

**Ministry for Primary Industries**  
Manatū Ahu Matua

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# Strengthening Supply Chain Integrity: Update on Log Traders, Forest Advisors and Legal Harvest Assurance work

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# What we will cover

- Overview of the Amendment Act
- Key questions for developing regulations
- Forest Advisors
- Log Traders
- Delegated functions
- Regulations timeline
- Legal Harvest Assurance Bill
- Next Steps



# Objectives of the Act

The Forests (Regulation of Log Traders and Forestry Advisers) Amendment Act was passed in August 2020. Its objectives are to:

- Raise professional standards across the supply chain;
- Address concerns that there are no industry safeguards on the quality of the advice being given to smaller owners - leaving them vulnerable to exploitation;
- Support a more open marketplace for the large number of 'first-time' forest owners who will be bringing their timber to the market in the 2020s; and
- Increase investor confidence in commercial forestry, to support long term investment, and meet the Government's broader objectives for land management and climate change.

# Strategic Outcomes – Forest Advisers

- ▶ Builds on the existing industry programme and laws and standards (e.g. NZS on sustainable forest management, Plantation forestry standards, valuation standard)
- ▶ Supports industry reputation which helps increased and ongoing investment
- ▶ Cost effective, practical and efficient for advisory services and advisers to comply with
- ▶ Evolving system/future proofing

So how to set up for success?

# Our work to date

- Initial meetings with sector leaders, including NZIF
- Developed framework for the regulations - key components that need to be covered and scope
- Identified IT system requirements
- In-principle decision about delegating some functions (relating to forest advisors) to a third party
- Developed a plan for phased implementation of regulations & rules
- Draft engagement plan - workshops, webinars and plan for public consultation

# Forestry Adviser

- ▶ Section 63K – *Forestry Advisers must be registered*
- ▶ Section 63L – *Meaning of forestry adviser service*
- ▶ Section 63 M – *Entitlement to be registered forestry adviser*
- ▶ Section 63 N – *Obligations of registered forestry adviser*

Things to consider:

Should there be infringement notices and penalties for bad advice?

Should we recognise industry experience, where not based on formal qualifications?

How do we keep knowledge and experience current?

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# Types of Advice & Linkages with other systems

- ▶ Recognition of other professional registration systems
- ▶ Code of ethics to support boundaries around advice
- ▶ Potential new systems created with:
  - ▶ ETS market governance (advice on carbon forestry)
  - ▶ Proposed Legal Harvest Assurance Bill

## Things to consider:

- ▶ How should we recognise comparable registration?
  - ▶ Should we have exemptions for certain advisers or types of advice?
  - ▶ How do we avoid legislative overlap?
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# Log Trader Registration

- ▶ Section 63H – *Log Traders must be registered*
- ▶ Section 63I – *Meaning of log trader*
- ▶ Section 63 J – *Entitlement to be registered log trader*
- ▶ Section 63 K – *Obligations of registered log trader*

Things to consider:

Should there be infringement notices and penalties for breaching agreements?

Should we recognise different threshold volumes for registration?

How often should log traders report to the Forestry Authority?

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# Delegating functions to a third party

- Agreement in-principle that some functions of the Forestry Authority, relating to forest advisors may be delegated
- We do not intend to delegate functions relating to log trader registration
- Potentially delegated will be: Registration, Forestry Practice Standards, Code of Ethics, Professional Development, Compliance Monitoring, Complaints & Disputes Resolution and a Public register
- MPI would retain regulatory stewardship and oversight responsibilities, and compliance powers. This would likely include:
  - ▶ Overall responsibility for establishing a registration system
  - ▶ Rights and powers to control the regulatory framework
  - ▶ Powers relating to prosecution and penalties

# Timetable for regulations development

- Outline of appropriate exemptions to refine the number of people and types of advice that should be covered by regulations under the Act – August/ September 2021
  - One-day stakeholder workshop to test base level regulatory design - September
  - Based on feedback we will develop a discussion document for public consultation – October – December 2021
  - Ongoing engagement to refine the preferred model – Jan-March 2022
  - Ministerial/ Cabinet policy approvals – March/ April 2022
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# Legal Harvest Assurance Bill

What are we trying to achieve?

- Strengthen the supply chain by establishing a timber legality assurance system that:
  - Reflects NZ's commitment to reduce the global trade in illegally harvested timber
  - Ensures the legality of NZ timber products.

When are we trying to do this by?

- Currently seeking further Cabinet approvals
  - Bill is currently being developed and we are aiming for introduction later this year
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# Next Steps and ways to stay in touch

- ▶ Stakeholder workshops during 2021-2022
- ▶ Technical working groups as these are established
- ▶ Email the team at [forestryteam@mpi.govt.nz](mailto:forestryteam@mpi.govt.nz)
- ▶ Our website will provide progress updates [www.mpi.govt.nz](http://www.mpi.govt.nz)