

Overseas forestry investment continues

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Forestry deals continue to keep the Overseas Investment Office (OIO) busy and 16 consents have been approved since the new streamlined forestry test was introduced in October 2018.

OIO approved five consents in July totalling 6500ha from overseas buyers to buy land for forestry purposes.

Consents for the January to June period totalled 47, covering a net land area of 14,483ha, well up on the 5559ha recorded for the corresponding period in 2018.

These included the acquisition of a 4273ha parcel in South Wairarapa by Swiss-German owned Kauri Forestry, 711ha in Wairoa to Te Au Ltd of Singapore, 217ha at Kennington Rd, Marlborough to Australian entity Marberry and two forest lots totalling 1200ha in Port Underwood, Marlborough, to UK-based NZ Forest Industries and Issoria Offshore.

The forestry test means that land is used almost exclusively for forestry activities.

The OIO may also place conditions on the consents to ensure existing arrangements remain in place, or to place new provisions on the use of the land.

The total asset value of OIO-approved deals for the first six months amounted to \$3.6billion, versus \$838.4million for the comparable 2018 period.

The agricultural sector, in particular, has been critical over the increase in forestry sales or afforestation, on the basis that it was based on a rising price for carbon under the Emissions Trading Scheme (ETS).

Federated Farmers climate change spokesman Andrew Hoggard, said there was a growing unease about the amount of productive farmland being gobbled up by forestry.

He said three factors were skewing the balance, as owners of farmland weighed up their future: grants available under the Government's one billion trees programme, ETS carbon credit income and the relatively less stringent criteria overseas buyers must meet when investing in forestry versus farmland.

"It may well be in the national interest for more marginal, erosion-prone land to be converted to growing trees, but it's highly debatable the same can be said when good, productive farmland is swallowed by plantation forestry," Mr Hoggard said.

Source: <https://www.odt.co.nz/star-news/star-business/overseas-forestry-investment-continues>