By 3 News online staff / NZN

The Government has approved the controversial sale of Crafar farms to a Chinese-owned company this morning.

Information Minister Maurice Williamson and Associate Finance Minister Jonathan Coleman approved the deal after a recommendation from the Overseas Investment Office.

This comes after an earlier approval was overturned when Sir Michael Fay took the issue to court and had the decision overturned.

Sir Michael's Crafar Farms Purchase Group says the new decision is a bad day for New Zealand.

"This is a one way deal. No Kiwi will ever own a farm in China and that's a fact," their statement says.

Milk New Zealand Holding Limited - owned by Chinese company Shanghai Pengxin under the names of duo Zhaobai Jiang and Lei Jiang - won the new approval but it has come with 27 stringent conditions.

"These 27 conditions have been imposed to ensure Milk New Zealand's investment delivers substantial and identifiable benefits to New Zealand," says Dr Coleman.

One of the conditions requires Milk New Zealand to invest $16 million into the farms and to protect and enhance heritage sites.

"Those rules recognise the benefits that appropriate overseas investment can bring, while providing a range of safeguards to protect New Zealanders' interests. They are applied evenly to all applications, regardless of where they are from.

"The net effect of the benefits being delivered to New Zealand as a result of this transaction is substantial," he says.

Pengxin is reported to have offered $210 million for the 16 North Island dairy farms, totalling 10,000 hectares.
Federated Farmers has backed the approval, with president Bruce Wills saying the investment is needed.

"The reality is we've got $47 billion of farm debt in New Zealand," he told Radio New Zealand.

"There’s a lot of concern about a large number of farms being sold off in one large block and I understand that, but people need to look at the debt issue - we’re not good savers," says Mr Willis.

Sir Michael says the decision is not good for the economy.

"It shows the Government has no commitment to the people who live and work in the rural sector.

"Sixteen dairy farms – an area the size of Hamilton - and a minimum $20 million per year of Fonterra milk payouts are lost to the Central North Island economy for good," he says.

"Sadly the continuing loss of our productive land is going to be an extremely high price for the farming industry and the country to pay."

Opposition parties – Labour, the Greens and New Zealand First - are against the sale and NZ First leader Winston Peters calls it a “corporate raid from offshore”.

"It’s happened before, it doesn’t bring new jobs, wealth or exports it just brings a change of ownership and less jobs and less wealth," says Mr Peters.

NO PENGXIN LINK TO UNDERWORLD CONNECTIONS

New Zealand diplomats working with China’s Ministry of Public Security have cleared Jiang Zhaobai, owner of Shanghai Pengxin Group, of a historic underworld connection in validating his good character.

Documents released on Friday with the NZ ministerial approval the sale said a diplomat at the New Zealand embassy in Beijing was tasked with checking out an anonymous submission that claimed Jiang had links with a Shanghai gang boss, Xiao di Zhou.

The diplomat, whose name was blacked out from the public version of the document, made inquiries with China’s Ministry of Public Security, which had no record of any convictions in respect of Jiang or Shanghai Pengxin, the Land Information New Zealand report said.

The embassy official did confirm a historic connect between Shanghai Pengxin and Xiao.

"SPGL and Mr Xiao both appear to have acquired land from a corrupt official - the official did not own the land and had no right to sell it," the report said.

"There was no suggestion of wrongdoing on the part of SPGL."

The embassy official said there was evidence Xiao committed offences including hiring someone to assault a business associate.

Xiao is currently serving 14 years jail related to illegal land sales and assault.

Other directors of the companies in the group which includes Shanghai Pengxin were given the all clear in terms of the good character test, the report said.

Jiang, a Shanghai-based property and diversified investor, is listed as China’s 284th richest man, according to Forbes.

KEEPING THE CHINESE GOVERNMENT HAPPY

New Zealand’s relationship with China would have been seriously affected if Shanghai Pengxin’s bid had been rejected when it met all the approval requirements, the Government says.

Land Information Minister Maurice Williamson says the company’s bid met all the requirements under new rules that followed a judicial review.

The ministers previously approved the sale to Shanghai Pengxin but a High Court judge overturned it, saying the Overseas Investment Office (OIO) had incorrectly applied the criteria.

Mr Williamson says the ministerial decision was taken entirely on new advice from the OIO.

Foreign Minister Murray McCully’s advice was sought about the implications of turning down the company’s bid.

"The Foreign Minister said he thought there would be serious implications if we were to decline a bid from a bidder who met all the criteria," he told reporters.

"If we were to say to one bidder ‘you meet all the criteria and the Swiss, Germans, English and Canadians get through the gate but you don’t’ there would obviously have been serious implications."

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