

# Impact Summary: Amendment to the Overseas Investment Act 2005: Forestry land and other profits à prendre – supplementary analysis

## Section 1: General information

Purpose
<p>A Supplementary Order Paper (SOP) to the Overseas Investment Amendment Bill (the Bill) has been introduced to bring overseas investment in sensitive land that involves forestry rights or certain other profits à prendre within the scope of the Overseas Investment Act (OIA). A Regulatory Impact Statement (RIS) was submitted at the time Cabinet approved the policy relating to the SOP and draft regulations [CAB-18-MIN-0071.01 refers].</p> <p>A forestry right is defined by the Forestry Rights Registration Act 1983 as a right to establish, maintain or harvest a crop of trees of land.</p> <p>A profit à prendre is an interest in land: a right to take some part of the land owned by another person, for example soil or the natural produce of the land, such as timber, or flax. Forestry rights are a type of profit à prendre.</p> <p>This impact analysis is a supplementary document to the RIS above. It provides an Impact Summary on two potential changes to the SOP raised by public submissions to the Select Committee, during nationwide consultation hui with iwi/Māori, and identified by officials. The two issues are:</p> <ul style="list-style-type: none"><li>• whether the special benefits test should be available for freehold or leasehold forestry conversions, and</li><li>• whether standing consents can be issued alongside the modified benefits test, or only the special benefits test.</li></ul> <p>The Treasury is solely responsible for the analysis and advice set out in this Impact Summary, except as otherwise explicitly indicated. This analysis has been produced for the purpose of informing key policy decisions to be taken by Cabinet.</p> <p>The link to the previous RIS is: <a href="https://treasury.govt.nz/publications/risa/regulatory-impact-assessment-amendment-overseas-investment-act-forestry-land-and-other-profits">treasury.govt.nz/publications/risa/regulatory-impact-assessment-amendment-overseas-investment-act-forestry-land-and-other-profits</a>.</p>

Key Limitations or Constraints on Analysis
<p>Analysis of the likely impact of the legislative changes has been limited by the timeframe available for policy development and the availability of underlying data on the current forestry screening regime. In particular a lack of data on the conversion of freehold and leasehold land to forestry, and on the use of profits à prendre by overseas investors. In the absence of this data it is difficult to assess the system-level impact of the proposed changes.</p> <p>As with the original policy proposal only options that comply with New Zealand’s obligations in existing trade and investment agreements have been adopted. Therefore, Australian</p>

investors will be exempted from the new screening requirements for forestry rights and other profits à prendre.

**Responsible Manager (signature and date):**

Dasha Leonova

Manager, Financial Markets, International, and Overseas Investment

The Treasury

**15 May 2018**

**Quality Assurance Reviewing Department**

The Treasury

**Quality Assurance Assessment**

The Regulatory Quality Team at the Treasury has reviewed the Regulatory Impact Assessment (RIA) “Amendment to the overseas Investment Act 2005: Forestry land and other profits à prendre – supplementary analysis” produced by the Treasury and dated 15 May 2018. The review team considers that it **partially meets** the Quality Assurance criteria.

The RIA clearly sets out the problem, range of options and evaluation criteria. However, as acknowledged in the RIA, the analysis of the system-level impacts of the proposed legislative changes has been limited by the availability of underlying data on the current forestry screening regime. Consultation has occurred on the broader changes to the forestry regime with iwi/Māori and through the Select Committee process. However, due to time constraints, it has not been possible to consult with owners of forests or land to be converted to forests on the two issues specifically analysed in this RIA.

It is important to ensure that the Overseas Investment Office has sufficient capability to implement and monitor the impact of these changes to the forestry regime in practice.

## Section 2: Problem definition and objectives

### 2.1 What is the policy problem or opportunity?

#### **Inconsistency with the system-level regulatory regime**

Forestry investments can be made via purchases of freehold land, leasehold land or forestry rights (a right to grow and harvest forestry on the land). The current screening regime under the Overseas Investment Act 2005 (OIA) includes freehold and leasehold land but excludes forestry rights. This reduces the effectiveness of the screening regime as it can be easily avoided through the purchase of a forestry right. The SOP proposes amendments to the Bill to bring forestry rights and certain other profits à prendre within the scope of the OIA screening regime.

#### **Issues with the existing screening regime**

There are two main issues with the current screening regime: the first one is related to the twenty-one benefits that an overseas person can demonstrate. It can be difficult to meet the test for mature, well-performed assets. The second is related to the counterfactual analysis used to assess applications. A number of the benefit factors require an assessment of what would happen with and without the investment (e.g. new jobs, increased exports, new technology, increased local processing). Forestry investors can struggle to show a 'point of difference' from the current counterfactual, which is set as an alternative forestry investor.

#### **Proposed new screening pathways in the SOP**

To encourage forestry investment into New Zealand, the SOP introduces changes to streamline and liberalise the way that forestry investments are screened.

Two new screening pathways are proposed that can be used in place of existing benefits test:

- the modified benefits test, and
- the special benefits test.

The modified benefits test updates the counterfactual to compare what the overseas investor would do against the existing vendor continuing to own the interest in land. The special benefits test is a check-list based test that does not require a counter-factual analysis.

#### **Two issues with the proposed changes in the screening**

This impact analysis focuses on two specific issues associated with the changes.

- (1) whether the special benefits test should be available for freehold or leasehold forestry conversions
- (2) whether standing consents can be issued for the use alongside the modified benefits test, or only the special benefits test

The first issue is whether the special benefits test should be available for overseas persons seeking consent to purchase or lease land for conversion to forestry. While the modified benefits test is a more comprehensive analysis of the benefits of a potential investment, the

special benefits test is the less burdensome option.

The other issue considered in this impact statement is whether standing consents are appropriate when granted for transactions using the modified benefits test. A standing consent is a type of 'pre-approval' that allows a forestry investor to acquire land (freehold, leasehold or forestry rights) from vendors or landowners after undertaking a self-assessment as to whether relevant tests are met. The investor does not need to apply for consent for each individual transaction.

There are some concerns around the level of uncertainty when standing consents are used alongside the modified benefits test, due to the complexity of the test and the risks that the OIO will not agree with the investor's application of the test.

When the standing consent is used alongside the modified benefits test, the investor must report to the OIO detailing why it considers the benefits to New Zealand test is met. Should the OIO not agree with this assessment, it can require conditions to be added to the land, or a disposal of the land.

This reporting is not required when a standing consent is used alongside the special benefits test.

### **Other Government policy**

It is important that forestry rights are included within the screening regime prior to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) entering into force.

The Government has also committed to a planting programme of one billion trees over the next 10 years. The programme seeks to encourage regional economic growth, build more resilient forestry and wood processing industries.

## **2.2 Who is affected and how?**

- **Overseas investors:** overall they have a simplified approval regime, but forestry rights are now subject to screening under the OIA, which will add extra compliance costs in some cases.
- **Owners of forestry land:** may be easier for them to sell or lease land as investors have access to the new consent pathways, however owners of forestry land who want to sell forestry rights (or other profits à prendre) may face increased cost and longer processes (as forestry rights are not currently screened by the regime).
- **Overseas Investment Office (OIO):** may face costs associated with the new screening regime for forestry rights and creating the two new consent pathways. Additional costs may also result from the need to design and implement an appropriate approach to monitoring and enforcing the regime.

### **2.3 Are there any constraints on the scope for decision making?**

Analysis of the likely impact of the legislative changes has been limited by the timeframe available for policy development and the availability of underlying data on the current forestry screening regime. In particular a lack of data on the conversion of freehold and leasehold land to forestry, and on the use of profits à prendre by overseas investors. In the absence of this data it is difficult to assess the system-level impact of the proposed changes.

As with the original policy proposal only options that comply with New Zealand's obligations in existing trade and investment agreements have been adopted. Australian investors will be exempted from the new screening requirements for forestry rights and other profits à prendre.

## Section 3: Options identification – modified and special benefits test for conversions to forestry

### 3.1 What options have been considered?

This section discusses whether the special benefits test should be used for conversions of land to forestry.

Under the current OIA regime overseas investors purchasing or leasing land to convert to forestry are subject to the existing benefits test.

Under the SOP, as currently drafted, overseas investors purchasing freehold or leasehold land to convert to forestry may only use the modified benefits test, while overseas investors purchasing forestry rights to convert land to forestry may use either the modified benefits test or the special benefits test.

Three options have been identified:

- Option 1 maintains the option in the current SOP.
- Option 2 allows the special benefits test and the modified benefits test to be used by overseas investors acquiring freehold or leasehold or forestry rights to convert to forestry use.
- Option 3 allows the modified benefits test (but not the special benefits test) to be used by overseas investors purchasing freehold or leasehold land or forestry rights to convert to forestry use.

### 3.2 Which of these options is the proposed approach?

On balance the Treasury's preferred option is option 3. Option 3 allows the modified benefits test (but not the special benefits test) to be used for freehold land, leasehold land and forestry rights being converted into forestry. However, we recognise that option 2 also has merit (discussed below).

**Assessment criteria** used for assessing the two options are:

- Policy effectiveness: *is aligned with other forestry policy, as well as broader economic, social and environmental goals. Maintains consistency with overall purpose of the OIA that investing in New Zealand is a privilege, minimises any unintended consequences and creates screening consistency where appropriate.*
- Compliance with New Zealand's international obligations: *As with the original policy proposal only options that comply with New Zealand's obligations in existing trade and investment agreements have been adopted. Australian investors will be exempted from the new screening requirements for forestry rights and other profits à prendre.*
- Minimising compliance and administration costs: *there is more certainty for applicants about what tests they need to meet, the regime is easier for OIO to operationalise and there is reduction in the time taken to make decisions.*

#### Discussion

Under option 1, the existence of two tests for forestry rights should encourage investment

into forestry by providing investors with the ability to use whichever pathway they wish (i.e., either modified benefits test or special benefits test).

However, the option is inconsistent as it only allows the modified benefits test for freehold and leasehold land. This inconsistency is undesirable, and may steer the market towards utilising forestry rights (although we note there are other reasons investors may prefer forestry rights unrelated to the Overseas Investment Regime).

In addition, the special benefits test was conceived to apply only to land already in forestry use and as such it is a simple test that does not distinguish between beneficial or detrimental investment. A conversion of land to forestry could result in a significant change to land-use and to the associated benefits derived from the land.

If the land is already in productive use, for example for dairy, meat or some agriculture, or has native bush, the economic and environmental case of conversion may not be clear cut. In this situation, the special benefits test will not consider the benefits and costs of the conversion, nor any broader impacts such as loss of employment, depopulation of rural towns, and impacts on biodiversity and public access unless adequate protection is in place at the time the investment is made. It only requires investors to maintain existing protections.

However if the land is not already in productive use and has no native bush, then the environmental and economic case for conversion may be more clear cut.

### **Summary of the assessment results for option 2**

Under option 2, the inconsistency present in option 1 is addressed, and again the existence of two tests should encourage investment into forestry.

However this option does not address the concerns that the use of the special benefits test for land to be converted into forestry will not distinguish between beneficial or detrimental investment.

### **Summary of the assessment results for option 3**

On balance we prefer option 3, however we note that the rationale behind option 2 and option 3 is finely balanced. We believe option 3 provides a balance between enhancing consistency in the regime whilst also addressing concerns that the special benefits test is a simple test that does not distinguish between beneficial or detrimental investment. Using the modified benefits test provides discretion for Ministers to consider the trade-offs that are faced when converting land from one use to another.

However we acknowledge that there may be some overlap between considerations under the modified benefits test and other regulations relevant to land conversion, such as the Resource Management Act (RMA). The modified benefits test, however, enables consideration of benefits to New Zealand of land conversion and cannot be substituted by other regulations.

We also acknowledge that this option does not provide the least burdensome option for investors (which would be option 2, allowing investors to use the special benefits test).

However, in comparison to the regime under the current Act, providing investors with the choice of the modified benefits test will provide a more certain environment. It may also allow for small improvements in the OIO's application processing times.

## Section 4: Impact Analysis (Preferred approach)-modified benefits tests for forestry conversions

This section provides analysis on the impact of the preferred approach on affected parties, compared to the current Act.

The preferred approach is that the modified benefits tests will apply to all investors, but the use of the special benefits test will be limited to land already in use as forestry (i.e., it cannot be used for conversions).

Under the current OIA, freehold and leasehold forestry land conversions are subject to screening under the existing benefits test. The modified benefits test is not available.

We note that this analysis only considers the impact of this policy change on affected parties, and not other Government priorities (e.g. the one billion trees policy).

### 4.1 Summary table of costs and benefits – freehold and leasehold conversions

<b>Affected parties</b> <i>(identify)</i>	<b>Expected benefits/costs of modified benefits test,</b> <i>compared to existing benefits test</i>	<b>Impact</b> <i>Indicated by a positive or negative sign, and significance with high, medium or low, where it is possible</i>
<b>Overseas investors</b>	The modified benefits test would provide a more certain environment for investors, and may provide small improvements in the time required for OIO to process applications.	+, Low
<b>Owners of land to be converted to forestry</b>	Face a more certain environment due to introduction of the new pathways. These new pathways are expected to make it easier to sell or lease land. However, Māori/iwi landowners are less likely to benefit from the changes as they generally prefer the sale of rights (due to cultural preferences).	+, Low
<b>Overseas Investment Office</b>	Likely increased costs of making the changes, processing, monitoring and enforcement. \$17.1M was originally set aside for funding the changes to the OIO regime. The OIO is currently considering the financial implications of the forestry changes, including set up costs. Costs of processing applications, monitoring conditions, and a proportion of the cost of enforcement activity are expected to be recovered from applicants. Crown funding will be required for enforcement activity against those who did not seek OIO approval but should have, and	-, Low

	litigation against those in breach of their conditions.	
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## Section 5: Options identification – standing consents

### 5.1 What options have been considered?

This section discusses the issue related to standing consents. Currently there is no standing consent available for overseas investors. The SOP provides that standing consents can be used alongside the modified benefits test and the special benefits test.

Three options have been identified:

- Option 1: Allow standing consents to be used alongside the modified benefits test and the special benefits test (as provided in the SOP).
- Option 2: Allow standing consents to be used alongside the special benefits test only.
- Option 3: Allow standing consents to be used alongside the modified benefits test and the special benefits tests, but require that standing consents made under the modified benefits test apply to a specific and homogenous area(s).

### 5.2 Which of these options is the proposed approach?

The Treasury prefers option 2: allowing standing consents to be used alongside the special benefits test.

The assessment criteria to evaluate the options are the same as those used for assessing the options for conversions to forestry under the modified benefits test and the special benefits test. The criteria are policy effectiveness, compliance with New Zealand's international obligations, and minimising compliance and administration costs.

#### Discussion

For option 1, the OIO noted that, because application of the modified benefits test is very complex, it will be difficult for investors to apply, and to do so impartially. It also exposes investors to risk should the OIO not agree with their assessment. In order to determine this, the OIO will need to consider the investor's assessment after the fact, and because the modified benefits test requires consideration of the benefits to New Zealand in comparison to a counterfactual, the OIO will need to do a reasonable level of work to achieve this.

Option 3 addresses some of the operational concerns of the OIO regarding the difficulty in option 1 because applying the modified benefits test to homogenous parcels of land will be more straightforward for investors. But the OIO noted this will still be complex to administer.

Te Puni Kōkiri (TPK) noted the importance of standing consents for Māori/iwi as land parcel sizes tend to be smaller so it is likely that an investor may need to group a number of parcels together in order to achieve a forestry block of sufficient scale.

Submitters considered that the application of standing consents alongside the modified benefits test is likely prove difficult to administer, and may disincentivise investment through this pathway.

**Summary of the assessment results for option 2**

Option 2 addresses the difficulties with administering the regime, because the special benefits test is a check-list style test, so it will be very straightforward for investors to apply.

This option will therefore reduce the additional workload placed on the OIO at a time when its workload will be increasing significantly.

Furthermore, only allowing standing consents under the special benefits test reduces uncertainty significantly which responds to concerns raised by submitters to the Select Committee (discussed in Section 7: Stakeholder Views).

Therefore Treasury prefers option 2: allowing standing consents to be used alongside the special benefits test only.

# Section 6: Impact Analysis (Preferred approach)-standing consents

This section provides impact analysis on the preferred approach for standing consents, that is, making standing consents available only alongside the special benefits test, compared to the existing situation. Under the current Act there is no provision for standing consents for overseas investors.

As in section 4, this section provides analysis on the impact of the preferred approach on affected parties, compared to the existing situation under the current Act.

Given the impacts are likely to be different across freehold and leasehold land, compared to forestry rights, we have separated out our analysis into two separate tables.

We note that this analysis only considers the impact of this policy change on affected parties, and not other Government priorities (e.g. the one billion trees policy).

## 6.1 Summary table of costs and benefits – existing freehold and leasehold forestry land

<b>Affected parties</b> <i>(identify)</i>	<b>Expected benefits/costs</b> <i>of preferred approach, compared to taking no action</i>	<b>Impact</b> <i>Indicated by a positive or negative sign, and significance with high, medium or low, where it is possible</i>
<b>Overseas investors</b>	Reduces uncertainty and provides a simplified approval regime. This is likely to reduce the cost of developing applications and result in reduced OIO processing times.	+, low
<b>Owners of forests or land to be converted to forests</b>	May be easier to sell or lease land to overseas purchasers. However, Māori/iwi landowners are less likely to benefit from the changes as they generally prefer the sale of rights (due to cultural preferences).	+, low
<b>Overseas Investment Office</b>	Likely increased costs of making the changes, processing, monitoring and enforcement. \$17.1M was originally set aside for funding the changes to the OIO regime. The OIO is currently considering the financial implications of the forestry changes, including set up costs. Costs of processing applications, monitoring conditions, and a proportion of the cost of enforcement activity are expected to be recovered from applicants. Crown funding will be required for enforcement activity against those who did not seek OIO approval but should have, and litigation against those in breach of their conditions.	-, low

## 6.2 Summary table of costs and benefits – forestry rights

<b>Affected parties</b> <i>(identify)</i>	<b>Expected benefits/costs</b> of preferred approach, compared to taking no action	<b>Impact</b> <i>Indicated by a positive or negative sign, and significance with high, medium or low, where it is possible</i>
<b>Overseas investors</b>	Investors will face new costs associated with complying with OIA screening. This may result in reduced demand for forestry rights, however the availability of standing consents will reduce uncertainty and provide a simplified approval regime (compared with the existing benefits test).	-, low
<b>Owners of forests or land to be converted to forests</b>	May obtain less competitive offers on forestry rights due to reduced demand from overseas investors. The length associated with undertaking transactions will also increase.	-, low
<b>Overseas Investment Office</b>	Increased costs due to the requirement to implement additional screening of forestry rights. \$17.1M was originally set aside for funding the changes to the OIO regime. The OIO is currently considering the financial implications of the forestry changes, including set up costs. Costs of processing applications, monitoring conditions, and a proportion of the cost of enforcement activity are expected to be recovered from applicants. Crown funding will be required for enforcement activity against those who did not seek OIO approval but should have, and litigation against those in breach of their conditions.	-, low

## Section 7: Stakeholder views

### 7.1 What do stakeholders think about the problem and the proposed solution?

#### Consultation process

The Treasury has consulted the following departments in the development of the advice: Ministry of Business, Innovation and Employment; Ministry of Foreign Affairs and Trade; Ministry of Justice; Inland Revenue; Parliamentary Counsel Office; the Overseas Investment Office; the Ministry for Primary Industries; the Department of Conservation; the Ministry for the Environment; and Te Puni Kōkiri. The Department of the Prime Minister and Cabinet has been informed.

The Treasury engaged in a targeted consultation process with iwi/Māori with particular forestry interests in January 2018, and April 2018. Four hui were held during the first round consultation, and six hui during the second round.

The proposed changes in the SOP were also subject to Select Committee public consultation during April 2018.

#### Stakeholder views during consultation with iwi/Māori

The consultation hui with iwi/Māori focused on the broader changes to the regime, rather than the two issues specifically analysed in this impact statement. In general the feedback received during the engagement process was mixed with participants sitting roughly in even proportions across the following camps in terms of their views on the proposed changes to the regime:

- supportive of the proposals, especially in light of the changes since January
- uncertain about the implications for them or ambivalent, and
- uncomfortable or opposed.

At the hui many of the participants had a positive response to the second round of consultation and could understand the broader context of the changes to the Act. However the written feedback provided from iwi and Māori groups that could not attend was generally not supportive of or showed concern about the proposals, as even if the screening process is made more light-handed, any cost, delay or uncertainty for overseas investment in forestry rights would impact on their commercial arrangements. For some of these participants concerns focused on the value of forestry rights held by iwi or Māori, and on the potential cost, delay and level of certainty for overseas investors going through the screening process.

Both Māori and non-Māori expressed concerns about the ongoing viability of domestic wood processing and the impact on employment of a decline in this industry. We consider this likely to be a short-term impact because over the long-term, the streamlined pathway would encourage forestry investment, which would increase the supply of trees and therefore the supply for wood processing. We also note there are other factors affecting the supply of wood to domestic processors, which the Ministry of Primary Industries is leading work to consider.

#### Stakeholder views during the Select Committee public consultation on modified or special benefits test for conversion of freehold and leasehold land

During the Select Committee process the following parties submitted views on the modified

benefits test and special benefits test for conversions: Pan Pac Forest Products Limited, Wood Processors and Manufacturers Association (WPMA), New Zealand Carbon Farming Group, Juken New Zealand Limited, Kaingaroa Timberlands.

Overall these submitters supported the introduction of the modified benefits test and special benefits test as they provide simpler options within the regime. However different submitters had different preferences about whether the modified benefits test or special benefits test should be used for conversions to forestry. A common theme amongst submissions was the need for consistency. That is, investors in freehold / leasehold / forestry rights should have access to the same pathways when converting land to forestry.

For freehold and leasehold conversions, the Treasury, the Department of Conservation and the OIO were broadly in favour of the modified benefits test over the special benefits test because of the requirements to prove a net benefit to New Zealand.

TPK supported the special benefits test being available for purchasing or leasing land to be converted to forestry, as it will provide Māori/iwi with the greatest opportunity to utilise Māori freehold land or land provided through Treaty redress for forestry, where appropriate.

### **Stakeholder views during the Select Committee public consultation on standing consents**

During the Select Committee process the following parties submitted views on standing consents: New Forests, Pan Pac Forest Products Limited (Pan Pac), Juken New Zealand Limited, New Zealand Carbon Farming Group, Public Sector Pension Investment Board, Duncan Cotterill, DLA Piper New Zealand, Kaingaroa Timberlands.

Submitters welcomed standing consents but raised concerns over how standing consents would work alongside the modified benefits test. This is because the modified benefits test is complex to apply, and should the OIO not agree with the investor's assessment, the OIO can add conditions to the land or require the investor to dispose of it.

While the OIO and TPK agree with submitters, the Ministry for Primary Industries did not consider that the application of standing consents alongside the modified benefits test would create any material or realistic disincentive for forestry investors, as people who are uncertain about its application will chose not to use it.

The OIO also noted that due to the complexity of the modified benefits test few investors are likely to have the ability or incentive to undertake an impartial assessment of whether the test is met.

## Section 8: Implementation and operation

### 8.1 How will the new arrangements be given effect?

The preferred options will be given effect to through primary legislation and regulation. Once implemented, the OIO will hold the primary responsibility for the ongoing operation and enforcement of the new arrangements with respect to sensitive land.

To support the design and implementation of new screening, monitoring and enforcement models the OIO will need to update their current IT system to accommodate the increased volume of applications and to improve functionality. The OIO will likely need additional resourcing to undertake this expanded role.

The Government has indicated that it wants this regime to come into effect relatively quickly. As a result, there is an implementation risk that the OIO will only have limited time to operationalise the policy alongside having to also implement other changes to screening of residential housing purchases.

The OIO is mitigating the risk through planning for implementation in parallel with the legislative process, although it notes that the 60-day commencement timeframe remains challenging.

#### **Financial implications for the overall changes proposed in the SOP**

There will be fiscal implications for the overall changes proposed in the SOP. \$17.1M was originally set aside for funding the changes to the OIO regime. The OIO is currently considering the financial implications of the forestry changes, including set up costs. Costs of processing applications, monitoring conditions, and a proportion of the cost of enforcement activity are expected to be recovered from applicants. Crown funding will be required for enforcement activity against those who did not seek OIO approval but should have, and litigation against those in breach of their conditions.

#### **Financial implications for the preferred changes discussed in this analysis**

No additional financial implications arise from the preferred options discussed in this analysis.

# Section 9: Monitoring, evaluation and review

## 9.1 How will the impact of the new arrangements be monitored?

The OIO and Treasury will monitor the revised regime through analysis of information from the OIO including the applications it receives, the investments approved, as well as information it gathers through enhanced compliance, monitoring and enforcement functions.

It will be harder to evaluate, particularly in the short term, whether there will be broader system-level impacts from this policy around the amount of overseas investment being made in forestry and the impact this is having on the government's objectives for forestry.

## 9.2 When and how will the new arrangements be reviewed?

It is intended to undertake a review of the changes two years after they come into effect to assess whether the approach adopted is having the intended result. It is anticipated that this review will also provide an opportunity to consider changes to the regime.