

Appendix One - Impact of legislation on key stakeholders

Licensing & Registration

Forest growers will benefit from the increased transparency provided by the licensing of log buying and trading entities. They will also benefit from greater certainty in the quality and consistency of advice they have available to them from registered forestry practitioners (including those providing log buying and trading services). While they will not face any direct costs from the introduction of the regulatory system, it might be anticipated that forestry practitioners will seek to recover the cost of licensing and registration from the fees they charge forest growers. Officials do not consider these additional costs – if they are passed on – will make a material difference to grower costs. Those growers who currently contract registered consultants should see little change in costs.

Log buyers, traders and other forestry practitioners will benefit from the assurance licensing and registration provides to their clients, their access to enhanced professional development opportunities, and an independent complaints and disputes resolution service. More broadly, they will benefit from the expected improvement in the professional reputation of the industry and any increased employment opportunities that arise from increased investment or re-investment in the industry. The estimated 85-90% of practitioners that are currently not registered with the NZIF will incur the additional financial cost of registration, as well as the personal cost associated with ongoing professional development.

With the shift to compulsory registration, there is the potential for forestry practitioners with extensive industry experience, but few formal qualifications to be disadvantaged. The assessment standards developed by the licensing and registration body will need to cater for these grand-parenting situations, while the continuing education programme may need to provide targeted training to ensure key skill areas are met and maintained.

The proposals have significant implications for the NZIF. Firstly, it will need to determine whether its current membership will support the Institute administering a mandatory licensing and registration scheme. Under active consideration

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As regulatory steward, MPI will have a significant role to play in the development and establishment of the scheme as well as monitoring the performance of the licensing and registration body and the overall scheme on an ongoing basis. In the start-up phase this will include advice on the development of the primary and secondary legislation and any enabling bylaws as well as a significant stakeholder engagement programme to promote the new programme. Once the licensing and registration body has been established and reached a steady state, MPI will focus on its performance monitoring and reporting function.

The cost of undertaking the policy work to support the development of the associated regulatory regimes will be met from MPI's baselines. The Act will enable the recovery of direct and indirect costs associated with implementing the Act if required. The Minister of Forestry may, however, seek further investment to implement the regime through the Budget 2021/22 process if required.

Log buying and trading entities, including timber processors & log exporters, will benefit from the contribution licensing and registration is expected to make to the integration of the forestry supply chain through improved connections between growers, processors and exporters. Like other industry stakeholders they will benefit from any lift in investment and reinvestment in forestry. They will, of course, incur licensing costs, including the cost of an application bond, and the additional professional development and registration costs for their staff who perform services that require registration. Officials also anticipate that companies will need to provide training support to enable their staff to be eligible for registration.

Further details on the bond cost implications are outlined in the regulatory impact statement.