



**New Zealand Institute of Forestry**  
Te Pūtahī Ngāherehere o Aotearoa Incorporated

# **NZ Legal Harvest Assurance System; Issues paper 2**

## **Consultation Submission**

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## Introductory Comments

Thank you for the opportunity to submit to the second consultation document on the regulations to be implemented to give effect to the NZ Illegal Harvest Assurance system.

If appropriate, the New Zealand Institute of Forestry (NZIF) wishes to be heard in support of its submission.

## About the Submitter

The New Zealand Institute of Forestry (NZIF), established in 1927 and Incorporated in 1929, is a professional body representing over 850 members who are experts in various aspects of forestry. The NZIF's mission is to advance the forestry profession and all forests in New Zealand and to serve as an independent advocate for the forests and good forestry practice.

Dedicated to enhancing forestry practices and benefiting the broader community, the NZIF emphasises education, accountability, and adherence to its code of ethics and performance standards. It plays a critical role in quality assurance, setting benchmarks for professionalism and ensuring both its members and the wider forestry profession uphold high standards of practice and advice.

NZIF members are involved in the professional management of all types of forests—plantation, natural, conservation, protection, and commercial. Our members are employed across a range of sectors, including forestry companies, consulting firms, research institutions, educational organisations, government agencies, and specialist service providers.

The diverse qualifications and expertise of NZIF members span multiple disciplines essential to managing New Zealand's forest resources, including traditional forestry, science, economics, law, microbiology, hydrology, engineering, and resource management.

To maintain professional integrity, the NZIF operates a regulated registration scheme which governs the registration and conduct of forestry professionals. This includes consultants who provide forestry advice to both public and private entities, as well as those in other related roles.



## Summary

This submission marks the third round of consultation concerning the legislation introduced to mitigate the risk of illegal harvest and supply of logs and wood products in and from New Zealand. During the initial submission, the New Zealand Institute of Forestry (NZIF) raised concerns about the Bill's lack of practical structure and content, expressing worry key details were left to be defined through future regulations. NZIF cautioned this approach could result in excessive bureaucracy, cost, uncertainty, and complexity for the industry, with minimal impact on illegal harvesting, which is not a significant issue in New Zealand.

Despite these concerns, the Bill has now been enacted, and we are engaged in yet another round of extensive consultation with little progress evident. There is a sense the primary aim of this process is to confirm pre-conceived notions by the Ministry for Primary Industries (MPI), potentially leading to a complex and costly legal framework for what should be a straightforward issue.

NZIF strongly urges MPI to engage in direct consultation with key industry stakeholders through a working party or targeted interviews. This should include representatives from large forest owners, farm forestry, log exporters, sawmillers, small processors, and certification audit companies. From these discussions, a practical proposal for an efficient system can be developed, which MPI can then consult on. If this process reveals parts of the Act are unnecessary or add complexity and cost, NZIF recommends these elements be repealed or amended.

Additionally, NZIF is concerned about the potential for significant cost recovery by MPI for this as-yet-undefined service, particularly given the potential complexities of the proposed framework.

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## Submission

### Legal Harvest Information

#### Assumptions

Assumptions about legal harvest information

*Do you agree with these assumptions? Why or why not?*

Broadly agree with assumptions BUT successfully passing the information along the supply chain will depend upon how complex the system design is.



*Are there any other assumptions you think we can make?*

NA

## **Legal Harvest Information.**

*How should timber be identified in a legal harvest statement?*

One pathway envisioned could be Timber should be identified by a single alphanumeric code established by the 'first responsible person' which incorporates the party's 'registration code' then a further component related to the specifics of the source timber. For all larger entities adjustments to log docketing systems might be relatively easily made to carry the code forward to the next party in the chain on a load by load basis. Small parties, once registered, might apply through an MPI portal to receive a unique code of the same format as the larger entities. This code would be required by any party second in line down the supply chain

*What other information should be required in a legal harvest statement?*

None. The registration code might, by way of the registration identifier, be searchable on the MPI database to find the legal entity of the first responsible person in the supply chain. The remainder of the code will divulge, by way of enquiry to the responsible party, the only other basic requirements needed – i.e. reference to tree owner and contractual rights to harvest in whatever form.

*Is there any other evidence you think should be required as legal harvest information?*

No. The role is to be able to verify the timber came from sources where the ownership is verifiable and the right to harvest was legally granted.

*What legal harvest information do you think should apply to indigenous species of New Zealand timber?*

All S.F.M.P and annual logging plans or permits issued by MPI should be given a unique identifier upon approval. This code could also fit the formats described above with a precursor code covering the registered 'Responsible person' first in the supply chain.

*What information do you think should be required about specified timber products?*

*Do you have any other comments about legal harvest information or legal harvest statements?*

None specific.

The code system might also include classifications used such as internationally recognised product codes which describe broad classes of timber products.

## Obligations and exemptions for people responsible for harvest

### Assumptions

*People responsible for harvest will have all the necessary legal harvest information that is required and pass this along the supply chain?*

Correct – first stage ‘responsible persons’ will or should have the required information.

*Supplying timber in some circumstances and in small amounts will not pose a risk to market access?*

This is simply a matter of risk management, the interaction between probability and consequence. In the view of NZIF, in the NZ context, the probability of wood being harvested illegally is likely higher amongst small players, either deliberately or through ignorance, but the consequence is low. With large players the consequence could be significant if it happened, but the probability is low. As has been clearly stated in past submissions, the risks arising from anything but a miniscule % of harvested plantation wood in NZ being illegally exported is very low and these regulations need to recognise this fact.

Exemptions and exceptions should only apply if the information is not needed for the recipient to comply with their due diligence system.

It remains unclear – despite these repeated consultations, what MPI envisage a recipient is going to require. No comment

### Legal Harvest Records

*What records should be kept?*

It is the view of NZIF the only additional records which should be considered as required and readily available to fill obligations to international commitments concerning the illegal harvest of wood should be those which relate to the original ownership of the trees and the legal authorities, however expressed, to harvest them.

*How long should they be kept for?*

There is a risk the regulations create conflicting complexity. On one hand, in order to hold audit trail information for MPI’s vetting of due diligence systems and the relationship of these records to financial dealings one might argue records retention be



aligned with other record retention timeframes e.g. 5-7 years. However, given the records are likely to include information subject to privacy law and the effective relevancy of those records is only to the life of a product in circulation, the retention time should be at a minimum. It is NZIF's view the retention time should be the minimum required after supply from a tree owner has ceased, probably no more than a year.

*How should records be stored?*

It would be expected for parties regularly engaged in the purchase and harvesting of trees, such entities will seek to adapt current electronic systems to manage the functionality. It is inconceivable anyone in this position would seek to manage it any other way given the volumes and dynamics of the trade. Small or intermittently engaged individuals may not.

NZIF take the view irrespective of the scale of the participants, this proposed system has the potential to add cost and complexity to the management of supply chains. It is imperative MPI keep the process simple and as far as small or intermittent players are concerned develop the electronic tools and process templates to enable compliance at minimum cost.

## **Exemptions for Class of Person**

*Should there be any classes of responsible persons exempt from legal harvest requirements?*

NZIF have no particular view on this. It is unclear why and for what reason persons involved in exporting timber products would be exempt. One assumes if scale of operation is an issue then exemptions of parties based on scale thresholds might be a matter to be provided for.

*If yes, what classes of responsible persons should be exempt from legal harvest requirements?*

NA

*What do you think we should consider before recommending whether specified classes of persons should be exempt?*

The risk in terms of probability of breach and consequence, also any exemption does not cause unforeseen competitive distortions between businesses operating in the same field.



## Exemptions for Timber Supplied

*Should any kinds of regulated timber be specified as exempt from legal harvest information requirements for responsible persons?*

NZIF have no particular view on this. MPI should consult directly with representatives from timber processors and exporters.

*If yes, what kinds of regulated timber should be exempt from legal harvest information requirements for responsible persons?*

As above.

*What do you think we should consider before recommending that any timber should be exempt from legal harvest information requirements?*

The risk profile – probability and consequence of illegal harvest, reputational damage to the wider industry.

*Are there any circumstances when timber is supplied that should be exempt from legal harvest information requirements for responsible persons?*

NZIF have no particular view on this. MPI should consult directly with representatives from timber processors and exporters.

*Are there any purposes that timber is supplied for that should be exempt from legal harvest information requirements for responsible persons?*

NZIF have no particular view on this. MPI should consult directly with representatives from timber processors and exporters.

## Exemptions for those Responsible for Harvest

*Should there be a threshold that needs to be met before a person responsible for harvest needs to provide legal harvest information?*

A small de-minimus is probably justified on the grounds of efficiency to small players. However, this adds complications to the system and may generate more non-compliance and cost (at the individual level) due to complexity and wider misunderstanding of the rules.

*If you think there should be, what should the threshold be for a responsible person to have to comply with legal harvest information requirements?*

No specific view.

*What measure should be used to set the thresholds?*



Thresholds will likely have to be set according to the commonly used measures for a particular line of produce from the forest. Tonnes would be the most common, but others may be needed for such things as biomass, chip produced on skid/in forest or pieces for things such as tree ferns.

*Should all thresholds be set by reference to the same measurement type, e.g., all thresholds should be set by volume (for another measurement)?*

No see above.

*If you are a person responsible for harvest, what information do you already collect about the regulated timber you supply e.g. volume, value, number of units, or other measurements? Do you provide this information to anyone? If yes, who do you provide it to and how often?*

Any participants in the sector on a regular or continuous basis irrespective of scale should have the information on ownership, ETS status, agreements in some form for access and rights to harvest and market harvested product. Any sales arising from harvest should generate load docket records of quantity (tonnes or volume) & species & broad quality grade, traceable to the operation.

*How often and when should thresholds be reviewed and change over time?*

Minimally, in order to protect simplicity and maintain education and understanding in a stable set of rules. Also to avoid expensive updates to computer software being used to manage any systems.

## Registered Persons

### Assumptions

*Do you agree with these assumptions? Why or why not?*

NZIF broadly agree with the assumptions. However, the statement the “businesses .....will be able to amend the systems they already have ...” while likely correct in most cases is still a matter dependent upon complexity. There could be very large differences in cost to adapt systems depending upon the complexity which MPI is seeking to impose. Equally, changes in rules which require further system changes is a cost risk exposure to participants which MPI must take considerable care to avoid.

*Are there any other assumptions you think we can make?*

NA



## Getting Registered for Legal Harvest Assurance

*What matters should be taken into account to determine if an applicant is fit and proper to be registered for legal harvest?*

NZIF suggest MPI need to be circumspect about exercising excessive overreach in this area. NZ has a substantive and functioning legal system to address individual and corporate misdemeanour. A principle behind our legal system is also the avoidance of double jeopardy. In our view potentially justifiable considerations would only be current claims of insolvency, or recent bankruptcy and or recent or in progress fraud convictions or proceedings, unless there was also a history of consistent recidivism in breaching some other laws directly or indirectly related to the conduct of a timber product exporting business.

*If the applicant is an entity, the conduct of who in the entity is relevant to determine if the applicant is fit and proper? What should we consider about these people that work for the entity?*

Again, there is a risk of potentially serious overreach. If an entity is operating as a sole trader situation or a small private business, the same conditions as above might apply. A larger company is subject to the oversight of a Board. Given boards and senior management staff change it seems it will be complex and imprecise to try and implement the controls proposed other than if the entity had a recent or recidivist record for fraudulent behaviour.

*What do you think we should consider if the applicant is a branch or division of a 'parent' business?*

The operating relationship of the branch or division should determine whether the emphasis of any fit and proper test is applied to the parent entity or the branch, i.e. if the parent company is broad based in its activities and only the branch or subsidiary is involved in timber trade, the focus should naturally be on the branch.

*Are there any other criteria you think a person should meet before they are registered for legal harvest? If yes, what should we consider and why?*

No specific view.

*What information do you think should be provided with an application for registration for legal harvest?*

Name, address, contact details, general nature of business, declaration re factors of bankruptcy and fraud as above.

## Conditions on Registration

*Do you think there should be any restrictions on the conditions that can be put on a person's registration for legal harvest assurance? If yes, what do you think they should be and why?*

Referencing our previous comment re double jeopardy, NZIF is of the opinion there would need to be very good reason to impose restrictions outside of those related to a history of fraudulent or insolvent trading or recidivism in relations to laws relating directly or indirectly to the business of trading /exporting wood products.

## Obligations for Registered People

*What records do you think a registered person should be required to keep?*

To be legal, NZIF believe, as already stated in the past, any party harvesting or selling trees to a subsequent party must through their records, be able to identify the property from which the trees are sources, the location of the trees on the property, the owner of the trees and nature of ownership and a documented agreement in whatever form is appropriate which gives authority to take possession of by, or sell the trees to a third party. If the tree/land owner is the same person and they are harvesting their own trees and selling logs to a third party then the document trail only needs to record than fact. Similarly, if the land/tree owner is the first primary processor.

*What level of detail should be required in the records and how long should they be kept for?*

Detail should be kept to the absolute minimum required to bridge the documentary gap between tree ownership and sale. The association by way of a unique code internalising the link to the document trail should be the only necessary publicly available reference.

*When do you think a registered person should report to MPI? What should they report and how often*

Given the proposal also includes the auditing of a 'responsible persons' due diligence system there is no justification for duplication. The functions should be synchronised and no more frequently than a year, possibly longer for smaller lower volume participants.

*What information do you think a compliance declaration should contain?*

A declaration is just, a declaration, nothing more. The way this could be managed is MPI, who it appears will logically be managing a register, should design the system



around a register which on the anniversary or such other time which is agreed, a pro-forma declaration is automatically generated and sent to the registered responsible person to confirm they have read the declaration and signed it with an electronic signature. The system should also make provision for attachment of additional files and comment if needed and in particular attachment of a due diligence audit report. Effectively a system similar to the annual declaration to the Companies Register.

Given there will be a large number of parties registering at the same time, MPI will probably need to orchestrate a phase-in process to avoid clogging system startup and enable system audit staggering across the industry.

Timeliness and cost effectiveness must be a priority objective of any such system.

*Are there circumstances when a compliance declaration should be made other than the annual declaration? If yes, when should a compliance declaration be made more often and why?*

Only in conjunction with a change in circumstance of the responsible person – i.e. new named person, new contact details, changed functionality within the supply chain, materially revised due diligence process, response to an adverse due diligence audit.

*Are there any other obligations you think should apply to registered persons?*

No particular view, but less is more.

## Exemptions from Registration Requirements

### Assumptions

*Do you agree with these assumptions? Why or why not?*

Agree with the principles. How they play out in the trade-offs between cost, complexity and probability vs consequence cannot be determined in this paper.

*Are there any other assumptions you think we should make?*

None in particular.

### Exemptions from Registration

*What classes of persons should be exempt from being required to register for legal harvest?*

NZIF suggest MPI need to engage specifically with members operating in different segments and different scales of the sector to understand and derive a suitable starting point for this and the following questions.

*What should we consider before recommending a class of persons should be exempt from registration for legal harvest assurance?*

As above.

*What classes of activities should be exempt from registration?*

As above.

*What should we consider before recommending an activity should be exempt from registration requirements for legal harvest assurance?*

As above but also noting prior comments about perverse outcomes and creating uneven competition.

*How long should exemptions last for? Should they be reviewed? If yes, when should they be reviewed?*

As above.

## Due Diligence System Requirements

### Assumptions

*Do you agree with these assumptions? Why or why not?*

NZIF broadly agree with the assumptions. However, the statement the “businesses .....will be able to amend the systems they already have ...” while likely correct in most cases, is still a matter dependent upon complexity. There could be very large differences in cost to adapt systems depending upon the complexity MPI is seeking to impose. Equally, changes in rules which require further system changes is a cost risk exposure to participants which MPI must take considerable care to avoid.

*To what extent do you already have systems in place to limit your risk of trading in timber that has been illegally harvested?*

NA

*Are there any other assumptions you think we can make?*

None in particular.

### Due Diligence System Requirements

*Should regulations set any requirements for a due diligence system template? Why or why not?*



NZIF suggest more important than a template will be a simple descriptive guide listing the minimum key functionalities which a 'due diligence' system must be able to fulfil to meet the requirements MPI is seeking to impose. How entities then organise their systems to meet those will depend on their current business systems and the nature of their business.

NZIF would agree for small(er) players an actual template may be useful but not compulsory. Most importantly MPI needs to engage directly with industry participants in the specific design elements of the due diligence principles to ensure the regulations are workable and achievable at minimum cost through different participants in the supply chain.

*What should MPI consider before approving a template for a due diligence system?*

As above -engage directly on design principles.

*Are there any other things MPI should consider if the template is developed by a third party? If yes, what other things should be considered?*

Provided the critical design functionalities have been thought through and clearly documented there should be no concern over who creates and how a system ultimately meets the requirements, whether it is a paper based or electronic system.

*How different to the template do you think a due diligence system can be before it is no longer based on the template?*

This question is unanswerable as there is, at this point, no illustrative concept diagram or principles from MPI about what they have arrived at as a likely suitable DD system.

*How long should a template be approved for if it is prepared by a third party?*

This should essentially be irrelevant IF there are well established and communicated design functionality requirements. Any change in those requirements would automatically render any DD system in need of adjustment however it is essential there should be minimal change in the high-level functionality requirements as any changes will likely impose cost, and disruption.

*What conditions do you think are relevant to templates created by third parties?*

None, other than meeting the critical functionality requirements.as suggested above.

*How often should due diligence system templates be reviewed?*

Must be an embedded component of the audit required under the Act

## Private Certification Schemes

*Do you currently use a certification scheme for market access?*

NA to NZIF

*Do you think certification schemes should be used in due diligence systems? If yes, how do you think certification schemes should be recognised for due diligence?*

NZIF has already commented on this in the previous submission. The institute's view is that certification could be an integral part of MPI's thinking to verify legality. The certification schemes are internationally recognised and jointly cover a large proportion of the world's traded wood. Their fundamental principles include meeting the laws of the nation, they require chain of custody systems (CoC) to verify supply sources, they are audited on a regular basis and the systems are already embedded (at high cost) within many of the sector's companies.

*What criteria should a certification scheme meet before it is recognised?*

NZIF sees very little role for MPI in considering criteria to be met. The two systems relevant to most of the sector are FSC and PEFC. Both schemes have been developed over many years with massive involvement by diverse stakeholder communities across the globe. Both have similar chain of custody and audit requirements. The challenge in the view of NZIF is why MPI would not consider using these schemes as the primary vehicle which services a very large share of the sector's transactions already.

*Is there anything else MPI should consider before recognising a private certification scheme for due diligence requirements? If yes, what?*

If MPI considers it needs some further matters included to give effect to the functionality it sees as required from the Act then it needs to ensure these matters are genuinely necessary and can be functionally embedded with minimum change/ cost into existing CoC systems.

The other matter which requires consideration is an entity may cease to be certified for any number of reasons, none of which relate to the specific matter of the wood or timber harvested being illegally gained. For this reason, there would need to be a means of detachment from the certification scheme and subsequent registration under the prevailing regulations applying to non-certified members.

The way this is made effective might be if the added requirements of the regulations involved little more than a registration identifier code which would be built into an entity's certification CoC system, and this system continued to be used with the

regulated and approved registration code less the previously utilised certification identification code.

*Which certification schemes should be recognised as part of a due diligence system in terms of eliminating or minimising the risk of dealing in timber that is not legally harvested?*

As above – FSC and PEFC.

*How often do you think this recognition of certification schemes should be reviewed?*

NZIF believe there is very little role for MPI to be considering the recognition of certification schemes in NZ. The only justifiable reason would be if there was a major internationally recognised dysfunction in the organisations and a withdrawal of support and membership of the schemes. This is very unlikely and even then a trigger for such a scenario would be legality of ownership and CoC management issues.

## **Assessing Due Diligence Systems**

*How often should due diligence systems be assessed based on risk? What should the maximum period be between re-assessments?*

All CoC systems involved with FSC and PEFC are audited annually. For those not certified or using the FSC or PEFC CoC systems this might set the default alignment benchmark, though if the finally regulated system is simple, a longer interval may be perfectly adequate provided the audit return period aligned with record keeping requirements. For smaller uncertified entities or processors, a lesser frequency might be justifiable on the basis of consequence though not necessarily on basis of risk of non-compliance. NZIF have no particular view on frequency for smaller entities but urge MPI to engage directly with representatives of such entities.

*Are there any other requirements you think should apply to assessing due diligence systems? What should they be?*

No particular view.

*Should the requirements for due diligence systems be different for importers, exporters, and domestic operators? Why or why not?*

MPI need to engage directly with representatives of these sector elements to tease out what are the defining key functionalities required to make relevant DD system(s) effective and cost efficient.

*Are there any requirements you think should be specific for importers? If yes, what other requirements should be specific for importers?*





As above

*Are there any requirements you think should be specific for exporters or domestic operators? If yes, what other requirement should be specific for exporters or domestic operators?*

As above

## Recognition of Assessors and Agencies

### Assumptions

*Do you agree with these assumptions? Why or why not?*

NZIF agree with the assumption in principle.

*Are there any other assumptions you think we can make?*

No specific view.

*What assumptions can we make about the types of people and organisations that will assess due diligence systems?*

NZIF note there are numerous professional bodies involved in 3rd party arms-length auditing of a multitude of business functions throughout NZ. NZIF do not see this as an issue if the eventual regulatory and guidance framework has successfully and simply laid out the key functionality requirements MPI seeks. On this basis there can be expected to be a range of parties from forestry consultancy firms to out of sector audit firms to current certification bodies all of whom could perform the functions sought.

NZIF itself could undertake a role within its professional registration processes to verify professional competency for Legal Harvest DD audits.

*What assumptions can we make about the types of people and organisations will develop due diligence systems?*

As above.

### Getting Recognised as an Assessor and /or Agency

In respect of all of the questions, NZIF contend these are issue of little relevance to the practicing entities in the forest sector as a whole. They are issues of relevance to MPI and it is up to MPI to engage with parties involved in audit functions and establish the criteria they seek. Most of these topics will likely be well canvassed already in the course of such auditing companies or branches day-to-day operations.



What is material to the forest entities is the established frameworks for DD systems are clear, simple and as such are easily implemented and easily and cheaply audited. MPI needs to keep the latter point in strong focus when considering requirements for assessor /agency recognition.

## Recognition of Agencies

As above NZIF urges MPI to talk to and engage directly with entities already undertaking audit functions to establish the appropriate level of rigour for the details they seek. NZIF reiterate it is vital this proposed system is simple to implement and audit. As such there should be no drama in establishing who or how to train parties in the required competencies (if any further are needed). Larger auditing entities will already have HR policies and procedures related to auditor integrity etc. By engaging with such parties MPI should easily establish common benchmarks or themes which can be used to benchmark required criteria and standards which might be applied across the board, including to individuals, should they be seeking recognition.

NZIF suggest MPI appear to be contemplating highly detailed and complex systems of DD needing similarly highly focussed forensic audits facing constant pressures from corrupt entities trying to push the boundaries. If this is the case, there needs to be a big reset in expectations.

*What system for undertaking assessments of due diligence systems should be considered fit for purpose?*

NZIF suggest until MPI have settled on the framework(s) for appropriate and fit-for-purpose DD, it is difficult at best to reflect upon appropriate systems to assess the system!!

Auditing is a methodical process which involved systematically looking at and following the documentary trail created under the relevant DD system. The key functionalities already referred to, once identified and communicated should lead to a DD system which incorporates these as key audit elements within the system. An auditor, by verifying the existence of these functional points and following the documentary links (however formed) between them should be able to draw the necessary conclusions.

*What systems should the organisation have in place to ensure any assessors it engages are fit and proper to be assessors?*

See comment under 8.5.2. If the question relates to the organisation being a forestry entity, then they should only have to rely on the fact the assessor is 'recognised' or their employing company is recognised by MPI.



*Are there any other requirements that should apply to recognised agencies? If yes, what should these requirements be?*

No specific comment

## Recognition of Classes of Individuals

For the questions below, NZIF suggest these are all issues of detail for MPI to sort out. They are of little relevance for the day-to-day running, and compliance by industry entities, with whatever regulations finally arise. What is relevant is MPI does not impose complexity, overhead and high cost to a system of regulation which needs to be and should be relatively simple to put in place while achieving a high level of certainty wood products are not illegally sourced in NZ.

## Conditions on Recognition

As above.

## Duties of Recognised Assessors and Agencies

Presuming these assessors will be preparing assessment reports each time they review an entities DD system. As already suggested such reports (or a summary) including conformance /non-conformance might be uploaded by the registered person against their registration. This would remove the need for assessors to undertake any other reporting to MPI.

## Assessing Due Diligence Systems

*What practice standards, if any, are needed for undertaking assessments?*

It is difficult to foresee what if any practice standards might be require when there is no 'strawman' presented for discussion. NZIF suggest any practice standard which might evolve will be based around the key functionality items determined as required to make a DD system meet the regulatory requirement.

*What information should an assessment report include?*

For what should be a relatively simple system one would expect it to include – verification of presence of key functionality items and steps, verification of sample flow/ links through the system, compliance/non-compliance, issues/recommendations.

*Should there be any limits on the recommendations an assessor can make? If yes, what should the limits be?*

No particular view. An assessor's breadth of influence should be strongly tied to the system functionality keystones.

*How much time should be allowed for responding to the report or taking corrective action?*

One would expect some form of differentiation between major and minor non-conformances. Until there is an actual view of what a DD systems functionality keys look like it is a moot point to suggest what those differentials should be.

*How specific should the assessor be about any corrective actions recommended? Why or why not?*

Normal procedure is an auditor will not try to recommend the detail of how a corrective action be made, rather they would note the area where a corrective action is required and why the current system is failing in the identified area.

*Should there be a difference between the first time a due diligence system is assessed and subsequent assessments? Why or why not?*

It is conceivable this might be advantageous where the inner working of e.g. a digital system, needs to be better understood before the overall working of the DD can be verified. However, this is most likely a requirement if systems are becoming complex, a feature to be avoided if at all possible.

## Public registers

### Assumptions

*Do you agree with these assumptions? Why or why not?*

The notion of a public register is likely an important factor for overseas clients utilising NZ supplied wood. There would be reason to doubt much effect within NZ as it will become rapidly recognised most of the industry is on the register and slip-ups are rare thus providing little basis for checking.

*Are there any other assumptions you think we can make?*

None in particular

### Public Registers for Legal Harvest

In relation to all the questions it was noted in the early stages of this consultation response, the register itself (as with those used by the certification bodies FSC & PEFC) should contain little more than a registration code linked to a registered responsible person or entity. This link enables a client receiving timber products to confirm the identity of the party in the first link in the supply chain and they are registered, and registration is current. This is the basic requirement. Audit reports might be held in a



digital repository linked to the registration code as part of the annual report to MPI if this is proceeded with. The temptation to add more should be resisted because of the rapid escalation of overhead cost and system complexity involved. If a client receiving timber products wished for more information, they would track the supplier through the code and request further information related to the code sequences provided with the timber products purchased.

## General Comments

NZIF appreciates the opportunity to submit on this consultation. We welcome any further opportunities to clarify the points raised in our submission. If you have any questions or require additional information, please feel free to contact the undersigned.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Treadwell'.

James Treadwell (*Fellow and RMNZIF*)

**President**

NZ Institute of Forestry

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