



Decision Summary

Case: 201110035

Decision	Consent granted Section 12(a) Overseas Investment Act 2005 Section 13(1)(c) Overseas Investment Act 2005
Decision Date	16 April 2012
Investment	<p>An overseas investment in sensitive land, being the Applicant's acquisition of 7892.5180 hectares of freehold land.</p> <p>An overseas investment in significant business assets, being the Applicant's acquisition of property in New Zealand used in carrying on business in New Zealand for consideration exceeding \$100m.</p> <p>The overseas investment is the Applicant's acquisition of farms at:</p> <ul style="list-style-type: none">- Plateau Road, Reporoa (323.4931ha)- Rawhiti Road, Reporoa (128.5889ha)- Pine View, Short Road, Reporoa (398.1981ha)- Cirenester, Short Road, Reporoa (341.3401ha)- Broadlands Road, Reporoa (404.5229ha)- Lake View, Tia Street, Atiamuri (205.9091ha)- Forest Park, Forest Road, Bulls (250.2879ha)- Glyn Park, SH 3, Maxwell (646.9861ha)- Karahaki Road, Waverley (206.2506ha)- Karangahape Road, Kuratau (627.4693ha)- Benneydale 1, Barryville Road, Benneydale (895.8575ha)- Benneydale 2, Barryville Road, Benneydale (792.1627ha)- Collins Road, Hamilton (393.3905ha)- Tiwhaiti. Tiwhaiti Road, Hawera (148.2465ha)- Taharua Road, Rangitaiki (1750.8204ha)- Ferry View, Parewanui Road, Bulls (378.9943ha))
Consideration	NZD \$ [REDACTED] plus livestock (estimated to be NZD \$ [REDACTED])
Applicant	Milk New Zealand Holding Limited Zhaobai Jiang, China, People's Republic of (99%) Lei Jiang, China, People's Republic of (1%)
Vendors	Hillside Limited, Plateau Farms Limited, Ferry View Farms Limited and Taharua Limited (all in receivership and in liquidation) Frank Crafar, New Zealand (33.34%) Elizabeth Crafar, New Zealand (33.33%) Alan Crafar, New Zealand (33.33%) Ferry View Farms (in receivership and in liquidation), Ian Ross Blackman and Robert Scott Crafar Frank Crafar, New Zealand (44.4456%) Ian Blackman, New Zealand (33.33%) Elizabeth Crafar, New Zealand (11.1122%) Alan Crafar, New Zealand (11.1122%)

Background

The sensitive land is being sold by Kordamentha, the receivers of the vendor companies.

The Applicant is seeking consent to acquire both sensitive land and significant business assets under the Act.

The Applicant has entered into an Agreement for Sale and Purchase (conditional on obtaining consent under the Act) to purchase the 16 farms, together with the livestock, chattels and machinery on the farms and related Fonterra shares.

The sixteen farms are located in four main areas of the North Island. Three of the farms are currently drystock farms, the remaining thirteen being operational dairy farms. Currently, due to the receivership, the farms do not have long term investment plans and the Applicant claims that productivity is below the potential of these farms.

The Applicant will finance the acquisition by way of a shareholder advance from its parent company, Shanghai Pengxin Group Co., Limited.

The Applicant intends to partner with Landcorp Farming Limited ("Landcorp"), a state owned enterprise farming company.

- The Applicant will acquire the farms, and fund the management and development of them.
- A joint venture company to be owned 50/50 by the Applicant and Landcorp will develop and manage the Applicant's farm portfolio. The majority of the planning, budgeting and reporting relating to the farms will take place within the joint venture company.
- Landcorp will operate the farms on the Applicant's behalf, and provide operational services and advice. Landcorp will also manage the disposal and acquisition of properties for the Applicant's portfolio, and undertake capital expenditure on its behalf.

The overseas investment transaction has satisfied the criteria in sections 16 and 18 of the Overseas Investment Act 2005. The s16(1)(e)(ii) 'benefit to New Zealand' criterion was satisfied by reference to the following factors:

Overseas Investment Act 2005

- s17(2)(a)(i) – Creation of jobs
- s17(2)(a)(iv) – Greater efficiency/productivity
- s17(2)(a)(v) – Additional investment for development purposes
- s17(2)(b) – Indigenous Vegetation/Fauna
- s17(2)(c) – Trout, salmon, wildlife and game
- s17(2)(d) – Historic Heritage
- s17(2)(e) – Walking Access
- s17(2)(f) – Offer to sell riverbed to the Crown

Overseas Investment Regulations 2005

- r28(a) – Consequential Benefits
- r28(f) – Advance significant government policy or strategy
- r28(i) – Economic Interests
- r28(j) – New Zealanders' ability to oversee or participate

Ministers considered that the benefit under s16(1)(e)(ii) is likely to be substantial and identifiable under s16(1)(e)(iii) having regard to the relevant factors listed above collectively, and having particular regard for the following factors:

- The introduction into New Zealand of NZ\$12.5m from overseas for development purposes (s17(2)(a)(v));
- The mechanisms for protecting or enhancing existing areas of significant indigenous vegetation, significant habitats of indigenous fauna, and protected wildlife, including the restoration of duneland and wetland areas, retirement of land from grazing, and the formal protection of areas, for example through the QEII National Trust (s17(2)(b)-(c));
- The mechanisms for protecting or enhancing historic heritage within the relevant land, including the transfer of the Nga Herenga pa site to the Crown for no consideration, and the entry into the heritage covenant of the Te Ruaki pa site at Tiwhaiti (s17(2)(d));
- The mechanisms for providing, protecting, or improving walking access over Benneydale 1, Benneydale 2 and Taharua (s17(2)(e));
- Offer of riverbed to the Crown, including parts of the Waimiha Stream and the Te Kakaho Stream at Benneydale 1; the Mangemange Stream at Tiwhaiti; and the Taharua River at Taharua (s17(2)(f));
- The consequential benefits flowing from the establishment of an on-farm training facility (r28(a));
- The giving effect to or advancement of the NZ Inc China Strategy (a significant Government strategy), one of the aims of which is to increase bilateral investment to levels that reflect New Zealand's growing commercial relationship with China (r28(f)).

**More
information**

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