

SUBMISSION ON AMENDMENTS TO THE OVERSEAS INVESTMENT ACT

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This submission adamantly opposes amendments to the Overseas Investment Act that would weaken current protections for New Zealand in relation to overseas investments in the forestry industry.

In particular, *for forestry investments* I oppose the removal of

- the “Benefit to New Zealand test” in [section 16A](#) of the Act including subsections (1AA),(4A)(4),(5)(6)(8) and (9), where the benefits assessed ([section 17](#)) include economic benefits such as jobs and introduction of technology, benefits to the natural environment, enhanced access to the public, and protection of historic heritage; and
- the mandatory “Investor test” in [section 18A](#) of the Act. Instead, whether this test is considered will be up to the Overseas Investment Office and the Minister.

Given past, current and recent events in regions including Tairāwhiti, these proposed amendments can only be described as harmful and untimely. They serve the interests of international forestry investors at the expense of the New Zealand economy and New Zealanders, and fly in the face of the overwhelming evidence of very high costs incurred by taxpayers and ratepayers that have arisen from poorly assessed and monitored overseas investments in forestry operations in New Zealand.

EVIDENCE OF ECONOMIC, SOCIAL AND ENVIRONMENTAL HARM CAUSED BY OVERSEAS FORESTRY INVESTMENTS IN NZ

In recent years, some international forestry companies operating in New Zealand have inflicted exorbitant ongoing costs – economic, social and environmental – on taxpayers and local communities with practices that in many cases are illegal, as is documented in the judgements in a [series of successful prosecutions](#). The outcomes of these prosecutions have been extensively publicised in media reports and elsewhere.

In addition, the Forestry Stewardship Council (FSC) in Bonn has recently conducted audits in Tairāwhiti and the top of the South Island, in response to concerns about the harm caused by major breaches of the FSC(NZ) standards by international forestry companies, and some companies have had their FSC accreditation suspended, accompanied by [damning comments](#) from the FSC assessors.

The damage caused by forestry practices in Tairāwhiti in recent years during a succession of severe weather events has been extensively documented in the report of a Ministerial Inquiry, ‘[Outrage to Optimism](#),’ chaired by a former National Cabinet minister, Hekia Parata. Again, this report includes extensive and damning evidence of the harm caused by the activities of some international forestry companies, and the costs they have inflicted on the regional economy and local communities.

Rather than the removal of the 'benefit to New Zealand' and 'investor' tests for international forestry investments, these **should be significantly strengthened** to include a rigorous examination of the previous record of international forestry companies before they are allowed to operate in this country, and of the credibility of claimed benefits for New Zealand.

These tests should be carried out impartially, with rigorous safeguards to avoid the possibility of capture by lobbyists and forestry interests, and should include an impartial analysis of costs and benefits to the region concerned.

EXPERTISE & BACKGROUND

I hope that these recommendations will be taken seriously by the Select Committee, since they're based on extensive knowledge and practical experience of the impacts of international forestry operations in Tairāwhiti and elsewhere.

As a distinguished professor at the University of Auckland, I am the co-Principal Investigator in 'Let the River Speak,' an interdisciplinary Marsden programme that has been researching the impacts of forestry operations on waterways across Tairāwhiti for the past 10 years.

In that capacity, I work with a team of highly qualified specialists in geology, river science, geomorphology, paleoecology, sedimentation and erosion, forest ecology, freshwater ecology, marine ecology and social history, documenting these impacts over time.

I have written or co-authored a number of peer reviewed articles about the impacts of industrial forestry on waterways in Tairāwhiti, past and present, and presented these at international conferences in Munich and Berlin (Germany), Cambridge (UK), Melbourne (Australia), Udine (Italy) and Vienna (Austria).

IN 2022 when I was fortunate enough to be awarded a Carl Friedrich von Siemens Research Prize by the Alexander von Humboldt Foundation, Germany, in recognition of lifetime achievements in research recently, I spent that time in Munich studying nature-based forestry and rivers restoration in Europe.

Some years ago, I served as a member of the Social Chamber of the Forestry Stewardship Council in New Zealand, and am very familiar with the FSC(NZ) standards, and the breaches of these by international forestry companies. Recently I met with senior staff at the Forestry Stewardship Council in Bonn to discuss these matters.

At a local level, I am a member of Mana Taiao Tairāwhiti, the iwi-led community group that initiated a 10,000 signature petition that led to the Ministerial Inquiry into land use in the region. I have also participated in Mana Taiao Tairāwhiti submissions to the Inquiry, and in subsequent investigations and actions.

In addition, I am a member of the Transition Advisory Group set up by Gisborne District Council to advise on a transition towards sustainable land use in the region. In that capacity, I am aware of economic analyses carried out by consultants to GDC that demonstrate the costs of the ongoing damage caused by industrial forestry operations in the region far exceed the benefits to the regional economy.

I am also on the committee of the Waimatā Catchment group, which is working to restore the river that runs through the heart of Gisborne city. This group, which includes all farmers in the catchment, has extensively documented the damage caused by forestry waste from the headwaters to the sea along the river, and written detailed submissions on these impacts.

During Cyclone Gabrielle, huge rafts of logs, fallen trees and slash swept down the slopes of highly erodible hillsides in Tairāwhiti, carving out gullies and transporting vast quantities of silt downstream across the region. As they surged down the rivers, these rafts wrapped around the piles of successive bridges, creating dams, destabilising or destroying the bridges and causing extensive and costly damage.

At tight bends in the rivers, the logs and slash cascaded over the land, destroying or damaging fences and culverts, paddocks, crops, farm buildings, vehicles, equipment and family homes. All the way downriver, the rafts of logs collided with river banks, collapsing the banks, damaging riverside roads and depositing more trees and sediment in the river.

In Gisborne city, the logs piled around the town bridges, creating dams that caused flooding which destroyed houses and other infrastructure. The Waimatā River, which runs through the heart of the city, is extensively used for river sports including waka ama paddling, kayaking, rowing and swimming, and floating logs and sediment have made these activities difficult or impossible.

Slash has also had major impacts on shipping, the port, the harbour and local beaches, with expensive clean-ups required after every rain storm. In addition, with the deposition of sediment and slash, the Waimatā river bed is rising, increasing the flood risk to Gisborne city, which is built on a flood plain, at a time of climate change.

At a personal level, I am a landowner with a 120 ha. property on the banks of the Waimatā River. During Cyclone Gabrielle, a huge raft of logs blocked the river and the road upstream, marooning our neighbours, who had no way to get out. The logs took out our riverside fences and plantings, and partially destroyed the road, so that we had no safe access to town for weeks. The road is still very dangerous.

In the aftermath of the cyclone, when access to town was restored, my son, who is a local GP, was attending a medical workshop at Waikanae beach, where a small boy was killed playing with a large pine log at the water's edge. My son was one of the doctors who tried to save the boy's life.

In summary, the **direct costs** of the harm caused by forestry activities during recent storm events in damage to roads, bridges, the Gisborne water supply, communications facilities, parks, sports clubs, private property and homes have been estimated in excess of a billion dollars.

The **indirect costs** are incalculable, with local people not being able to get to work, attend school, access medical services, and enjoy rivers and beaches. They are ongoing, including lasting harm to every other industry in the region, extensive health and mental health impacts on local people as documented in research reports, and the migration of valued workers out of the district.

In Tairāwhiti, there is a very long history of poor decisions made in Wellington about land use in the region. For generations, politicians and officials in Wellington who think they know better but in fact understand almost nothing about the region and its landscapes, among the most erodible in the world, have overridden local advice, with catastrophic outcomes for Tairāwhiti.

This dates back to the early 1900s, when politicians decided that native forests should be cleared across New Zealand. In Tairāwhiti, hillsides collapsed across the region and fell into the rivers, filling the harbour at Gisborne so that ships could not enter the port, with crippling impacts on the regional economy.

This was followed by Marginal Lands Clearance loans and more catastrophic erosion, then a government decision that the Forest Service should plant 'conservation' plantations of pine trees across the region to try and hold the land together - although these shallow rooting trees are less effective for the purpose than indigenous temperate rain forests, with their tiered canopies to buffer heavy rain and transpire moisture all year round, and their complex, tiered root systems.

In the 1980s the state owned 'conservation' plantations were privatised and sold to local companies, which then sold them to international forestry companies. As the pine plantations were harvested, using clear fell harvesting coupled with very poor techniques, more catastrophic erosion followed, culminating in Cyclone Bola in 1988, after which yet more pine plantations were established to try and control the resulting erosion. These were often planted right down to the water's edge.

In recent years, another harvest cycle has been under way using clearfell harvesting over very large areas, followed by more catastrophic erosion, in Cyclones Hale and Gabrielle, for instance.

The most recent imposition from Wellington, the Emissions Trading Scheme, has led to productive farms across the region being planted in pines, since the ETS settings (which allocate ten times more NZUs to pine plantations than native forests by Year 5 in Tairāwhiti) make planting pines more profitable than sheep and beef farming.

Many of these plantations are likely never to be harvested, but retained for carbon farming until these relatively short-lived trees die, earning an income for international

investors while creating little or no local employment, a source of pests and weeds for local farmers and an extreme fire risk for local people to deal with – yet another central government folly.

As I have often heard forcibly expressed in the Transition Advisory Group (TAG) meetings in Gisborne, given this history, locals are adamantly opposed to politicians in Wellington making any decisions at all about land use in Tairāwhiti. Generation after generation, government ministers and officials have shown no ability to learn from past mistakes, but have continued to make disastrous, ill-informed decisions with devastating impacts on the regional economy and local people.

For all these reasons, the TAG process initiated by the Gisborne District Council, which includes all key stakeholders, has reached a consensus that there is an urgent need to constrain forestry operations in the Tairāwhiti region.

Apart from a few foresters, there is no wish to see more pine plantations established on highly erodible land in Tairāwhiti, or more productive farms turned into short-lived, highly flammable, pest- and weed-filled carbon sinks for the benefit of international investors, while inflicting high risks and costs on local people.

The proposed amendments to the OIA fly in the face of that consensus. They also ignore the overwhelming evidence that on the whole, international forestry investors have inflicted extensive economic, social and environmental harm well in excess of the benefits delivered to regions such as Tairāwhiti. At the same time, some of these companies pay no tax, and contribute little to the communities in which they operate.

Given the extremely high and disproportionate costs incurred by ratepayers, taxpayers, individual citizens and local communities in many regions as the result of the illegal and/or poorly managed activities of international forestry companies, and a long and catastrophic history of poor decision-making by central government about forestry in Tairāwhiti, I recommend the following:

RECOMMENDATIONS

1. That the “Benefit to New Zealand test” in [section 16A](#) of the Act, and the “Investor test” in [section 18A](#) of the Act remain mandatory for overseas forestry investments in New Zealand.
2. That the ‘Benefit to New Zealand test’ should include a ‘benefit to region’ test which takes local geologies and economic impacts into account in relation to the specific investment proposed, informed by advice from the region.
3. That the ‘Investor test’ should be strengthened to ensure that international forestry companies with poor track records are not permitted to invest in New Zealand.

4. Such tests should be carried out with rigorous safeguards, to avoid the possibility of capture by lobbyists and forestry interests, and to ensure the credibility of claimed benefits to New Zealand.

Given the history traced above, about the last thing the wider Tairāwhiti community wants is for government ministers and officials in Wellington to be making these decisions in future.