

The Treasury

Overseas Investment Act 2005 – Phase One Review Policy Advice (2017/18) Information Release

March 2019

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Treasury Report: Overseas Investment in Forestry: Follow-up from third round of consultation with Iwi and Māori and decisions sought on Reference Group

Date:	Tuesday 3 July 2018	Report No:	T2018/1714
		File Number:	IM-5-8-1

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the contents of this report.	None.
Associate Minister of Finance (Hon David Parker)	Note the contents of this report. Agree the recommendations to enable the establishment of the Reference Group on Overseas Investment changes for forestry.	Agree the recommendations by Friday 6th July 2018 to enable progress on the establishment of the Reference Group.

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
[4]	Analyst, Overseas Investment	[6]	N/A (mob) ✓
Thomas Parry	Team Leader, Overseas Investment	[6]	[6]

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Refer a copy of this report to the Minister for Crown/Māori Relations, the Minister for Māori Development, the Minister for Forestry, the Associate Minister for Crown/Māori Relations, and the Minister for Land Information New Zealand.

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Overseas Investment in Forestry: Follow-up from third round of consultation with Iwi and Māori and decisions sought on Reference Group

Executive Summary

This report serves two purposes:

- To provide analysis on the third round of consultation with iwi and Māori on the changes to overseas investment in forestry; and
- To seek initial decisions from you on the formation of the Reference Group established by Cabinet to advise on the impacts of the implementation of the changes to overseas investment in forestry [CAB-18-MIN-0228 refers].

Consultation hui

A third round of targeted consultation has recently concluded with iwi and Māori groups on the proposed changes to how overseas investments in forestry are screened. The consultation was generally well received. Cabinet had agreed that if any changes are desired as a result of the engagement, a further Supplementary Order Paper (SOP) could be introduced [CAB-18-MIN-0228 refers].

However, the Treasury does not recommend making any changes to the Overseas Investment Amendment Bill following the third round of consultation.

Reference Group

Cabinet noted that a reference group, “including representatives of iwi and Māori interests, will be established to provide advice on the impact of the changes on implementation to enable any negative impacts to be mitigated as part of Phase 2 of the overseas investment reforms” [CAB-18-MIN-0228 refers]. This report seeks initial decisions on the following matters regarding the formation of that Reference Group:

- Who the Group reports to:* it is recommended the Group reports to the Treasury, working closely with the Overseas Investment Office (as opposed to reporting to Ministers).
- The nature of the membership and process for appointing members:* it is recommended that the Group’s membership focus on individuals that can represent iwi and Māori views and who have forestry interests and/or expertise (as opposed to broader industry groups).
- Endorsement to the Group’s Terms of Reference:* it is recommended that the function of the Reference Group is to:
 - Provide input into the implementation process of the changes to overseas investment in forestry to ensure guidance materials are fit for purpose for Māori land owners and their advisors to understand the changes and what they mean for them; and

- ii. Provide the Government with real time feedback on the impact of the changes to overseas investment in forestry, to enable mitigation, where necessary, of any unintended consequences.

This report also discusses the alignment of this Reference Group with the Forestry Ministerial Advisory Group, funding arrangements for the Group, and a draft timeline for establishment.

Recommended Action

We recommend that you:

Part One: Consultation Hui

- a **note** that the Treasury recently conducted a third round of consultation hui with iwi and Māori about the changes to overseas investment in forestry.
- b **note** that Cabinet agreed that if any changes to the Overseas Investment Act were desired as a result of the engagement, a further Supplementary Order Paper (SOP) could be introduced [CAB-18-MIN-0228 refers].
- c **note** that the Treasury does not recommend any changes to the Overseas Investment Act as a result of the third round of consultation hui.

Part Two: Reference Group

- d **note** that Cabinet noted that a Reference Group of iwi and Māori interests will be established to provide advice on the impact of the changes of overseas investment in forestry [CAB-18-MIN-0228 refers].
- e **note** that the Cabinet minute which established the Reference Group did not provide for a group of Ministers with the Power to Act.
- f **note** that the Minister for Crown/Māori Relations, the Minister for Māori Development, the Minister for Forestry, the Associate Minister for Crown/Māori Relations, and the Minister for Land Information New Zealand have all expressed interest in being involved in the formation of the Reference Group.

Reporting

- g **agree** that the Reference Group report to the Treasury, working closely with the Overseas Investment Office.

Agree/disagree.

Membership

- h **agree** that the objectives for selecting members to the Reference Group are:
1. The individual can represent a broad range of views of iwi and Māori interests.
 2. The individual has expertise or experience in managing forestry assets, including Crown Forestry Licences and/or forestry assets returned through Treaty settlement.
 3. Collectively the individuals have good geographic spread to ensure representation across different rohe (tribal areas).

Agree/disagree.

- i **direct** the Treasury to provide a Joint Ministers report for agreement recommending members to join the Reference Group to the Ministers listed in recommendation [f] above.

Agree/disagree.

Terms of reference

- j **agree** the following terms of reference for the Reference Group:

“Forestry is a significant component of the Māori economic base and, given this, they may be disproportionately impacted by changes to the way overseas investments in forestry are screened. Treasury has engaged with Māori on these changes and feedback has helped inform the development of the policy. Given the extensive nature of the interests and some remaining uncertainty about how the changes will impact Māori, the Government has established a Reference Group to continue dialogue with Māori with forestry interests. The Group will:

- *Provide input into the implementation process of the changes to overseas investment in forestry to ensure guidance materials are fit for purpose for Māori land owners and their advisors to understand the changes and what they mean for them; and*
- *Provide the Government with real time feedback on the impact of the changes to overseas investment in forestry, to enable mitigation where necessary of any unintended consequences.*

The Group should report to the Treasury, and work closely with the Overseas Investment Office. The feedback from the Group will be provided to relevant Ministers.”

Agree/disagree.

Alignment with the Forestry Ministerial Advisory Group

- k **note** that the recently established Forestry Ministerial Advisory Group has a broader forestry issues mandate than this Reference Group (including the One Billion Trees programme, and the Government’s strategy for forestry). The Ministerial Advisory Group is not expected to lead on the specific implementation process for overseas investment changes, though its future work programme may include consideration of broader issues relating to forestry investment and future Act changes.

- l **note** that the Reference Group proposed in this paper is designed to monitor in real time the impact of the changes to the Overseas Investment Act with regard to forestry.

Funding

- m **agree** that the Treasury cover the costs of domestic travel and meeting costs, and that the members of the Reference Group are not paid for their time.

Agree/disagree.

- n **note** that the Treasury is will fund the Reference Group from existing baselines.
- o **refer** a copy of this report to the Minister for Crown/Māori Relations, the Minister for Māori Development, the Minister for Forestry, the Associate Minister for Crown/Māori Relations, and the Minister for Land Information New Zealand.

Refer/not referred.

Thomas Parry
Team Leader, Overseas Investment

Hon Grant Robertson
Minister of Finance

Hon David Parker
Associate Minister of Finance

Treasury Report: Overseas Investment in Forestry: Follow-up from third round of consultation with Iwi and Māori and decisions sought on Reference Group

Purpose of Report

1. This report serves two purposes:
 - *Part One* analyses the third round of consultation with iwi and Māori on the changes to overseas investment in forestry; and
 - *Part Two* seeks your initial decisions on the formation of the Reference Group (or the Group) on the proposed changes.
2. The Treasury does not recommend making any changes to the Amendment Bill as a result of the third round of consultation.
3. Decisions on the Reference Group are sought by **Friday 6th July 2018** to enable the Treasury and relevant agencies to engage potential members and set the Group up ahead of the changes taking effect in September.

Part One: Summary of Targeted Engagement with Iwi/Māori

Background to consultation

4. A third round of targeted consultation has recently been completed with iwi and Māori groups on the proposed changes to how overseas investments in forestry are screened. These changes include removing the exemption for forestry rights and other regulated profits from screening as an interest in 'sensitive land' under the Overseas Investment Act 2005 through the Amendment Bill.
5. The iterative consultation process recognises that thirty per cent of the land under New Zealand's plantation forests is in Māori ownership and is an important part of their economic base. They may therefore be disproportionately impacted by the changes. Advice following the second round of consultation recommended that a third round of information provision and targeted engagement be carried out with iwi and Māori [T2018/1199 refers].

Summary of third round of consultation

6. Overall, the third round of engagement was constructive and well received by participants. The nature of the feedback was generally more positive compared to earlier hui when the proposals were less developed.
7. The engagement took place in June 2018 and officials from the Treasury, Overseas Investment Office, Ministry of Justice and Te Puni Kōkiri met in Wellington, Rotorua and Whangārei with a targeted group of iwi and Māori with forestry interests. The Treasury also held Skype meetings with consultees who were unable to attend.
8. The consultation was more targeted than the previous two rounds. Earlier hui saw the attendance of large law firms and lobby groups, so it was important to ensure that the voice of Māori was not crowded out. A summary of the entire consultation process is detailed in **Annex 1**. Details of the hui are provided in **Annex 2**.

Significant issues that we have reported on before

9. The majority of the third round of engagement focused on discussions of how the changes would work in practice, and many of the issues raised were those that had already been reported to Ministers. Below we provide an update on three significant issues that were raised with Ministers in our report concluding the second round of consultation hui [T2018/1199 refers].

(a) The complexity of Crown Forestry Licences (CFLs)

10. After the April round of consultation, officials clarified the legal position around CFLs. Given this clarification occurred after the hui, ensuring that the holders of CFLs understand the implications of the changes was a key driver for the third round of consultation.
11. CFLs are not included in the changes as they are not an 'interest in land', however once a CFL expires and the holder converts it to a forestry right it may be subject to screening. The Bill, as reported back to the House, includes transitional arrangements for CFLs that provide a period in which they can transition to a forestry right, under certain circumstances, without requiring screening. The majority of the discussions at the hui focused on these transition points, and under which circumstances, and at what point, screening by the Overseas Investment Office was required. The transitional arrangements were generally well received and well understood by the hui participants.
12. However, there does appear to be confusion still amongst CFLs holders regarding the form and function of CFLs. The Treasury will provide a fact sheet on CFLs on its website to clarify any uncertainty.

(b) Impacts on Stakeholders

13. Overall, many hui attendees acknowledged that the information and scenarios discussed at the hui reduced the uncertainty associated with the changes. It was also noted that the transitional provisions and exemptions included in the Amendment Bill delayed the immediate impact of the changes. For example, CFLs generally have a 35-year term from the date the iwi received settlement. This means that the transitional provision allowing forestry rights to replace CFLs (on the same key terms) can delay the impact of the changes for up to 35 years after settlement.
14. However there will be some groups that are immediately impacted, such as those looking to consolidate a number of CFLs or forestry rights who will trigger screening.

(c) Remaining concerns about the impact of changes on the value of forestry rights and assets

15. Previous reporting covers the concerns Māori and iwi expressed in earlier hui regarding the impacts the changes may have on the value of forestry rights in more detail [T2018/1199 refers]. Some participants at the June hui continued to express these concerns.
16. A participant at the latest hui noted the importance of impacts to the value of forestry land as well. The participant noted that should the changes to the Amendment Bill negatively impact land values this could impact the ability of Māori land owners to borrow and the rates at which they can borrow at. Because the changes are intended to introduce new streamlined pathways for consent which may decrease the cost, time and uncertainty related to getting consent by the Overseas Investment Office, overall the changes may result in a positive impact.
17. The proposed Reference Group, discussed in part two of this report, should serve to monitor these concerns.

A new issue raised at the third hui

Protection of harvesting arrangements

18. Security of harvesting contracts was raised at a hui in Whangārei and we undertook to consider this issue further. It was noted by participants that securing workers for harvesting of standing trees, and subsequent wharf space to shift the logs, is becoming increasingly difficult. We have considered whether the Special Benefits Test should include protection for harvesting contracts, similar to the criteria for domestic wood processing.
19. Officials have now considered this issue but we do not think including protection for harvesting contracts within the OIA would drive the solution that the industry is seeking. Unlike felled trees which can be processed offshore, harvesting of standing trees will always happen in New Zealand as that is where they currently stand. This issue of workforce capacity and arrangements on the wharf is outside the scope of the Overseas Investment changes. We propose that these be looked at through wider MPI/ Te Uru Rākau work on the forestry industry, skills and workforce needs.

Conclusion of consultation

20. Cabinet had agreed that if any changes are desired as a result of the engagement, a further Supplementary Order Paper (SOP) could be introduced to make those changes at the Committee of the Whole House stage [CAB-18-MIN-0228 refers]. The Treasury does not recommend making any further changes to the Overseas Investment Amendment Bill following the third round of consultation.
21. No changes to the Amendment Bill are recommended because:
 - (a) Some of the issues raised have been addressed through the Departmental Report to Select Committee, including:
 - Raising the screening threshold for overseas investors acquiring forestry rights from 50 hectares to 1000 hectares per calendar year;
 - Introducing transitional provisions to provide a period in which Crown Forestry Licences can be replaced with forestry rights (on the same key terms) without requiring consent;
 - Introducing exemption provisions to allow forestry rights to be sub-divided (on the same key terms) without requiring consent;
 - Broadening the categories of wāhi tapu sites protected under the Overseas Investment Regulations.
 - (b) Some of the concerns raised relate to the Crown's general mandate to govern (kāwanatanga), including through regulation and, in carrying out this mandate, the need to balance a range of public and private interests. This includes balancing the Crown's obligation to recognise and actively protect Māori interests. Crown Law is preparing advice on the Crown's obligations in this space.
 - (c) The Treasury is providing further information to clarify uncertainty.
 - (d) Some of the points raised, such as any issues with the domestic processing sector, fall outside the scope of the Amendment Bill.

22. The formation of the Reference Group helps to mitigate against any continuing concerns about the implications of the changes for iwi and Māori as it is a mechanism to understand in real time how the changes are playing out for those impacted. The Group was generally well received by hui participants and seen as a constructive mechanism to continue dialogue between the Crown and those impacted by the changes.

Wider policy issues that may affect how the changes are received

23. There are a number of policy changes being implemented by the Government which are relevant. Those impacted by the forestry changes are likely to view those impacts in concert with wider policy changes. The relevant policy issues include:

- **Zero Carbon Bill** – The Ministry for the Environment has begun public consultation on the Zero Carbon Bill which promotes more forestry, in the right places, as being beneficial for the environment.
- **Emissions Trading Scheme (ETS) changes to forestry** - The Ministry for Primary Industries is preparing a discussion document and Cabinet paper seeking permission to consult on a package of proposed improvements to the ETS. The package includes proposed changes to the accounting for forests in the ETS, a proposal for consultation on harvested wood products, a proposal to include a permanent forests category in the ETS, and a package of improvements to ETS operations for forestry.
- **One Billion Trees** – The One Billion Trees initiative seems well received by participants at the hui who have an obvious interest in the Government supporting the industry. The liberalisation of the screening tests for overseas investment in forestry is intended to encourage greater levels of foreign direct investment.
- **Domestic Processing/Wood First** – The Ministry for Primary Industries is preparing a discussion document and Cabinet paper for late July 2018 seeking approval to consult on options to improve the supply of logs to wood processors. Furthermore, they are undertaking work alongside industry, government and local government agencies to develop an approach to ensure sustained leadership and effort in increasing demand for an improved supply of New Zealand wood products.
- **Establishment of Minister Jones' Forestry Ministerial Advisory Group** – Minister Jones has recently established a Forestry Ministerial Advisory Group made up of ten experts who will provide industry perspectives and advice to help meet the One Billion Trees programme targets. This group has a mandate to provide perspectives on commercial forestry and wood processing, amongst other things.

[5]

(Crown Law - legally privileged)

24. [5]

Part Two: Reference Group

25. This section of the report seeks decisions to progress the establishment of the Reference Group as noted by Cabinet on 21 May 2018 [CAB-18-MIN-0228 refers].
26. Cabinet noted that a reference group, “including representatives of iwi and Māori interests, will be established to provide advice on the impact of the changes on implementation to enable any negative impacts to be mitigated as part of Phase 2 of the overseas investment reforms.” Phase 2 will provide a mechanism to reflect any legislative changes if required. The current Amendment Bill also provides for a statutory review within two years of the forestry changes coming into effect. The work of the reference group could also inform that review.
27. The Treasury has met with relevant agencies on initial ideas for the Group and they have been consulted on the following proposals.
28. The initial decisions that are required in this report include:
 - a. Who the Group reports to;
 - b. The nature of the membership and process for appointing members;
 - c. Endorsement to the Terms of Reference for the Group.
29. Also discussed are the alignment of this Reference Group with the Forestry Ministerial Advisory Group, funding arrangements for the Group, and a draft timeline for establishment.
30. The Cabinet Minute which authorised the establishment of the Group did not provide for a group of Ministers with Power to Act. Officials have indicated that there are a number of Ministers interested in the formation of the Reference Group, including: The Minister for Crown/Māori Relations, the Minister for Māori Development, the Minister for Forestry, and the Associate Minister for Crown/Māori Relations, and Minister for Land Information New Zealand. **It is recommended that you consult with these Ministers on the recommendations proposed in this report.**

Who the Group reports to

31. There are two options for who the Group could report to:
 - a. Ministers with an interest in this work (as indicated above); or
 - b. The Treasury, working closely with the Overseas Investment Office.
32. **It is recommended that the Group report to the Treasury, rather than to Ministers.** As Cabinet noted that the Group will provide advice on the impact of the changes on implementation, it is important that they have a direct line to officials working on the changes. Furthermore, this type of arrangement could be put in place relatively quickly.
33. If significant concerns were raised by the Group these could be escalated to Ministers, and Ministers will be made aware of the meeting times and locations should they wish to attend.
34. In addition, the minutes of the Group could be shared with the recently established Forestry Ministerial Advisory Group which has a broader mandate (discussed further under the ‘alignment with other relevant groups’ section below).

Membership

35. **It is recommended that the membership of the Group be focused on individuals that can represent iwi and Māori views and who have forestry interests and/or expertise.** The Cabinet Minute noted that the Group should 'include iwi and Māori representatives' and officials recommend membership be limited to these representatives. Representation could occur at the whānau, hāpu or iwi level.
36. If the Group was to be wider than iwi and Māori representatives, it could include representatives from the Wood Processors and Manufacturers Association, the New Zealand Forest Owners Association, or other similar industry groups (including foreign representatives in the New Zealand forestry industry). However, officials do not recommend that this Group include such representatives because:
- The Forestry Ministerial Advisory Group represents wider forestry interests including members from forest growers, the timber processing industry and indigenous forestry/conservation groups; and
 - Limiting membership to those who can represent the views of iwi and Māori will help to ensure that the function of the Group is true to its purpose, acting as a mechanism for addressing concerns amongst iwi and Maori.
37. In identifying appropriate members for the Reference Group, we have outlined three objectives:
- 1) The individual can represent a broad range of views of iwi and Māori interests;
 - 2) The individual has expertise or experience in managing forestry assets, including CFLs and/or forestry assets returned through Treaty settlement;
 - 3) Collectively the individuals have good geographic spread to ensure representation across different rohe (tribal areas).
38. A number of people put their names forward for the Group when it was mentioned in the third round of consultation. Additionally, names of potential members have been identified by officials.
39. We understand that your Ministerial colleagues (identified above) would also like to be involved in selecting members. We intend to liaise with Ministerial offices on appropriate potential members for the Group, then confirm selection in a Joint Report to relevant Ministers, and then engage with the candidates.

Terms of Reference

40. The proposed Terms of Reference for this Group are:

Forestry is a significant component of the Māori economic base and, given this, they may be disproportionately impacted by changes to the way overseas investments in forestry are screened. Treasury has engaged with Māori on these changes and feedback has helped inform the development of the policy. Given the extensive nature of the interests and some remaining uncertainty about how the changes will impact Māori, the Government has established a Reference Group to continue dialogue with Māori with forestry interests. The Group will:

- *Provide input into the implementation process of the changes to overseas investment in forestry to ensure guidance materials are fit for purpose for Maori land owners and their advisors to understand the changes and what they mean for them; and*

- *Provide the Government with real time feedback on the impact of the changes to overseas investment in forestry, to enable mitigation where necessary of any unintended consequences.*

The Group should report to the Treasury, and work closely with the Overseas Investment Office. The feedback from the Group will be provided to relevant Ministers.

41. We seek your agreement to the above Terms of Reference.

Alignment with the Forestry Ministerial Advisory Group

42. The Minister for Forestry has recently established a Forestry Ministerial Advisory Group made up of ten experts. The Forestry Ministerial Advisory Group has a mandate to provide perspectives on commercial forestry, indigenous forestry, and sustainable land-use change and wood processing, amongst other things. Initially it will provide industry perspectives and advice to help meet the One Billion Trees programme targets.
43. The Forestry Ministerial Advisory Group has a wider mandate than this Reference Group, and is not expected to lead on the specific implementation process for overseas investment changes. Its future work programme may include considering broader issues relating to forestry investment and future changes to the Overseas Investment Act. The Group which this report seeks decisions on is concerned with monitoring the impacts of the overseas investment changes to forestry, with particular regard to Māori.
44. Whilst the two Groups will need to remain distinct in their scope, there could be some value in having a shared membership between the two Groups, such as one or two individuals sitting across both. At a minimum the minutes of both meetings should be shared. It will be important for the Reference Group to have an avenue to raise broader forestry issues with the Forestry Ministerial Advisory Group and/or Te Uru Rākau.
45. In order to ensure there is not confusion between the two groups, the name of this Group should be distinct. Options include:
 - Overseas Investment in Forestry Technical Advisory Group
 - Reference Group on Overseas Investment Changes (Forestry)

Funding Arrangements

46. It is not recommended that the members of the Group be paid for their time (unlike the Forestry Ministerial Advisory Group who are paid a daily rate). However, the Treasury will cover the cost of domestic airfares and incidentals. The Treasury will absorb these costs from baselines.

Draft Timeline for establishment

Timeframe	Action	Notes
Early July	Agreement sought from Minister Parker to the initial decisions for the establishment of the Group.	This report is a mechanism for the initial decisions.
Late July/early August	Officials' liaison with Ministerial Offices on potential Members for the Group.	The relevant Ministers are: Minister for Crown/Māori Relations, the Minister for Māori Development, the Minister for Forestry, the Associate Minister for Crown/Māori Relations and the Minister for Land Information New Zealand.
Early August	Membership finalised and plans for first meeting underway.	Membership will be finalised through a Joint Report to relevant Ministers.
August	First meeting of the Group to assist OIO on implementation and guidance materials.	The Group will be able to engage with the Treasury and Overseas Investment Office outside of formal meetings.
Early September	Overseas Investment Act changes take effect.	
December	Second Meeting of the Group to provide feedback on how changes have impacted.	
2019	Two further hui.	
End of 2019	Views of the Group incorporated into reporting on Phase 2 of Overseas Investment Reforms.	

Next steps

47. Depending on decisions taken in this report, officials will draft a Joint Ministers report to seek confirmation of the members of Group, with a view to engaging members in late July/early August.

Consultation on this report

48. The following agencies have been consulted on this report: Te Puni Kōkiri, Ministry of Justice, Ministry for Primary Industries, Ministry of Foreign Affairs and Trade, and Land Information New Zealand (Overseas Investment Office).

Annex 1: Summary on the entire consultation process

Summary of the hui

The third round of consultation marked a shift in how the proposals were being received, largely due to the changes made since the April hui. Participants were more accepting of the drivers for the changes (although many still did not agree with these drivers) and were keen to continue to engage with the Crown to ensure that the final policy design recognised the particular circumstances of CFLs, and wider influences in the forestry industry, where possible.

The second round of consultation took place in April, as agreed by Cabinet [CAB-18-MIN-0084]. Some frustration was expressed at the pace of the process for the changes, but it was acknowledged that the introduction of a higher screening threshold of 1000ha per calendar year, and the efforts made to liberalise and streamline the tests for forestry investments more generally went some way to ameliorating the concerns of some participants. The Treasury has provided a summary of this round [T2018/1199 refers].

The Hon David Parker attended three of the hui during the second round and at those hui, the majority of the participants had a positive response and appreciated the broader context that was articulated. That broader context includes the Government's One Billion Trees Programme, the Provincial Growth Fund, initiatives associated with the Emissions Trading Scheme, and improving overseas market access via free trade agreements.

The second and third rounds marked a shift in feedback from the first round in January, where strong concerns about the policy and the consultation process were raised [T2018/88 refers]. At that time, the proposal was in the very early stages of development and included a much lower screening threshold of 50 hectares as per Labour Party manifesto policy.

Lessons learned for future Crown consultation

The broader take-outs from the process include:

- The iterative process, including returning and consulting multiple times, was well received and appeared to empower consultees. It was commented that throughout the consultation process, the Crown listened to iwi and Māori views, iterated the policy to reflect them where possible and continued engagement to ensure that the implications of the proposals were understood.
- The consultation strengthened the policy development. The policy process had real time feedback from impacted parties which allowed officials to mitigate against un-intended consequences. For example, understanding that if the terms of a CFL are amended, it would no longer be a CFL under its legislation and therefore subject to screening under the Amendment Bill. This informed the CFL exemptions and transitional arrangements.
- Māori, more than other stakeholder groups, tend to perceive individual Crown action or engagements as part of a whole, rather than in the silos of government departments or policy work streams. Through this consultation process the Treasury has built relationships with iwi/Māori groups, and they will hopefully be relevant to future work such as a Tax Working Group. [T2018/1630 discusses broader Crown/Māori issues in further detail].

The consultation relied on strong cross-agency collaboration. The Treasury, Overseas Investment Office, Ministry for Primary Industries, Crown Law, Crown/Māori Roopū at the

Ministry of Justice and Te Puni Kōkiri (TPK) have worked together extensively to design an engagement plan, prepare materials and present at the hui.

Of particular note was the important role TPK played in aiding an effective consultation process. This was both in terms of understanding the nuances and needs of iwi and Māori in the forestry space, and mobilising its extensive regional network to ensure the “right” people were in the room.

Annex 2: Details of third consultation hui

A process of targeted engagement was undertaken to invite participants to the hui. The third round of consultation was designed to be targeted to those with specific forestry interests. Ensuring iwi and Māori received information and understood the potential impacts of the proposal was important. Law firms and lobby groups were not invited to attend.

Wellington 6 June – Te Puni Kokiri House	
[6]	Tama Asset Holding Company Ltd
	Crown Forestry Rental Trust/Ngāti Apa
Rotorua 7 June – Rydges Hotel	
[6]	Te Manawa o Tuhoe
	Te Tumu Paeora
	Waikato - Tainui
	Waikato - Tainui
	NZ Forest Managers
	Toitu Te Waonui Limited
	Te Arawa Lakes Trust
Whangārei 18 June – Distinction Hotel	
[6]	Taitokearau Forests
	Te Runanga Nui o Te Aupouri Trust
	Te Raraawa
	Ngati Manuhiri Settlement Trust
	Whakatere ki Koranui Trust

A number of Skype or conference calls were arranged for those who could not attend the hui locations. These include:

Participant	Association/iwi
[6]	Ngati Rarua
	Ngati Koata
	Ngati Awa
	Ngati Awa
	Ngai Tahu