>	<p>At all times</p>

<sup>48</sup> 'At arms length terms' has the meaning in clause 17, Part 5, Schedule 2 of the Act. In summary it means terms, for example under a lease (or other contract), that are on a reasonable commercial basis.

Details	Required date
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 12: Seek forestry certification</b></p>	
<p>You must seek certification of the crop of trees under the Forest Stewardship Council or the Programme for the Endorsement of Forest Certification and you must comply with all requirements of that accreditation.</p>	<p>By 31 October 2027</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 13: Riparian planting along Mangati Stream</b></p>	
<p>You must undertake native riparian planting within the 10m and 5m setback areas along the Mangati Stream.</p>	<p>By 31 October 2027</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p>	
<p><b>Special condition 14: Deliver better public access to the Mangati Stream</b></p>	
<p>You must:</p> <ul style="list-style-type: none"> <li>(a) engage with the Waikato District Council to register esplanade strips (which must be surveyed as non-primary parcels and registered on the property titles), in accordance with section 265 of the Resource Management Act 1991, along the Mangati Stream through records of title 19310, SA1033/12 and SA19B/37, to provide public access to the stream;</li> <li>(b) install appropriate signage to identify the public access to the Mangati Stream, and identifying any conditions regarding its use; and</li> <li>(c) you must install stiles and/or gates as appropriate to facilitate public access to the Mangati Stream.</li> </ul>	<p>By 31 October 2028</p>

Details	Required date
<b>Special condition 15: Consult with third parties on historic heritage matters</b>	
<p>You must:</p> <ul style="list-style-type: none"> <li>(a) consult with local iwi, the Waikato District Council and Heritage New Zealand to establish an appropriate setback area around the archaeological pā and pit site on the Land;</li> <li>(b) consult with local iwi to understand if there is any interest in establishing a traditional pathway to the archaeological pā and pit; and</li> <li>(c) ensure the forestry planting is set back a minimum of 10m from the Additional Archaeological Sites.</li> </ul>	<p>By 31 October 2026</p> <p>By 31 October 2026</p> <p>At all times</p>
<b>Special condition 16: Slash control measures</b>	
<p>You must:</p> <ul style="list-style-type: none"> <li>(a) consult with the Waikato District Council and the Waikato Regional Council with regard to the implementation of slash control on the Land; and</li> <li>(b) implement any slash control measures recommended by the territorial authority.</li> </ul>	<p>(a) By 31 October 2026</p> <p>(b) 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>	

Released under the Official Information Act 1982

## Standard conditions

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

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

<ul style="list-style-type: none"> <li>b. remain there as long as is reasonably required to conduct the Inspection;</li> <li>c. gather information;</li> <li>d. conduct surveys, inquiries, tests, and measurements;</li> <li>e. take photographs and video records; and</li> <li>f. do all other things reasonably necessary to carry out the Inspection; and</li> </ul> <p>2. take all reasonable steps to facilitate an Inspection including:</p> <ul style="list-style-type: none"> <li>a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection; and</li> <li>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.</li> </ul> <p>3. During an Inspection:</p> <ul style="list-style-type: none"> <li>a. we will not compel you and your employees, agents, tenants, or other occupiers to answer our questions or to let us look at, copy, or take away documents; and</li> <li>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.</li> </ul>	
<b>Standard condition 4: Remain not unsuitable to invest in New Zealand</b>	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the assets in accordance with section 18A(1) of the Act.</p> <p>The <b>Individuals Who Control You</b> are individuals who:</p> <ul style="list-style-type: none"> <li>(a) are members of your governing body;</li> <li>(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</li> </ul>	<p>At all times</p>

(c) are members of the governing body of the people referred to in paragraph (b) above.	
<b>Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control</b>	
<p>You must tell us in writing if any of the following events happen to the Consent Holder:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. You cease to be an overseas person or dispose of all or any part of the Land.</li> <li>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.</li> </ol>	At all times
<b>Standard condition 6: Dispose of the Land if you do not comply with key special conditions</b>	
<p>Some of the special conditions were key to the decision to give consent. If we consider you have failed to comply with one of those special conditions in a material way, we may require you to dispose of the Land.</p> <p>If all or part of this standard condition 6 applies to a special condition, we have said so in that condition.</p> <p>We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p>	
<b>Value the Land:</b> obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.	Within six weeks of the date of our notice
<b>Market the Land:</b> instruct a licensed real estate agent to actively market the Land for sale on the open market.	Within six weeks of the date of our notice
<b>Dispose of the Land:</b> dispose of the Land to a third party who is not your associate.	Within six months of our notice
<b>Offer without reserve:</b> if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.	Within nine months of our notice



<p><b>Report to us about marketing:</b> 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><b>Report disposal to us:</b> send us, in writing, evidence of the following:</p> <ol style="list-style-type: none"> <li>1. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor); and</li> <li>2. that the purchaser is not your associate.</li> </ol>	<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 November 2025
  - (b) 30 November 2027
  - (c) 30 November 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. the subdivision of the Other Land, and
  - c. your most current forecast or schedule for harvesting and replanting of various areas of the Land (including maps indicating the particular areas and likely schedules).
3. follow the format of the template annual report published on our website.
4. If requested in writing by LINZ, the Consent Holder(s) must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
  - a. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted, or
  - b. the conditions of this Consent.



**Power to vary reporting date**

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

**Power to narrow scope of reports**

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


**Power not to require further reporting**

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

Released under the Official Information Act 1982

**Appendix A**

[ s 9(2)(b)(ii) ]



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**Appendix B**

[ s 9(2)(b)(ii) ]



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## **ATTACHMENT 2 – OTHER BENEFIT FACTORS**

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

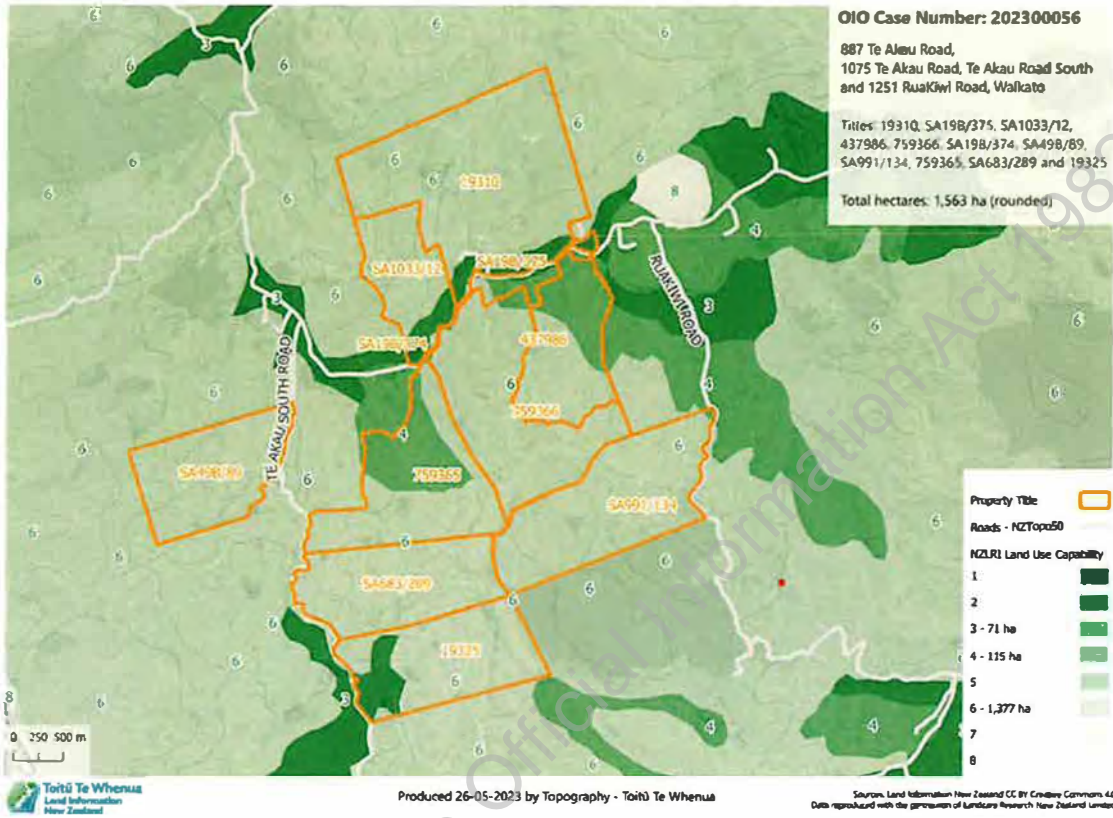
We considered that the factors below were either not relevant to the investment, or the benefit to New Zealand was not likely or sufficient to be relied on for the purposes of our assessment.

<b>Factor</b>	<b>Reason not relevant or insufficient</b>
<b>Oversight or participation by New Zealanders</b>	<b>Not relevant</b> – the Land is currently owned by New Zealanders.
<b>Consequential benefits</b>	<b>Not relevant</b> – the Applicant has not identified any other benefits to New Zealand that are likely to occur as a result of this investment.
<b>Extraction of water for bottling / human consumption</b>	<b>Not relevant</b>

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# ATTACHMENT 3 – LUC MAP



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