

Ministry for Primary Industries
Manatū Ahu Matua



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?

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?

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
- ▶ Our website will provide progress updates www.mpi.govt.nz