

House of Representatives

Supplementary Order Paper

Tuesday, 9 August 2022

Overseas Investment (Forestry) Amendment Bill

Proposed amendments

Hon Eugenie Sage, in Committee, to move the following amendments:

Clause 4

Replace clause 4(1)(b) (page 2, after line 15), with:

- (b) replace the item relating to the modified benefit test for forestry activities with:

Modified benefit test for conversion of land to forestry activities	Subsections (1), (1A), (1C), (1D), (1E), and (2)	Subsection (1A)(a)
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Replace clause 4(3) (page 2, lines 17 to 29) with:

- (3) Replace section 16A(2) and (3) and the cross-heading above section 16A(2) with:

Modified benefit test for conversion of land to forestry activities

- (2) The modified benefit test set out in subsections (1C) to (1E) also applies if the relevant land—
- (a) will be, or is likely to be, used exclusively, or nearly exclusively, for forestry activities; and
- (b) is not already used for that purpose when the transaction is entered into (*see* subsection (4)).

In clause 4(6), new section 16A(4A), (page 3, lines 6 to 7), replace “to the use of the farm land and the reference in” with “and”.

Replace clause 4(7) (page 3, line 9), with:

- (7) In section 16A(7)(a) and (b), delete “(2)(d) or”.

Clause 5

Replace clause 5(1) (page 3, lines 20 to 25) with:

- (1) Replace section 16B(2) with:
- (2) However, this section does not apply (and see instead section 16C) where the application is being considered in accordance with section 16A(4).

Clause 6

Replace clause 6 (page 3, lines 27 to 37) with:

6 Section 16C amended (Conditions for consents relating to sensitive land that will be used for forestry activities)

- (1) Replace section 16C(1) to (2) with:
 - (1) **Subsection (2)** applies if an application for consent for an overseas investment in sensitive land is being considered under the benefit to New Zealand test and section 16A(2) applies.
 - (2) If granted, the consent must be made subject to conditions for the purpose of ensuring that the following requirements will be met:
 - (a) that, as a result of the overseas investment, the land will, or is likely to, be used exclusively, or nearly exclusively, for forestry activities; and
 - (b) that, whenever a crop of trees is harvested on the land, a new crop will be, or is likely to be, established on the land to replace the crop that is harvested (subject to **subsection (2A)**); and
 - (c) that the non-occupation outcome will, or is likely to, occur in relation to the land (where that outcome in clause 17(3) to (5) of Schedule 2 applies with necessary modifications as if the reference to residential land were a reference to the relevant land).
- (2A) The relevant Ministers may decide—
 - (a) not to apply the requirement set out in **subsection (2)(b)** if satisfied that the relevant overseas person (together with the relevant overseas person's associates) will not have sufficient ownership or control (direct or indirect) of rights in respect of the relevant land to ensure that the requirement will be met:
 - (b) to modify the requirement set out in **subsection (2)(b)** by not applying the requirement for a part of the relevant land if satisfied that the relevant overseas person (together with the relevant overseas person's associates) will not have sufficient ownership or control (direct or indirect) of rights in respect of

that part of the relevant land to ensure that the requirement will be met for that part of the relevant land.

- (2) In section 16C(5), replace “section 16A(2)(d) or (4)(e)” with “subsection (2)(b) or section 16A(4)(e)”.

Clause 8A

In clause 8A, new clause 17(5) of Schedule 2, replace “section 16A(2)(c) and (4)(c)” (page 4, line 13) with “section 16A(4)(c) and section 16C(2)(c)”.

In clause 8A, new clause 17(5)(a) of Schedule 2, replace “on the farm land (in the case of section 16A(2)(c)) or the relevant land (in the case of section 16A(4)(c))” (page 4, lines 16 to 18) with “on the relevant land”.

Explanatory note

This Supplementary Order Paper amends the Overseas Investment (Forestry) Amendment Bill to apply the same test that would apply to investments in farm land to investments that result in the conversion of land to forestry. This would require Ministers when assessing an overseas investment application, to place high relative importance on whether the investment would create economic benefits for New Zealand and whether it would involve participation or oversight by New Zealanders.