



New Zealand Farm Forestry Association

Submission on the Regulation of Log Traders and Forestry Advisors Bill

Executive Summary

The New Zealand Farm Forestry Association submits that:

- The fundamental need is for a better-informed forestry sector working together rather than regulation.
- This Bill may further fragment the sector rather than unite it and we would prefer to see the sector and the Government coming together through a regular Forestry Conference.
- There is no need for a separate forestry authority – the New Zealand Institute of Forestry already exists and could, with some changes do all the jobs described in the bill.
- The current definition of terms such as Forestry Advisor and Log Traders will cause confusion and could force good professionals out of the sector.

Introduction

The New Zealand Farm Forestry Association is an incorporated society focussed on promoting the wise use of trees for profit, amenity, sustainability, and the environment. The Association has a paid membership of approximately 1,500 and we are confident that our views are shared by the 14, 500 small scale forest owners (SSFOs) who currently produce 40% of the wood harvested in New Zealand.

While our organisation supports the need to raise standards in the industry, and for SSFOs to have access to impartial and professional management advice, we do not think the Bill as it is currently drafted will achieve these aims.

We provide some examples why below.

Knowledge

The Explanatory Note states:

“The majority of those smaller owners (estimated at 14,000–15,000) have limited experience in the marketing and sale of forestry blocks.”

While we agree with this statement, it is hardly surprising as:

- Many SSFOs planted their trees during the log price boom in the 1990s,
- Forestry is typically not their “day job” and
- The 30 years required to grow trees to maturity mean that most SSFOs will only see one or two harvests during their lifetime.

This is in marked contrast with other parts of the rural sector where most participants are full-time, there are multiple sources of (frequently free) advice available and they are selling their products regularly (typically annually) so they can build up experience.

The New Zealand Farm Forestry Association supports the need to have better informed growers, and has been advocating for this for some time but we have concerns that the solutions proposed in the Bill do not address the heart of the matter; i.e. to have better informed small growers who can operate comfortably in a free market commercial forestry environment without the unintended consequences regulation can bring.

In our view, the best way of addressing this lack of experience is for the Government (MPI and Te Uru Rākau) to work with organisations like the New Zealand Farm Forestry Association and with professional bodies like the NZ Institute of Forestry to provide SSFOs with better advice on the marketing and sale of their trees. If this failed, regulation could be put in place.

Examples of how this information shortfall could be addressed include:

- Provide each grower, free of charge, with access to 4 hours of advice from a registered advisor;
- As part of the sales process, capture small-scale forest harvest costs and log sales data, analyse this, and put the results in a public database for benchmarking and knowledge building; and
- Encourage stakeholders to take part in regular, unifying national Forestry Development Planning Conferences.

Quality of Advice

The Explanatory Note states:

“The quality of the advice owners receive from forestry advisers and their interactions with log-trading entities are critical to the final returns they receive, and to the operation of the broader log market. A poor financial or environmental outcome for owners has flow-on effects on market confidence for current and new investors, the reputation and public image of the industry, and New Zealand’s ability to achieve its long-term land management and climate change objectives.”

While we are aware of incidences in which poor quality advice has been provided (as occurs in every industry), in our experience this is not a major issue.

Advice on all forestry-related areas is readily available from registered members of the NZ Institute of Forestry; the Institute having put in place performance standards that its members must abide by along with a robust Code of Ethics.

The real issue is that most SSFOs:

- do not know that they need advice;
- do not know the value of such advice (and hence won’t pay for it); and
- do not know where to find it.

Again, we believe that education of growers on the benefits of seeking advice, rather than the imposition of a regulatory regime, is the best solution to this problem and the recommendation above (that each grower be given access, free of charge, to 4 hours of advice from a registered advisor) would assist here.

The Bill Itself

Assuming that the Bill proceeds, it will need extensive modification if it is to meet the objectives listed in the Explanatory Note. We have not been able to carry out an extensive analysis in the very short time available but have listed below areas in which we see significant problems.

63B Forestry Authority

We do not see the need for a separate Forestry Authority with regulatory powers to be set up when an existing professional body – the NZ Institute of Forestry – already carries out many of the functions listed and is self-supporting. (See also 63K below.)

63H Meaning of log trader

We see scale problems with this definition – in particular, the requirement for registration of anyone wanting to process New Zealand logs that the person has grown themselves – irrespective of the quantity involved and whether or not the final product is for sale.

Many of our members cut down a few trees each year and process the trees themselves using a portable sawmill.

We recommend that a threshold be set that allows small scale harvesting and processing without requiring registration as a log trader.

63K Forestry advisers must be registered

As noted above, this bill would duplicate the process that is already run by the NZ Institute of Forestry for the registration of advisors - a practical solution may be for the registration and monitoring of registered advisers to be clearly placed with the Institute. There are approximately 85 registered forestry advisers currently listed on the Institute's website which includes information about their expertise and location.

63L Meaning of forestry adviser service

Again, we feel this definition could be clearer.

Under the current definition, the NZ Farm Forestry Association (and its members) may be required to be registered, as, in the ordinary course of our business (running an incorporated society for small scale forest growers) we provide advice to our paying members and often anyone that asks us – either one-on-one or in a group situations such as field days at members' properties.

Also, we believe some aspects (see 63L (b)) overlap with existing legislation governing Real Estate.

We recommend that the definition be changed to

- remove any doubt about the possibility that organisations like ours (and our members and employees) would need to be registered before we are able provide any form of advice; and
- clarify the issues associated with sales where standing forests are sold with land.

63ZI Obligation to recover costs

While, under this clause, it will be the Forestry Advisors and Log Traders who will be sent the bill for whatever cost-recovery scheme is put in place, it will be the forest grower who will end up paying for it either in the form of more costly advice or via lower prices for logs.

It is therefore vitally important that cost be kept to a minimum and that duplication of resources be avoided.

63ZZC Rules: forestry practice standards

This section states that the Forestry Authority may make rules in areas including:

- land preparation
- planting
- forest management
- harvest planning
- site preparation
- biosecurity
- sustainable land use
- biodiversity
- emissions trading;
- sale and purchase agreements for domestic transactions
- sale and purchase agreements for exports
- etc.

Given that well established standards (e.g. the guides published by the Farm Forestry and Forest Owners Associations, the National Environment Standard for Plantation Forestry, the Resource Management Act, the GIA for biosecurity, etc.) already exist, there seems little point in establishing yet another, potentially conflicting, set of rules.

63ZZD Rules: code of ethics

As noted above, the NZ Institute of Forestry already require their registered members to abide by a proven and tested code of ethics ; and it may be better to review this code rather than establish another.