

Legislative Statement

Legislative Statement presented in accordance with Standing Order 272.

Forests (Log Traders and Forestry Advisers Repeal) Amendment Bill

This legislative statement supports **all readings** of the Forests (Log Traders and Forestry Advisers Repeal) Amendment Bill.

Objective

The objective of the Forests (Log Traders and Forestry Advisers Repeal) Amendment Bill (the Bill) is to reduce the regulation of, and associated compliance costs on forest businesses.

The Bill aims to –

- disestablish the mandatory registration system for log traders and forestry advisers (LTFA) legislated under the Forests Act 1949 (the Act); and
- revoke all associated regulations and notices.

The Bill also provides for –

- the Ministry for Primary Industries (MPI) to refund any fees or levies paid under the system and waive any fees or levies that are due but not yet paid at the time of commencement;
- all unresolved complaints and reviews to be extinguished and commercial disputes discontinued; and
- consequential amendments to be made to the Forests (Legal Harvest Assurance) Amendment Act 2023 (LHA) to:
 - ensure that when the LHA commences, the Act does not include any provisions that relate to the LTFA;
 - ensure the description of persons whose activities must be registered under the LHA is retained in the Act; and
 - defer the commencement to no later than August 2027.

Background

[Log Traders and Forestry Advisers](#)

The Act was amended by the Forests (Regulation of Log Traders and Forestry Advisers) Amendment Act 2020 (the Amendment Act), which was legislated in August 2020 and commenced in August 2022. The Amendment Act introduced a registration system for log traders and forestry advisers and provided for the development of regulations to specify further details of the system. The Forests (Regulation of Log

Traders and Forestry Advisers) Regulations 2022 (the regulations) were made in June 2022 and commenced in August 2022.

The Act and regulations:

- established a registration system for log traders and forestry advisers;
- set up a complaints and disputes system; and
- introduced cost recovery settings (registration fees and levies).

Further regulations were made in July 2023, which introduced duties for forestry advisers to undertake and report on continuing professional development activities. These are set to commence on 1 July 2024, which coincides with the requirement for registrants to pay an annual levy for the current levy year and for the Secretary to fix the levy for the next levy year.

The registration system for log traders and forestry advisers imposes obligations on registered log traders and forestry advisers with the stated purpose of ensuring that logs grown in New Zealand are bought and sold in a way that is transparent and professional. Since 6 August 2023 it has been an offence to operate as a log trader or provide forestry adviser services without being registered.

Compliance costs for log traders and forestry advisers to maintain their registration are either absorbed by forestry businesses or passed on to their client base, which includes small forest owners and those investing in forestry. Removing the regulations and associated compliance costs will avoid these costs from being absorbed by forestry businesses or passed on to forest owners and investors.

[Legal Harvest Assurance](#)

The LHA establishes a legal harvest system to assist in combatting global trade in illegally harvested timber, to safeguard and enhance market access for New Zealand timber exporters, and to assure the legality of the source of timber imported into New Zealand.

During the repeal of the registration system for log traders and forestry advisers, the definition of 'log trader' is being revoked. This definition is currently used in the LHA, and a description of persons whose activities must be registered under the LHA needs to be retained in the Act. In addition, several provisions within the LHA proposed to make changes to the registration system on commencement and so become redundant and need to be removed. Due to this, consequential amendments are required to the LHA ensure there are no regulatory gaps. The commencement date is proposed to be delayed to enable full engagement with trading partners and to develop and implement secondary legislation in a way that appropriately manages risk and does not add unnecessary compliance costs. The LHA is currently set to commence no later than May 2026.

Summary of the Bill

The Bill amends the Forests Act 1949 through:

- repealing Part 2A of the Act – Log Traders and Forestry Advisers and associated regulations and notices; and
- introducing new Part 3 into Schedule 1AA – transitional and savings provisions.

The Bill also amends the Forests (Legal Harvest Assurance) Amendment Act 2023 through:

- removing all provisions relating to the LTFA, and making necessary consequential amendments to the LHA, including to retain to a description of persons whose activities must be registered; and
- amending the commencement date to no later than 1 August 2027.

Key features of the Bill

Removal of Part 2A

Part 2A of the Act – Regulation of log traders and forestry advisers – provides for registration and related matters, complaints and disputes, cost recovery, regulations, and rules and exemptions. Part 2A is proposed to be removed entirely from the Act along with the associated regulations and notices.

Removing the reference to ‘Log Trader’

The definition of ‘log trader’ is being revoked as part of this Bill. The LHA relies on the definition of a log trader as it is used to define who must register for the LHA.

Currently, under the LHA, a person must be registered for legal harvest before they carry out the following activity:

- the activity of a log trader described in section 166(1)(a)

Section 166(1)(a) is part of the definition of a log trader (currently located in Part 2A of the Act and proposed to be moved by the LHA into a new Part 6), which will be removed. The Bill has replaced the reference to ‘the activity of a log trader described in section 166(1)(a)’ with the wording in section 166(1)(a). This is consistent with the policy intent of the LHA. The requirement to be registered under the LHA will apply to the same organisations under the amended provisions.

New Part 3 inserted into Schedule 1AA of the Act

- **Refunding and waiving fees and levies**

The Bill includes provisions that require the Secretary (chief executive of the Ministry of MPI) to take all reasonably practicable steps to refund any application fees and levies paid to MPI for the purposes of the registration system. This is required as soon as is reasonably practicable after the commencement of the Bill. All unpaid fees and levies will also be waived.

- **Extinguishing unresolved complaints**

Part 2A set up a complaints and resolution system for unsatisfactory conduct or misconduct by a log trader or forestry adviser. Any unresolved complaints made under the sections being repealed will be extinguished following commencement.

- **Extinguishing unresolved reviews**

Part 2A provides for a right of review of certain decisions of the Forestry Authority. Any unresolved reviews will also be extinguished.

- **Compliance with notices issued**

Registered persons will no longer need to comply with notices they have received from the Forestry Authority requiring information or, for log traders, requiring actions be taken to address unsatisfactory conduct.

- **Commercial disputes**

Parties subject to an existing commercial dispute made under the legislation will not need to continue to comply with the dispute resolution procedures once the regulations are repealed.

Extending the commencement of the LHA

The Bill requires consequential amendments to the LHA to ensure that it will function as intended once any provisions that relate to the LTFA are removed.

Extending the commencement date will help to ensure that there is sufficient time for secondary legislation to be developed under the LHA in a way that appropriately manages risk and does not add unnecessary compliance costs to industry.