

Forests (Legal Harvest Assurance) Amendment Bill

Government Bill

As reported from the Primary Production Committee

Commentary

Recommendation

The Primary Production Committee has examined the Forests (Legal Harvest Assurance) Amendment Bill and recommends that it be passed. We recommend all amendments unanimously.

Introduction

The Forests (Legal Harvest Assurance) Amendment Bill would amend the Forests Act 1949. The bill responds to concern about the international trade in illegally harvested timber. It seeks to reduce the risk of importing timber that is not legally harvested, while providing domestic and export purchasers of timber products with an assurance that New Zealand-sourced products are from legally harvested logs.

The bill would establish a new regulatory system that enables the forestry and wood-processing sector to provide domestic consumers and export markets with greater assurance that the timber products they are purchasing are from legal sources.

The proposed legal harvest system would have operational overlaps with the regulation of log traders introduced through the Forests (Regulation of Log Traders and Forestry Advisers) Amendment Act 2020.¹ That Act inserted Part 2A into the Forests Act. The bill would make various adjustments to Part 2A to ensure that the two systems operate as efficiently as they can. The changes include moving the provisions relevant to log traders into a new Part 6 of the Act, to better align the regulatory system for log traders with the legal harvest system.

¹ The Forests (Regulation of Log Traders and Forestry Advisers) Amendment Act 2020 came into force on 6 August 2022.

Legislative scrutiny

As part of our consideration of the bill, we have examined its consistency with principles of legislative quality. We have no issues regarding the legislation's design to bring to the attention of the House.

Proposed amendments

This commentary covers the main amendments we recommend to the bill as introduced. We do not discuss minor, technical, or consequential amendments.

Regulation of log traders and forestry advisers

Part 1 of the bill would amend various existing provisions in the principal Act relevant to forestry advisers and log traders. The main changes are to the provisions in Part 2A of the Act (sections 63A to 63ZZN) which was inserted by the Forests (Regulation of Log Traders and Forestry Advisers) Amendment Act 2020. We propose some further adjustments in Part 1, as discussed below.

Categories of registration

Section 63C of the Forests Act established the functions of the Forestry Authority, the first of which is to establish and maintain a registration system for log traders and forestry advisers. We recommend inserting section 63C(2). This would allow the Forestry Authority to establish different categories of registration for registered forestry advisers.

Meaning of forestry adviser service

Section 63M(1) of the Act sets out the circumstances in which a person is considered to be providing a “forestry adviser service”, and is therefore required to be registered as a forestry adviser. Section 63M(2) sets out activity that is excluded from this definition and therefore excluded from the requirement to be registered.

Acting on behalf of another person

Section 63M(1)(b) states that a person is providing a forestry adviser service if they are “acting on behalf of another person in relation to their sale or purchase of timber or other forest produce”.

We note that the intent of section 63M(1)(b) is to capture agents acting on behalf of a client when purchasing or selling logs or other harvested material. We are concerned that, as the Act stands, section 63M(1)(b) could capture any person buying timber on someone else's behalf at any stage in the supply chain up to and including retail. We recommend amending section 63M(1)(b) so that a person is acting as a “forestry adviser service” if they are acting on behalf of another person in relation to their sale or purchase of timber, or of other forest produce. This would apply only from the time of harvest up to and including the first processing.

Exemption from registration requirements

Section 63M(2)(a) of the Act exempts a person from being included in the meaning of “forestry adviser service” if the activity being carried out is “incidental to, and not the principal part of, their business”. We understand that this has caused some confusion, as subsection 63M(1) refers to a person’s “ordinary course of business”, rather than the “principal part of their business”.

We believe the provision may unintentionally exempt a person whose principal business may be non-forestry related (for example, farming advice), but who is providing forestry advice which is not incidental. We recommend clarifying that the exemption only applies to the provision of advice that is ancillary or incidental.

Legal harvest system

Clause 42 would insert three new Parts into the Forests Act. New Part 5 (sections 74 to 172) would establish a legal harvest system. The legal harvest system would require:

- responsible persons, unless exempt, to provide legal harvest information when supplying timber to another person in trade
- a person to be registered for legal harvest before acting as a log trader for certain activities, carrying out the first processing of regulated timber, or importing or exporting any specified timber product in trade
- registered persons to implement a due diligence system to mitigate or eliminate the risk of dealing with regulated timber and specified timber products that are not legally harvested.

Restriction on exercise of power of entry

For the purpose of enforcing new Part 5, new section 142 would allow an officer to undertake a warranted entry and search, take samples, and seize documents or other things, in order to determine whether a person is complying with new Part 5.² The power to issue the search warrant is given in section 71B of the Act. We believe the power to conduct a search in new section 142 should have clearer justification.

We recommend amending section 71B so that a search warrant may only be issued when an issuing officer has reasonable grounds for entry. The reasonable grounds should be that in the place to be searched, there is either something that relates to an actual or intended offence against new Part 5, or evidence of the commission of the offence.

² In the bill as introduced, using existing definitions in the Forests Act, an “officer” would mean a forestry officer appointed under the Public Service Act 2020 or by the Minister. “Officer” may also mean an officer or employee of the public service, if necessary for the administration of the Forests Act.

Interpretation

New section 76 would introduce a number of definitions for the purposes of new Part 5. We recommend the following amendments:

- deleting the definition of “declaration of compliance”, as the term has not been used in the bill
- adding a definition of “first processing”
- amending the definitions of “regulated timber”.

“First processing”

New section 84 would require that persons must be registered for legal harvest before carrying out certain activities. We note that one of these activities is “in trade, the first processing of regulated timber”. However, in the bill as introduced, “first processing” is not defined.

We recommend inserting a definition of “first processing” in proposed new section 76(1). The definition would include sawing, chipping, pulping, splitting, veneer peeling, or slicing of unprocessed logs, or any other process specified in regulations. It would not include removing the branches of felled trees, or cutting them to log grades or lengths at a harvest site.

“Regulated timber”

We believe the definition of “regulated timber” should be broadened to recognise the growing commercial demand for residues and other parts of the tree, particularly for the renewable bioenergy market. We therefore recommend amending the proposed definition of “regulated timber” in new section 76 to include the roots, stumps, logs, branches, and leaves from:

- exotic timber species, unless excluded by regulations
- indigenous timber species, but only if included in regulations.

Definition of “legally harvested”

New section 77 would set out when timber is “legally harvested”. Under this section, timber would be legally harvested if the person harvesting has a legal right to harvest and all legal authority. While carrying out the harvest, the person harvesting the timber must also not contravene the harvest laws of the place or country of harvest.

As part of this definition, new section 77(3) would define “harvest laws” as laws that “set requirements, conditions, or restrictions relating to land and resource use; or property rights or interests in what is harvested; or any other matter that the Secretary considers relevant for the purposes of this Part”.³

³ The bill proposes that the Forestry Authority (referred to as the Secretary) would have functions, powers, and duties as the regulator for the legal harvest regulatory system.

We believe the definition of “harvest laws” needs to cover the use of land and access to land for harvesting. Our proposed amendment to new section 77(3)(b) would extend the definition of harvest laws to include property rights and interests in the land, as well as what is harvested.

Clarification of notices for new section 77

New section 139 would allow the Secretary to specify the harvest laws of a place or country in a notice. We understand that the policy intent is that new section 77 would provide for two kinds of notice:

- new sections 77(2) and 139 would allow the Secretary to issue a notice specifying what the Secretary considers to be the harvest laws of a place or country
- new sections 77(3)(b)(iii) and 139 would allow the Secretary to issue a notice specifying other matters that the Secretary considers relevant for the purposes of new Part 5, apart from the matters already listed in new section 77(3)(b)(i) and (ii).

We recommend amending section 77 to make it clear that there would be these two kinds of notices.

The Regulations Review Committee commented to us that these provisions in new section 77, and the provisions in new section 139, interact in a confusing manner. The committee found it unclear why notices issued under new section 139 would not be identified as secondary legislation. We agree. We recommend amendments that would require both types of notice under section 77 to be published in the way that is specified in section 139, and for both to be identified as secondary legislation.

Complying with legal harvest information requirements

New section 80 would set out the legal harvest requirements for persons supplying regulated timber. New section 80(c) would state that if the supplier becomes aware that any part of the information is false or misleading in any material particular, they must provide the recipient with correct and up-to-date information.

We understand that this provision aims to ensure that the person receiving the timber, and doing due diligence, would have sufficient information to assess and mitigate risks. It was intended to apply only to the legal harvest information provided by a responsible person (such as a forest owner), and would not impose any obligations on a registered person. We recommend amending new section 80 to make this clear.

Requirements for legal harvest statement

As introduced, new section 82(1)(a) would state that the legal harvest statement must identify the timber to which it relates (for example, by referring to the location of the harvest site, when the timber is or will be provided, or the species of timber). We believe that, to allow flexibility, this detail should be in secondary legislation. We recommend amending this provision to empower regulators to set criteria for identifying timber, for example by location or by species of timber.

New section 82(1)(b) would allow the legal harvest statement to relate to 1 or more consignments of timber. We consider that there is no need to mention consignments, because criteria on how to identify timber in a legal harvest statement could either be set in regulations, or under section 82(1)(a). In addition, a “consignment” could be misinterpreted as a truckload. We therefore recommend removing new section 82(1)(b).

Persons registered for legal harvest

New section 87 would set out the obligations of persons registered for legal harvest. They include having and using a due diligence system, adhering to practice standards, and keeping records. New section 113 would empower the Secretary to set export requirements. We recommend amending new section 87(1) to include the obligation to comply with any relevant export requirements imposed under section 113.

Conditions under which a registered person must not receive regulated timber

New section 88 would state that a registered person must not receive regulated timber or specified timber products unless they also receive the legal harvest information, or exceptions apply. We are concerned that this section would not adequately describe how the system would work in practice. We therefore recommend amending new section 88 to make it clear that the registered person would need to receive the legal harvest information and undertake due diligence before receiving the regulated timber or specified timber product.

Reciprocal requirement to supply legal harvest information

We wish to prevent any situation where a registered person could not do due diligence because another person refused to provide the necessary legal harvest information. Therefore, we recommend adding proposed section 88A to require a registered person to supply the legal information that they hold for any timber or specified timber product to another registered person on request.

Registered person must declare continuing compliance with obligations

New section 89 would require a registered person to provide a declaration to the Secretary that they are continuing to comply with their obligations. New section 89(2)(a) would state that the declaration must be made annually by the date specified in regulations, or at any other times as required by the Act.

As introduced, new section 89(3) would allow the Secretary to grant a person an extension of up to 20 working days to make their annual declaration. We are concerned that this power would only apply to an annual declaration, and not to a declaration made “at any other time” under new section 89(2)(a)(ii).

We recommend amending new section 89(3) to allow the Secretary to grant the 20 day time extension for any declaration made under section 89, not only an annual declaration. This would depend upon the Secretary’s satisfaction that the person is, for reasons outside their control, unable to provide the declaration by the due date.

Suspension of registration for legal harvest

New section 95 would set out the process for suspending a person's registration for legal harvest. New section 95(6) would allow the Secretary to impose conditions that apply for the duration of the suspension.

We consider that the Secretary's ability to impose conditions should be limited. We recommend amending section 95(6) so that the Secretary could only impose conditions that the Secretary considers necessary or desirable for the purposes of new Part 5, and that are reasonable.

Revocation of registration for legal harvest

New section 97 follows sections that would set out the process for suspending a person's registration for legal harvest. Section 97 would establish the circumstances in which the Secretary must revoke a person's registration. We consider that it should also set out conditions in which the Secretary may revoke a person's registration.

We recommend inserting section 97(1A) to allow the Secretary to revoke a person's registration for legal harvest. The Secretary must be satisfied that the person had failed within a reasonable time to correct the problem that caused the suspension, and had not sought a review of the decision to suspend registration.

Due diligence systems for legal harvest

New section 98 would require a registered person to have a due diligence system for legal harvest, and to act in accordance with it. As introduced, the section sets out requirements that regulations could cover. They include proposed requirements for the information that a registered person must collect.

We consider that this section could be more descriptive about the requirements that regulations could set for due diligence. We recommend adding more detailed criteria for requirements on how to access information collected, and a more detailed description of the types of information to be collected.

Assessment of due diligence system

New section 105 would set out how the assessment of a due diligence system must be carried out. New subsection (4) would require the assessor, in accordance with requirements set out in regulations and practice standards for legal harvest, to complete the assessment, produce an assessment report, and notify the outcome to the Secretary.

We consider that new section 105(4) should provide more detail on how to carry out an assessment. We recommend amending it to require the assessor to provide a draft assessment report to the registered person before producing a final report. The assessor should also allow them sufficient time to respond to recommendations in the draft report and to carry out any corrective actions.

Exporter statements and requirements

New section 110 would contain requirements for applying for an exporter statement. As introduced, the section states that the application must specify the countries to which the regulated timber or specified timber product is intended for export, and include information specified in regulations.

We do not believe that new section 110(2)(a) needs to mention regulated timber, because “specified timber products” covers all exports covered in the exporter statements, including whole logs and timber. We recommend that “regulated timber” be removed from this section and, consequentially, from sections 107 to 108.

We also understand that the Secretary would need to accurately assess the application, and ensure that it includes information that helps the exporter with market access. We therefore recommend inserting provision 110(2)(aa). This would require an application to include a statement from the applicant that they are complying with all applicable export requirements.

Export requirements

New section 113 would enable the Secretary to impose export requirements relating to specified timber products that are legally harvested.

We understand that, as introduced, the intention was that section 113 would encompass two types of export requirements. The first type is requirements set by overseas markets, where there is often no time to consult affected parties, and little point in doing so. The second type is requirements set by the New Zealand Government to improve access to overseas markets. For this type, we believe there is good reason to consult affected parties and time to do so. We recommend amending section 113(1) to clearly distinguish between the two types of export requirements.

Under new section 113(2)(b)(i) as introduced, the Secretary must be satisfied that the export requirements are necessary or desirable for the purpose of facilitating access to overseas markets. We recommend adding “or supporting” after the word “facilitating” to recognise that continued market access may need ongoing support.

We also recommend adding a provision to section 113(2)(b). This would mean the Secretary must be satisfied that the export requirements are necessary or desirable to safeguard or strengthen New Zealand’s reputation as a producer of legally harvested timber.

We recommend inserting proposed section 113(4A) to require the Secretary to consult with interested persons or organisations before imposing an export requirement set by the New Zealand Government.

Secretary may grant exemption from export requirement

As introduced, new section 115(1) would allow the Secretary to grant an exemption from an export requirement for all or any class of specified timber products, or all or any class of person, if satisfied that the exemption is appropriate. We recommend

amending new section 115(1)(b) to allow the Secretary to grant an exemption for a particular person, in addition to all or any class of persons.

The Regulations Review Committee suggested to us that the new section should provide clearer criteria for exemptions from export requirements. We agree.

We recommend amending new section 115(2) to allow the Secretary to grant an exemption if the product to be exported is:

- to be used for product assurance or research purposes
- to be used as trade samples or for the assessment or development of any overseas market
- for personal or non-commercial use;

or if the exemption is authorised by regulations.

We also recommend inserting section 115(2A) so that the Secretary could only grant an exemption if satisfied that the person or class of person is using the timber product for a purpose specified in section 115(2)(a), or if the exemption is authorised by regulations.

Legal harvest assurance

Recognition of assessors for due diligence systems

Under the bill, the Secretary's functions would include approving recognised agencies that would provide assessors for the assessment of due diligence systems for legal harvest assurance. The bill sets out proposed requirements for a recognised agency. New section 120 would allow the Secretary to recognise a class of individuals as assessors on the application of a recognised agency.

We note that other regulatory systems administered by the Ministry for Primary Industries, such as under the Food Act 2014, allow for the recognition, as assessors, of a class of individuals not linked to a recognised agency. We recommend amending section 120 to allow the Secretary to recognise a class of individuals on their own application, in addition to a class of individuals employed by a recognised agency. The class of individuals not linked to a recognised agency could, for example, be auditors employed by a recognised certification scheme, or registered forestry advisors who have the appropriate competencies and qualifications.

We also recommend inserting section 120(2A). This would require the Secretary to be satisfied that the individuals have the appropriate competencies, training, qualifications, and experience suitable for assessment of due diligence systems, in addition to any other requirements specified in regulations.

We further recommend inserting section 120(2B). This would allow the Secretary to exclude one or more members or categories of the recognised class from being accepted as assessors.

Suspending recognition of assessors or agencies

New section 126 would allow the Secretary to suspend a recognition if the Secretary has reasonable grounds to believe that the assessor's or agency's performance is unsatisfactory, or they have failed to satisfy a requirement, or failed to pay any fee, charge, or levy within a specified time. New section 129 would allow the Secretary to withdraw recognition of a recognised assessor, agency, or class of individuals in certain circumstances.

We are concerned that new sections 126 to 129 are not clear on whether the Secretary could suspend recognition of a class of individuals, or suspend an individual within a class of individuals. We recommend amending new sections 126 to 129 to make it clear that the Secretary may suspend a class of individuals, or an assessor who belongs to a recognised class of individuals.

We also recommend inserting proposed section 126(1A). This would mean that the Secretary could only suspend recognition of a class if a significant portion of the class fail to meet the criteria set out in new section 126(1).

New section 129(1) would establish the conditions under which the Secretary may withdraw recognition. We recommend inserting proposed section 129(1)(aa), which would empower the Secretary to withdraw recognition if the person's recognition has been suspended, and they have exhausted their right of review of the suspension.

We also recommend inserting proposed section 129(2), which would allow the Secretary to withdraw recognition in cases where recognition is already suspended, and the person has neither taken appropriate corrective action nor sought a review of the decision to suspend.

Powers, compliance, and enforcement*Secretary's power to obtain information*

Under new section 140, the Secretary could require a person or class of persons to provide information specified in a notice. Section 140(2) specifies the reasons for which information may be sought. These include section 140(2)(d), which would allow the Secretary to gather statistical information in order to understand the forestry supply chain, monitor and evaluate the effectiveness of the legal harvest system, or provide more certainty and transparency for suppliers in the forestry supply chain.

We are concerned that it is not clear that the Secretary's power to gather this information would be aligned with the purpose of this bill. We understand that the policy intent is that the power to gain statistical information is limited to requesting information for the purposes of new Part 5, which would establish a legal harvest system. We recommend that new section 140(2)(d) be amended to state that the Secretary must be satisfied that the statistical information gathered is for the purpose of new Part 5.

Officer undertaking warranted search may be accompanied

New section 141 would allow an officer to undertake warrantless entries and searches of places (except a dwelling house or marae) at any reasonable time. New section 142

would establish the conditions under which an officer may undertake entry and inspection under a search warrant.

Section 141(4) would allow an officer to be accompanied by another person. We recommend that new section 142 be amended by inserting a provision that is similar to new subsection 141(4), so that officers undertaking warranted entries and searches may also be accompanied by another person.

Warning and compliance notices issued to registered persons

New section 144 would empower an officer to issue a warning notice, and subsequently a compliance notice, to a registered person if they believe that person is failing, or has failed, to comply with a requirement imposed by or under new Part 5.

New section 144(3)(e) would require the compliance notice to state four potential results for failing to comply:

- an infringement notice being issued
- conditions being imposed on the person's registration
- suspension of registration
- prosecution.

We are concerned that, under the section as introduced, failure to comply may result in only one of the four actions being carried out. We recommend amending new section 144(3)(e) so that failure to comply with a compliance notice may result in one or more of the four potential results.

Offences and penalties

Offence to provide false or misleading information

Under new section 145(1), a person would commit an offence if they supplied false or misleading information for certain purposes under new Part 5.

We consider the scope of the proposed dishonesty offences too narrow. We recommend inserting section 145(1A) to include the offences of aiding or conspiring with another person to commit an offence under this section. The penalty level for this new offence would be up to \$200,000 for an individual, and a maximum for others of \$600,000.

Penalty limits for offences

Proposed penalty limits for the offences in new section 145 are stated in subsections (4) and (5). We consider the penalty amounts low, compared to penalties for similar offences under other legislation relating to the Ministry for Primary Industries, and taking into account the amount of money involved in forestry exports and imports.

We recommend replacing the penalty amounts in new section 145(4) with fines of up to \$200,000 for an individual, and a maximum for others of \$600,000. Similarly, we recommend replacing the penalty amounts in proposed section 145(5) with fines of up to \$100,000 for an individual, and a maximum for others of \$200,000.

New section 146 would specify strict liability offences relating to obligations and requirements under new Part 5. For the same reasons as above, we consider the maximum penalty limit in proposed subsection (4)(b) too low. We recommend increasing the maximum penalty in new section 146(4)(b) for a non-individual to \$200,000.

Infringement offences for legal harvest, log traders, and forestry advisers

As introduced, subpart 11 of Part 5 (new sections 147 to 155) would establish an infringement regime for lower-level offences in the legal harvest system. We note that there is no similar infringement regime for the registration of log traders or forestry advisers. We believe that introducing a common regime for infringement offences would incentivise compliance, and contribute to aligning the regulatory systems.

We therefore recommend amending the bill to establish an infringement system for the regulation of forestry advisers and log traders, and to align it with the proposed infringement regime for legal harvest under new Part 5. To do so, we recommend deleting subpart 11 of Part 5 as introduced and moving these provisions to Part 7 of the bill as new subpart 2.

If a log trader committed any of the strict liability offences proposed in section 192(1), or those specified in regulations, that could count as an infringement offence.

The infringement offences for forestry advisers would be against any of the strict liability offences in section 63ZK(1) of the Act relevant to forestry advisers, or specified in regulations as infringement offences.

Part 6: Log traders

Meaning of log traders

New section 174 would define the meaning of “log trader” for the purpose of new Part 6. This definition also applies to new section 84 in new Part 5, which would require a person to be registered for legal harvest to undertake certain activities. These activities include the activity of a log trader, as described in new section 174(1)(a).

New section 174(1)(c) would further define a “log trader” as a company that, in trade, transfers the ownership of New Zealand logs to or from a related company. We are concerned that the wording about related companies in this new subsection is unclear.

We understand that the policy intent is to ensure that integrated organisations that have bought logs from a related company would not be able to avoid registration and obligations. However, we note that the provision as introduced could capture a forest owner who transfers the ownership of logs to a related company.

We understand that the policy intent was not to register forest owners and growers as log traders, unless they export the logs themselves. Consequently, we recommend amending new section 174(1)(c) so that it would cover a company that, in trade, receives ownership of New Zealand logs from a related company.

Disputes

New section 189 would set out a procedure for disputes between owners of forests and any registered, or previously registered, log trader. New section 204 would enable the Governor-General to make regulations establishing a process for disputes about commercial matters covered by proposed section 189.

Submitters pointed out that both provisions could conflict with any dispute requirements set in a contract between the parties. We recommend inserting section 189(5). This would clarify that any dispute process specified in a relevant contract between the parties is not affected by the provisions in new section 189.

The Regulations Review Committee noted that, as introduced, new section 204 would not provide any parameters or guidelines for the dispute process. We therefore recommend amending section 204(1) to clarify that regulations alone may establish the process to deal with disputes, and provide for how disputes are referred.

Offences relating to log traders

New section 192(1) would specify the conditions that would define when a person commits an offence. We recommend inserting proposed section 192(1A) to set out the conditions under which they would have a defence for a charge. We further recommend adding proposed section 192(1B) to make the defence available only if the defendant notified the prosecutor at least 15 working days before the hearing that they intended to rely on the defence.

Right of review of certain decisions

New section 209 would allow a person to seek a review of certain decisions. One of these decisions, in section 209(1)(d), relates to a decision by the Secretary under new section 191 to issue a notice requiring a registered log trader to rectify an error or omission. We note that this would only cover one of two types of notice that could be issued under section 191. For completeness, we recommend amending section 209(1)(d) so it also covers a notice requiring the log trader to take steps to provide relief from the consequences of the error or omission.

Appendix

Committee process

The Forests (Legal Harvest Assurance) Amendment Bill was referred to the committee on 21 June 2022. We invited the Minister of Forestry to provide an initial briefing on the bill. He did so on 25 August 2022.

We called for submissions on the bill with a closing date of 3 August 2022. We received and considered 21 submissions from interested groups and individuals. We heard oral evidence from eight submitters at hearings in Wellington and by videoconference.

We received advice on the bill from the Ministry for Primary Industries. The Office of the Clerk provided advice on the bill's legislative quality. The Parliamentary Counsel Office assisted with legal drafting. The Regulations Review Committee reported to us on the powers contained in various provisions.

Committee membership

Jo Luxton (Chairperson)

Mark Cameron

Nicola Grigg

Steph Lewis

Anna Lorck

Todd Muller

Angela Roberts

Tim van de Molen

Key to symbols used in reprinted bill

As reported from a select committee

text inserted unanimously

~~text deleted unanimously~~

Hon Stuart Nash

Forests (Legal Harvest Assurance) Amendment Bill

Government Bill

Contents

	Page
1 Title	9
2 Commencement	9
3 Principal Act	9
Part 1	
Amendments to principal Act	
4 Section 2 amended (Interpretation)	10
5 Section 2B amended (Parts of this Act that bind the Crown)	11
6 Section 13 amended (Protection of forestry officers, etc)	11
7 Section 15B amended (Collection and disclosure of statistical information)	11
8 Section 59 amended (Offences with respect to forestry officers)	11
9 Section 60 amended (Other offences)	11
10 Part 2A heading amended	11
11 Section 63A amended (Purpose of this Part)	11
12 Section 63B replaced (Forestry Authority)	12
63B Forestry Authority	12
13 Section 63C amended (Functions)	12
14 Section 63G amended (Power to obtain information from registered persons)	12
15 Sections 63H to 63K and cross-heading above section 63H repealed	12
<u>15A</u> Section 63M amended (Meaning of forestry adviser service)	<u>12</u>
16 Section 63N amended (Entitlement to be registered forestry adviser)	12
17 Section 63P amended (Application for registration)	12
18 Section 63Q amended (Decision on application for registration)	12

Forests (Legal Harvest Assurance) Amendment Bill

19	Section 63R amended (Registrations expire unless renewed)	12
20	Section 63S amended (Application for renewal of registration)	13
21	Section 63T amended (Decision on application for renewal of registration)	13
22	Section 63U amended (Conditions of registration)	13
23	Section 63V amended (Measures to address unsatisfactory conduct or misconduct)	13
24	Section 63W repealed (Notice requiring log trader to address unsatisfactory conduct)	13
25	Section 63X amended (Suspension of registration for misconduct)	13
26	Section 63Y amended (Revocation of registration)	13
27	Section 63Z amended (Right of review of certain decisions of Forestry Authority)	13
28	Section 63ZA amended (Who reviews decision)	13
29	Section 63ZJ amended (Disputes about commercial matters)	13
30	Section 63ZK amended (Offences)	13
31	Cross-heading above section 63ZM replaced	14

Register of forestry advisers

32	Sections 63ZM and 63ZN repealed	14
33	Section 63ZP amended (Form of forestry registers)	14
34	Section 63ZQ amended (Access to forestry registers)	14
35	Section 63ZR amended (Obligation to notify Forestry Authority of changes)	14
36	Subpart 2 of Part 2A repealed	14
37	Section 63ZZC amended (Requirements before making regulations)	14
38	Section 63ZZD amended (Regulations may subdelegate power to make rules)	15
39	Section 63ZZE amended (Regulations: registration)	15
40	Section 63ZZL amended (Rules: forestry practice standards)	15
41	Section 63ZZN amended (Exemptions from registration requirements)	15
41A	<u>Section 71B amended (Restriction on exercise of power of entry)</u>	<u>15</u>
42	New Parts 5 to 7 inserted	16

Part 5

Legal harvest assurance

74	Purpose of this Part	16
75	Outline of legal harvest system	16
76	Interpretation	17
77	When is timber legally harvested?	19
78	How indigenous timber is regulated under this Part	20

Forests (Legal Harvest Assurance) Amendment Bill

	Subpart 1—Who must comply with legal harvest information requirements	
79	Responsible person must comply with legal harvest information requirements	20
80	Legal harvest information requirements	21
81	Persons <u>When responsible person not required to comply</u> with legal harvest information requirements	21
82	Requirements for legal harvest statement	22
83	Voluntary compliance with legal harvest information requirements	22
	Subpart 2—Who must register for legal harvest	
84	Persons must be registered for legal harvest before carrying out certain activities	23
85	Registration criteria for legal harvest	23
86	Persons not required to be registered for legal harvest	24
	Subpart 3—Obligations of persons registered for legal harvest	
87	Obligations of registered persons	25
88	Registered person must not receive regulated timber or specified timber products unless they also receive legal harvest information or exceptions apply	26
<u>88</u>	<u>Registered person must not receive regulated timber or specified timber products unless they receive legal harvest information or exceptions apply</u>	<u>26</u>
<u>88A</u>	<u>Registered person must provide legal harvest information if requested by another registered person</u>	<u>26</u>
89	Registered person must declare continuing compliance with obligations	27
	Subpart 4—Application process to be registered for legal harvest	
90	Application to be registered for legal harvest	27
91	Decision on application for registration	27
92	Registration of branches and divisions for legal harvest	28
93	Conditions of registration	28
	Subpart 5—Suspension and revocation of registration for legal harvest	
94	Suspension of registration	29
95	Process for suspension	29
96	Effect of suspension	30
97	Revocation of registration for legal harvest	30

Forests (Legal Harvest Assurance) Amendment Bill

	Subpart 6—Due diligence systems	
	<i>Registered person must have due diligence system</i>	
98	Obligations of registered person in relation to due diligence system for legal harvest	31
	<i>Approval of due diligence system templates</i>	
99	Secretary may approve due diligence system template	32
100	Secretary may approve due diligence system template developed by third party	33
	<i>Recognition of certification scheme</i>	
101	Recognised certification schemes	33
	<i>Due diligence <u>system</u> must be kept system up to date</i>	
102	Requirement to keep due diligence system up to date	34
	<i>Assessment of due diligence system</i>	
103	Purpose of assessment of due diligence system	34
104	When due diligence system must be assessed	34
105	How assessment of due diligence system must be carried out	35
106	Assessment fees and charges	35
	Subpart 7—Exporter statements and requirements	
	<i>Exporter statements</i>	
107	Secretary may issue exporter statement	35
108	Form and content of exporter statement	36
109	Duration of exporter statement	36
110	Application for exporter statement	36
111	Secretary may withdraw exporter statement	37
112	Limitation of liability	37
	<i>Export requirements</i>	
113	Export requirements	37
114	Publication, etc, of notices specifying export requirements	38
115	Secretary may grant exemption from export requirement	38
	Subpart 8—Assessors and recognised agencies	
116	Duties of assessors and recognised agencies	39
117	Immunity from liability for assessors outside public service	40
118	Recognition of assessors	40
119	Recognition of agencies	40
120	Recognition of class of individuals	41
121	Application for recognition	42
122	Process for deciding application for recognition	42

Forests (Legal Harvest Assurance) Amendment Bill

123	Recognition of certain assessors <u>or agencies</u> without application	42
124	Secretary may impose conditions of recognition	43
125	Duration of recognition and renewal	43
	<i>Suspension of recognition</i>	
126	Secretary may suspend recognition	44
127	Secretary may extend suspension of assessor or agency recognition	45
128	Method of suspending recognition	45
	<i>Withdrawal of recognition</i>	
129	Secretary may withdraw recognition	46
130	Method of withdrawing recognition	46
	<i>Surrender of recognition</i>	
131	Surrender of recognition	47
	Subpart 9—Registers	
132	Legal harvest register	47
133	Register of assessors and recognised agencies	48
134	Secretary to determine form of registers and make registers available to public	48
135	Person may apply to have certain information withheld from register	48
136	Person must notify Secretary of changes to their information on register	49
	Subpart 10—Compliance, enforcement, and powers of Secretary	
137	Overview of this subpart	49
	<i>Secretary's powers</i>	
138	Secretary may give directions on functions, duties, or powers	50
139	Secretary may give notice of harvest laws of place or country <u>Publication of notices relating to harvest laws</u>	50
140	Secretary's power to obtain information	50
	<i>Enforcement powers</i>	
141	Power of warrantless entry and inspection for purpose of enforcing this Part	51
142	Entry and inspection under search warrant for the purpose of enforcing this Part	52
143	Matters may be continued by different officer	52
144	Officer may issue warning and compliance notice to person registered for legal harvest	52

Forests (Legal Harvest Assurance) Amendment Bill

	<i>Offences and penalties</i>	
145	Offence to provide false or misleading information	53
146	Strict liability offences relating to legal harvest	54
	Subpart 11—Infringement offences	
147	Interpretation	55
148	Infringement offences	56
149	Who may issue infringement notices	56
150	When infringement notice may be issued	56
151	Revocation of infringement notice before payment made	56
152	What infringement notice must contain	56
153	How infringement notice may be served	57
154	Payment of infringement fees	57
155	Reminder notices	57
	Subpart 12—Review and appeal	
156	Right of review of certain decisions	57
157	Who reviews decision	58
158	How review is conducted	58
159	Appeals	59
	Subpart 13—Secondary legislation	
	<i>Regulations</i>	
160	Requirements before making regulations	60
161	Power to make regulations	60
162	Regulations may grant exemptions	60
163	Regulations may set fees and charges	61
164	Regulations may impose levies	61
165	Regulations about offences	62
	<i>Rules</i>	
166	Rules setting practice standards for legal harvest	63
	Subpart 14—General matters	
	<i>Evidence in proceedings</i>	
167	Evidence in proceedings	63
168	Liability of body corporate	65
169	Liability of directors and managers of companies	65
	<i>Automated electronic system</i>	
170	Arrangement for system	65
171	Effect of use of system	66
	<i>Review of this Part</i>	
172	Review of this Part and operation and effectiveness of legal harvest system	67

Part 6		
Log traders		
173	Purpose of this Part	67
174	Meaning of log trader	67
Subpart 1—Log traders must be registered		
175	Requirement for log traders to be registered	68
176	Registration criteria for log traders	68
177	When person not required to be registered log trader	69
Subpart 2—Obligations of registered log traders		
178	Obligations of registered log trader	69
179	Registered log trader must declare continuing compliance with obligations	70
Subpart 3—Application process to be registered log trader		
180	Application to be registered log trader	70
181	Decision on application for registration	71
182	Conditions of registration	71
Subpart 4—Suspension and revocation of log trader registration		
183	Suspension of log trader's registration	72
184	Process for suspension	72
185	Effect of suspension	73
186	Revocation of log trader registration	73
Subpart 5—Complaints and dispute resolution		
187	Meaning of unsatisfactory conduct and misconduct	73
188	Complaints about unsatisfactory conduct or misconduct by registered log trader	74
189	Disputes about commercial matters	74
190	Measures to address unsatisfactory conduct or misconduct by registered log trader	74
191	Notice requiring registered log trader to address unsatisfactory conduct	75
Subpart 6—Offences		
192	Offences relating to log traders	75
Subpart 7—Register of log traders		
193	Log trader register	76
194	Register must be available to public	77
195	Person may apply to have certain information withheld from register	77

Forests (Legal Harvest Assurance) Amendment Bill

196	Person must notify Secretary of changes to their information on register	77
	Subpart 8—Powers and functions of Secretary	
197	Secretary’s functions	77
198	Secretary’s power to obtain information	78
	Subpart 9—Secondary legislation	
199	Requirements before making regulations	78
200	Regulations: registration	79
201	Minister may exempt from registration requirements	80
202	Power to make regulations generally	80
203	Regulations may establish resolution process for complaints	81
204	Disputes <u>resolution process for commercial matters</u>	81
205	Regulations may set fees and charges	81
206	Regulations may impose levies	82
207	Requirements before making rules	83
208	Rules: practice standards for log traders	83
	Subpart 10—Review and appeal	
209	Right of review of certain decisions	84
210	Who reviews decision	84
211	How review is conducted	85
212	Appeals	85
	Part 7	
	<u>Provisions that apply to Cost recovery for purposes of Parts 2A, 5, and 6</u>	
213	Part applies to specified Parts	86
	<u>Subpart 1—Cost recovery</u>	
214	Obligation to recover costs	86
215	Principles of cost recovery	86
216	Requirement for consultation	87
217	Methods of cost recovery	87
218	Cost recovery to relate generally to financial year	88
219	Minister may review levels and methods of cost recovery	88
220	Trust accounts required to be kept by persons collecting levies	89
221	Fees, levies, and charges payable are debt due to the Crown	89
222	Services may be withdrawn until debt paid	89
223	Obligation to pay fee, charge, levy, or penalty not suspended by dispute	90

	<u>Subpart 2—Infringement offences</u>	
	<u>224 Interpretation</u>	90
	<u>225 Infringement offences</u>	90
	<u>226 Who may issue infringement notices</u>	91
	<u>227 When infringement notice may be issued</u>	91
	<u>228 Revocation of infringement notice before payment made</u>	91
	<u>229 What infringement notice must contain</u>	91
	<u>230 How infringement notice may be served</u>	91
	<u>231 Payment of infringement fees</u>	92
	<u>232 Reminder notices</u>	92
43	Schedule 1AA amended	92
	Part 2	
	Consequential amendments to other enactments	
44	Consequential amendments	92
	Schedule 1	93
	New Part 2 inserted into Schedule 1AA	
	Schedule 2	94
	Consequential amendments	

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Forests (Legal Harvest Assurance) Amendment Act **2022**.

2 Commencement

- (1) This Act, other than the provisions described in **subsection (2)**, comes into force on the earlier of the following dates: 5
- (a) 3 years after this Act receives the Royal assent:
 - (b) a date specified by Order in Council.
- (2) **Section 42**, so far as it relates to the following provisions, comes into force 12 months after this Act comes into force or on an earlier date specified by Order in Council: 10
- (a) **subpart 10 of Part 5** except for **sections 138, 139, and 140**; and
 - (b) **subpart 11 of Part 5 2 of Part 7**.
- (3) An Order in Council made under this section is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements). 15

3 Principal Act

This Act amends the Forests Act 1949.

Part 1

Amendments to principal Act

4 Section 2 amended (Interpretation)

- (1) In section 2(1), repeal the definitions of **forestry register** and **forestry practice standards**. 5
- (2) In section 2(1), definition of **log trader**, replace “section 63I” with “**section 174**”.
- (3) In section 2(1), definition of **registered**, replace paragraph (c) with:
 - (c) in relation to Part 2A, registered under that Part as a forestry adviser:
 - (d) in relation to **Part 5**, registered under that Part for legal harvest: 10
 - (e) in relation to **Part 6**, registered under that Part as a log trader
- (4) In section 2(1), insert in their appropriate alphabetical order:

marae includes the area of land on which all buildings such as wharehau (meeting house), wharekai (dining room), ablution blocks, and any other associated buildings are situated 15

misconduct,—

 - (a) in relation to a person registered as a forestry adviser, has the meaning given in section 63ZI(4); and
 - (b) in relation to a person registered as a log trader, has the meaning given in **section 187 section 187(2)** 20

New Zealand log, in **Parts 5 and 6**, means a log grown in New Zealand on forest land

officer means a forestry officer appointed under section 11 or a person appointed under section 10

practice standards means,— 25

 - (a) for forestry advisers, the practice standards set under section 63ZZL; and
 - (c) for legal harvest, the practice standards set under **section 166**; and
 - (b) for log traders, the practice standards set under **section 208**

threshold volume, in relation to the registration requirement for log traders, has the meaning given in **section 177(4)** 30

unsatisfactory conduct,—

 - (a) in relation to a person registered as a forestry adviser, has the meaning given in section 63ZI(3); and
 - (b) in relation to a person registered as a log trader, has the meaning given in **section 187 section 187(1)** 35

5 Section 2B amended (Parts of this Act that bind the Crown)

After section 2B(b), insert:

(c) **Part 5:**

(d) **Part 6:**

(e) **Part 7.**

5

6 Section 13 amended (Protection of forestry officers, etc)

(1) In the heading to section 13, replace “**of forestry officers, etc**” with “**from personal liability**”.

(2) In section 13(1), replace “by any forestry officer, by an employee of the Ministry, or by any person appointed to a committee under section 15(2)(b)” with “by a person to whom this section applies”.

10

(3) Replace section 13(2) with:

(2) This section applies to—

(a) an officer:

(b) an employee of the Ministry:

15

(c) an assessor within the meaning of **section 76**:

(d) a person appointed to a committee under section 15(2)(b):

(e) a person called on to assist an officer or assessor:

(f) a person outside the Public Service to the extent that the person is acting under a delegation referred to in section 63D.

20

7 Section 15B amended (Collection and disclosure of statistical information)

In section 15B(5), after “forestry officer”, insert “or other officer”.

8 Section 59 amended (Offences with respect to forestry officers)

(1) In the heading to section 59, delete “**forestry**”.

(2) In section 59(a), delete “forestry”.

25

9 Section 60 amended (Other offences)

(1) In section 60(a), replace “a forestry” with “an”.

(2) In section 60(c), delete “forestry”.

10 Part 2A heading amended

In the Part 2A heading, delete “**log traders and**”.

30

11 Section 63A amended (Purpose of this Part)

In section 63A(2)(a) and (b), delete “log traders and”.

12 Section 63B replaced (Forestry Authority)

Replace section 63B with:

63B Forestry Authority

- (1) The Secretary is the Forestry Authority.
- (2) ~~The Forestry Authority may delegate its functions or powers.~~

5

13 Section 63C amended (Functions)

- (1) In section 63C(a) and (b)(i), delete “log traders and”.
- (2) In section 63C(b)(ii), delete “registered log traders and”.
- (3) In section 63C, insert as subsection (2):
- (2) The Forestry Authority may, for the purpose of **subsection (1)(a)**, establish different categories of registration for registered forestry advisers.

10

14 Section 63G amended (Power to obtain information from registered persons)

- (1) In section 63G(1), delete “log trader or”.
- (2) In section 63G(2)(a), delete “registered log trader or”.

15

15 Sections 63H to 63K and cross-heading above section 63H repealed

Repeal sections 63H to 63K and the cross-heading above section 63H.

15A Section 63M amended (Meaning of forestry adviser service)

- (1) In section 63M(1)(b), after “produce”, insert “, but only from the time of harvest up to and including the first processing (within the meaning of **section 76**) of that timber or forest produce”.
- (2) In section 63M(2)(a), replace “incidental to, and not the principal part of,” with “the provision of advice that is ancillary or incidental to”.

20

16 Section 63N amended (Entitlement to be registered forestry adviser)

- (1) In section 63N(1)(c), replace “63ZZE(c)” with “63ZZE(1)(c)”.
- (2) In section 63N(2)(a), replace “63ZZE(e)” with “63ZZE(1)(e)”.

25

17 Section 63P amended (Application for registration)

In section 63P(1), delete “log trader or”.

18 Section 63Q amended (Decision on application for registration)

- (1) In section 63Q(1), delete “log trader or”.
- (2) In section 63Q(2)(b)(iii) and (iv), delete “for a forestry adviser”.

30

19 Section 63R amended (Registrations expire unless renewed)

- (1) In the heading to section 63R, replace “**Registrations**” with “**Registration**”.

- (2) In section 63R, delete “log trader or”.
- 20 Section 63S amended (Application for renewal of registration)**
In section 63S(1), delete “log trader or”.
- 21 Section 63T amended (Decision on application for renewal of registration)**
(1) In section 63T(1), delete “log trader or”. 5
(2) In section 63T(2)(b)(iv), delete “for a forestry adviser,”.
- 22 Section 63U amended (Conditions of registration)**
(1) In section 63U(1)(a), delete “log trader or”.
(2) Repeal section 63U(3).
(3) In section 63U(4), delete “on the registration of a forestry adviser”. 10
(4) In section 63U(7), delete “on a registered forestry adviser”.
- 23 Section 63V amended (Measures to address unsatisfactory conduct or misconduct)**
Repeal section 63V(1)(c).
- 24 Section 63W repealed (Notice requiring log trader to address unsatisfactory conduct)** 15
Repeal section 63W.
- 25 Section 63X amended (Suspension of registration for misconduct)**
In section 63X(1), delete “log trader or”.
- 26 Section 63Y amended (Revocation of registration)** 20
In section 63Y(1), delete “log trader or”.
- 27 Section 63Z amended (Right of review of certain decisions of Forestry Authority)**
(1) In section 63Z(1)(a), (b), and (e), delete “log trader or”.
(2) Repeal section 63Z(1)(d). 25
- 28 Section 63ZA amended (Who reviews decision)**
In section 63ZA(1)(b), after “Secretary”, insert, “or is performing or exercising a function or power delegated under section 63D”.
- 29 Section 63ZJ amended (Disputes about commercial matters)**
Repeal section 63ZJ(1)(b). 30
- 30 Section 63ZK amended (Offences)**
Repeal section 63ZK(1)(a) to (c).

31 Cross-heading above section 63ZM replaced

Replace the cross-heading above section 63ZM with:

Register of forestry advisers

32 Sections 63ZM and 63ZN repealed

Repeal sections 63ZM and 63ZN.

5

33 Section 63ZP amended (Form of forestry registers)

(1) In the heading to section 63ZP, replace “forestry registers” with “forestry advisers register”.

(2) In section 63ZP(a), replace “forestry registers” with “forestry advisers register”.

10

(3) In section 63ZP(b), replace “registers is as set out in sections 63ZN and 63ZO” with “register is as set out in section 63ZO”.

34 Section 63ZQ amended (Access to forestry registers)

(1) In the heading to section 63ZQ, replace “forestry registers” with “forestry advisers register”.

15

(2) In section 63ZQ(1)(a),—

(a) replace “forestry registers” with “forestry advisers register”; and

(b) replace “them” with “it”.

(3) In section 63ZQ(1)(b) and (2)(a), replace “a forestry register” with “the register”.

20

35 Section 63ZR amended (Obligation to notify Forestry Authority of changes)

In section 63ZR(1), replace “a forestry register” with “the forestry advisers register”.

36 Subpart 2 of Part 2A repealed

25

Repeal subpart 2 of Part 2A.

37 Section 63ZZC amended (Requirements before making regulations)

Replace section 63ZZC(1)(b)(i) to (iii) with:

(i) **section 215** (principles of cost recovery):

(ii) **section 216** (requirement for consultation):

30

(iii) **section 218** (cost recovery to relate generally to financial year);
and

38 Section 63ZZD amended (Regulations may subdelegate power to make rules)

- (1) In section 63ZZD(1), replace “Regulations” with “If a person is delegated a function or power under this Part, regulations”.
- (2) In section 63ZZD(2)(c), replace “sections 63ZT to 63ZW” with “**sections 215 to 218**”. 5

39 Section 63ZZE amended (Regulations: registration)

- (1) Repeal section 63ZZE(1)(a).
- (2) In section 63ZZE(1)(c),—
 - (a) delete “a log trader or”; and 10
 - (b) replace “sections 63J(1)(b) and 63N(1)(c)” with “section 63N(1)(c)”.
- (3) In section 63ZZE(1)(e),—
 - (a) delete “log trader or”; and
 - (b) replace “sections 63J(2)(a) and 63N(2)(a)” with “section 63N(2)(a)”.
- (4) In section 63ZZE(1)(g), replace “sections 63K(b)(ii) and” with “section”. 15
- (5) In section 63ZZE(1)(h), replace “sections 63K(d) and” with “section”.
- (6) In section 63ZZE(1)(i), replace “sections 63K(e) and” with “section”.
- (7) In section 63ZZE(1)(l), replace “sections 63K(f) and” with “section”.
- (8) In section 63ZZE(1)(m), delete “log trader or”.
- (9) In section 63ZZE(1)(n), replace “log traders, forestry advisers, or both” with “forestry advisers”. 20
- (10) In section 63ZZE(1)(o),—
 - (a) replace “forestry register” with “forestry advisers register”; and
 - (b) replace “sections 63ZN(3)(d) and 63ZO(3)(e)” with “section 63ZO(3)(e)”. 25

40 Section 63ZZL amended (Rules: forestry practice standards)

- (1) In the heading to section 63ZZL, replace “forestry practice standards” with “practice standards for forestry advisers”.
- (2) In section 63ZZL(1), delete “registered log traders and”.
- (3) Repeal section 63ZZL(2)(b). 30

41 Section 63ZZN amended (Exemptions from registration requirements)

Repeal section 63ZZN(1)(a)(i) and (b).

41A Section 71B amended (Restriction on exercise of power of entry)

- (1) In section 71B(1)(e), after “may”, insert “, subject to **subsection (2A)**”.
- (2) After section 71B(2), insert: 35

(2A) An issuing officer must not issue a search warrant in relation to an offence under **Part 5** unless the officer has reasonable grounds for believing that there is, in the place to be searched,—

- (a) something in relation to the offence that has been or is being or is intended to be committed; or
- (b) evidence of the commission of the offence.

5

42 **New Parts 5 to 7 inserted**

After Part 4, insert:

Part 5 **Legal harvest assurance**

10

74 **Purpose of this Part**

The purpose of this Part is to—

- (a) strengthen the international reputation of the forestry sector; and
- (b) safeguard and enhance market access for the forestry sector; and
- (c) reduce the risk of importing timber that is not legally harvested; and
- (d) help reduce international trade in timber that is not legally harvested.

15

75 **Outline of legal harvest system**

(1) The legal harvest system established under this Part,—

- (a) requires a person who is responsible for harvesting regulated timber to—
 - (i) provide, when supplying that timber to others in trade, legal harvest information about that timber (which includes a statement about the extent to which the timber is legally harvested); and
 - (ii) keep the legal harvest information up to date; and
 - (iii) keep records of any legal harvest information they have provided; and
- (b) requires a person to be registered for legal harvest before—
 - (i) acting as a log trader for certain activities; or
 - (ii) carrying out the first processing of regulated timber (in trade); or
 - (iii) importing or exporting any specified timber product (in trade); and
- (c) requires those registered for legal harvest to have a due diligence system to eliminate or mitigate the risk of them dealing in—
 - (i) timber that is not legally harvested; or
 - (ii) specified timber products that are or include timber that is not legally harvested; and

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	(d) requires the due diligence system to be assessed by an assessor; and	
	(e) provides for the recognition of assessors and agencies; and	
	(f) enables the Secretary to issue exporter statements and impose export requirements.	
(2)	This section is intended as a guide only.	5
76	Interpretation	
(1)	In this Part, unless the context otherwise requires,—	
	assessment report means the written report on a due diligence system that an assessor produces under section 105	
	assessor means a person who assesses the due diligence systems under this Part and who is recognised by the Secretary as an assessor for the purposes of this Part	10
	declaration of compliance means a declaration of compliance under section 89	
	due diligence requirement means a requirement imposed by or under this Part that relates to due diligence for legal harvest	15
	due diligence system means a due diligence system for legal harvest (see section 98 (requirements for due diligence system))	
	export requirement means an export requirement specified by notice under section 113	20
	first processing , in relation to timber,—	
	(a) <u>means—</u>	
	(i) <u>sawing, chipping, pulping, splitting, veneer peeling, or slicing of unprocessed timber; or</u>	
	(ii) <u>the application of any other process specified in regulations; but</u>	25
	(b) <u>does not include—</u>	
	(i) <u>removing branches from felled trees; or</u>	
	(ii) <u>cutting trees into log grades or lengths at a harvest site</u>	
	harvest laws of a place or country has the meaning given in section 77(3)	
	import and importer have the meanings given in section 84(5)	30
	legal harvest information has the meaning given in subsection (2)	
	legal harvest information requirements has the meaning given in section 80(4)	
	legal harvest statement means a statement and an undertaking about the extent to which timber has been, is being, or will be legally harvested (see section 82)	35

recognition means a recognition by the Secretary—

- (a) of a person as an assessor under **section 118** or by virtue of that person belonging to a class of individuals recognised under **section 120**; or
- (b) of a person as a recognised agency under **section 119**; or
- (c) of a class of individuals as assessors under **section 120**

5

recognised certification scheme means a certification scheme recognised under **section 101**

register means the legal harvest register or register of assessors and recognised agencies, as the case may be

registered person means a person registered for legal harvest under this Part

10

regulated activity,—

- (a) for a responsible person for a harvest of regulated timber, means, in trade, providing any timber resulting from the harvest to another person (*see **section 79***); and
- (b) for a person required to register for legal harvest, means any of the activities specified in **section 84(1)**

15

~~**regulated timber** means—~~

- ~~(a) New Zealand logs that are exotic; or~~
- ~~(b) indigenous species of New Zealand logs, but only of a kind specified in regulations~~

20

~~**regulated timber** means the roots, stump, logs, branches, and leaves from—~~

- ~~(a) exotic species of New Zealand timber unless and to the extent that they are excluded by regulations; or~~
- ~~(b) indigenous species of New Zealand timber but only to the extent that they are included by regulations~~

25

~~**responsible person**, in relation to a harvest, has the meaning given in **section 79(3)**—~~

- ~~(a) means the owner of the forest or other person with the right to harvest the trees or woody plants; and~~
- ~~(b) includes a person acting on their behalf~~

30

~~**specified timber product** has the meaning given in **section 84(5)**~~

~~**specified timber product** means any timber, or any product made from or containing timber, that is identified by regulations, and by reference to items, headings, or subheadings that appear in the Tariff, as a product to which this Part applies~~

35

~~**tariff** has the meaning given in section 2(1) of the Tariff Act 1988~~

~~**template**, in relation to a due diligence system, means a template referred to in **section 99 or 100**~~

threshold level,—

- (a) in relation to the requirement to provide a legal harvest statement, has the meaning given in **section 81(3)**; and
- (b) in relation to the registration requirement for legal harvest, has the meaning given in **section 86(5)**.

5

(2) For the purposes of this Part, **legal harvest information**,—

- (a) for regulated timber that results from the harvest of exotic species of New Zealand timber-logs,—
 - (i) means the legal harvest statement relating to the timber; and
 - (ii) includes any supporting evidence, if that evidence is required by regulations or under the registered person's due diligence system; and
- (b) for regulated timber that results from the harvest of indigenous species of New Zealand timber-logs, means the information required by regulations; and
- (c) for specified timber products, means the information required by regulations.

10

15

77 When is timber legally harvested?

(1) In this Part, timber is **legally harvested** if the person who harvests the trees or woody plants from which the timber derives—

20

- (a) has the right to harvest them (including a right to access the land where the harvest occurs); and
- (b) has all necessary legal authority to exercise that right; and
- (c) does not contravene the harvest laws of the place or country of harvest when carrying out the harvest.

25

(2) ~~If the harvest laws of a place or country are specified by the Secretary in a notice, the requirement in **subsection (1)(c)** may be satisfied only in relation to the harvest laws specified in the notice (see **section 139**).~~

(3) In this section,—

harvest includes any work on the land that is necessary to prepare for the harvest or to stabilise the land after the harvest

30

harvest laws means laws that—

- (a) affect how or whether a harvest is to be carried out; and
- (b) set requirements, conditions, or restrictions relating to—
 - (i) land and resource use; or
 - (ii) property rights or interests in what is harvested; or
 - (iii) any other matter that the Secretary considers relevant for the purposes of this Part and specifies in a notice.

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- (2) If the harvest laws of a place or country are specified by the Secretary in a notice, a person may choose to satisfy the requirement in **subsection (1)(c)** only in relation to the harvest laws specified in the notice.
- (3) The **harvest laws of a place or country** are laws that—
- (a) affect how or whether a harvest is to be carried out; and 5
 - (b) set requirements, conditions, or restrictions relating to—
 - (i) land and resource use; or
 - (ii) property rights or interests in what is harvested; or
 - (iii) property rights or interests in the land where the harvest occurs; or
 - (iv) any other matter that the Secretary considers relevant for the purposes of this Part and specifies in a notice. 10
- (3A) The Secretary may, for the purposes of this Part, specify in a notice what they consider to be the harvest laws of a place or country after being satisfied that the laws specified meet the description in **subsection (3)**.
- (3B) In this section, **harvest** includes any work on the land that is necessary to prepare for the harvest or to stabilise the land after the harvest. 15
- (3C) **Section 139** applies to a notice made under **subsection (3)(b)(iv) or (3A)**.
- (4) A notice made under **subsection (3)(b)(iii) (3)(b)(iv) or (3A)** is secondary legislation (see Part 3 of the Legislation Act 2019 for publication requirements). 20
- 78 How indigenous timber is regulated under this Part**
- This Part applies to a person who trades in indigenous timber only if—
- (a) it is regulated timber; or
 - (b) the person has voluntarily complied with the legal harvest system in accordance with **section 83**. 25
- Subpart 1—Who must comply with legal harvest information requirements
- 79 Responsible person must comply with legal harvest information requirements**
- (1) A responsible person for the harvest of regulated timber must comply with the legal harvest information requirements when supplying that timber to another person in trade. 30
- (2) ~~However, a responsible person does not have to comply with **subsection (1)** if—~~
- ~~(a) they are a person to whom **section 81(1)** applies; or~~ 35
 - ~~(b) the timber they supply is of a kind specified in regulations as timber to which this section does not apply (whether in part or in whole); or~~

	(e) the timber is supplied in the circumstances, or for the purposes, specified in regulations.	
(2)	<u>This section is subject to section 81.</u>	
(3)	<u>In this section, responsible person—</u>	
	(a) means the owner of the forest or other person with the right to harvest the trees or woody plants; and	5
	(b) includes a person acting on their behalf.	
80	Legal harvest information requirements	
	The legal harvest information requirements are as follows:	
	(a) a <u>responsible person</u> who supplies regulated timber or specified timber products (the person supplier) to another person (the recipient) in trade must provide the recipient with the legal harvest information for the timber or timber product:	10
	(b) the <u>person supplier</u> must provide the legal harvest information to the recipient before or when the timber or timber product is supplied to the recipient:	15
	(c) if the <u>person supplier</u> becomes aware that any part of the legal harvest information is false or misleading in any material particular, they must provide the recipient with correct and up-to-date legal harvest information,—	20
	(i) if all the timber or timber product has not been supplied, before continuing to supply the timber or timber product to the recipient;	
	or	
	(ii) if all the timber or timber product has been supplied, as soon as is reasonably practicable until trade between the <u>person supplier</u> and the recipient is completed for that harvest:	25
	(d) the <u>person supplier</u> must, in accordance with regulations, keep records of legal harvest information that they have provided under this section.	
81	Persons When <u>responsible person</u> not required to comply with legal harvest information requirements	30
(1)	A responsible person does not have to comply with section 79(1) if—	
	(a) they belong to a class of persons specified by regulations as exempt from the legal harvest information requirements; or	
	(ab) <u>the timber they supply is of a kind specified in regulations as timber to which section 79(1) does not apply (whether in part or in whole); or</u>	35
	(ac) <u>the timber is supplied in the circumstances, or for the purposes, specified in regulations; or</u>	

	(b) all their regulated activity qualifies for 1 or more of the activity exceptions.	
(2)	The activity exceptions are the following:	
	(a) if the responsible person carried out the activity in the previous full financial year,—	5
	(i) their level of activity in that year was less than the threshold level of timber; and	
	(ii) their level of activity in the current financial year does not in fact exceed that threshold level:	
	(b) if the responsible person did not carry out the activity in the previous full financial year, their level of activity in the current financial year (as a new harvester) is reasonably expected by them not to, and does not in fact, exceed the threshold level of timber.	10
(3)	In this section, threshold level , in relation to regulated timber, means the level specified by regulations.	15
(4)	Regulations may specify a threshold level by reference to volume, number of units, number of consignments, value, or any other measure.	
82	Requirements for legal harvest statement	
(1)	A legal harvest statement —	
	(a) must identify the timber to which it relates <u>in accordance with any requirement or criteria in regulations</u> (for example, by referring to the location of the harvest site, when the timber is or will be provided, or by the species of timber); and	20
	(b) may relate to 1 or more consignments of that timber; and	
	(c) must include the <u>any</u> information that is required by regulations; and	25
	(d) must be made in the form approved by the Secretary.	
(2)	However, a legal harvest statement for regulated timber that results from the harvest of indigenous species of New Zealand <u>logs timber</u> need not comply with subsection (1) if it complies with alternative requirements set in regulations.	30
83	Voluntary compliance with legal harvest information requirements	
(1)	A responsible person who is not required to comply with section 79(1) may, however, choose to comply with that section for particular timber that they supply in trade.	
(2)	If the person chooses to comply with section 79(1) for particular timber that they supply in trade,—	35
	(a) they must, in relation to that timber, comply with all of the legal harvest information requirements; and	

- (b) that timber is treated as regulated timber for the purposes of this Part.

Subpart 2—Who must register for legal harvest

84 Persons must be registered for legal harvest before carrying out certain activities

- (1) A person must be registered for legal harvest before they carry out any of the following activities: 5
- (a) the activity of a log trader described in **section 174(1)(a)**;
 - (b) in trade, the first processing of regulated timber;
 - (c) in trade, importing or exporting a specified timber product for which they are the importer or exporter: 10
 - (d) any of the above activities as an agent of another person.
- (2) ~~However, a person is not required to be registered for legal harvest if—~~
- ~~(a) they are a person to whom **section 86** applies; or~~
 - ~~(b) the only activity the person carries out relates to indigenous timber that is not regulated timber.~~ 15
- (3) A person must not falsely hold out that they are, or any other person is,—
- (a) ~~are~~ registered for legal harvest; or
 - (b) ~~not required to be registered for legal harvest.~~
- (3A) This section is subject to **section 86**.
- (4) *See **section 175**, which also requires a log trader to register under **Part 6**.* 20
- (5) ~~In this section,—~~
- ~~**arrive in New Zealand** has the meaning given in section 2(1) of the Biosecurity Act 1993~~
- ~~**import**, in relation to a specified timber product, means to cause the product to arrive in New Zealand from a place outside New Zealand~~ 25
- ~~**importer** has the meaning given in section 5(1) of the Customs and Excise Act 2018, which applies as if the references to goods in the definition of importer in that section were references to a specified timber product~~
- ~~**specified timber product** means any timber, or any product made from or containing timber, that is identified by regulations, and by reference to items, headings, or subheadings that appear in the Tariff, as a product to which this Part applies~~ 30
- ~~**Tariff** has the meaning given in section 2(1) of the Tariff Act 1988.~~
- #### 85 Registration criteria for legal harvest
- (1) The criteria that must be met (to the satisfaction of the Secretary) in order for a person to be registered for legal harvest are as follows: 35

- (a) the person must be a fit and proper person to be registered for legal harvest; and
 - (b) the person must have a due diligence system that complies with **section 98**; and
 - (c) the person must meet any other criteria set by regulations. 5
- (2) In determining whether a person is a fit and proper person, the Secretary must take into account—
 - (a) the matters set out in regulations; and
 - (b) any other matters that the Secretary considers relevant.
- (3) See **subpart 4** for the application process to be registered for legal harvest. 10
- 86 Persons not required to be registered for legal harvest**
- (1) A person does not have to register for legal harvest if—
 - (aaa) the only activity that they carry out relates to indigenous timber that is not regulated timber; or
 - (a) they are within a class of persons who are exempted by regulations from the requirement to be registered; or 15
 - (b) all their regulated activities fall within 1 or more of the activity exceptions.
- (2) The **activity exceptions** are the following:
 - Low-level activity* 20
 - (a) if the person carried out the activity in the previous full financial year,—
 - (i) their level of activity in that year was less than the threshold level for regulated timber or specified timber products; and
 - (ii) their level of activity in the current financial year does not in fact exceed that threshold level: 25
 - (b) if the person did not carry out the activity in the previous full financial year, their level of activity in the current financial year ~~(as a new trader)~~ is reasonably expected by them not to, and does not in fact, exceed the threshold level for regulated timber or specified timber products: 30
 - Exempt activities* 30
 - (c) the activity is the shipping or transporting of regulated timber or specified timber products, or associated logistical activities:
 - (d) the activity is within a class of exempt activities specified by regulations for the purpose of this section.
- (3) A person who does not have to register for legal harvest may choose to do so. 35
- (4) To avoid doubt, a new trader who relies on an exception in **subsection (2)(b)** must register as soon as that subsection ceases to apply.

- (5) In this section, **threshold level**, in relation to regulated timber or specified timber products, means the level specified by regulations.
- (6) Regulations may specify a threshold level by reference to volume, number of units, number of consignments, value, or any other measure, and (as applicable) by reference to— 5
- (a) any combination of regulated timber; or
 - (b) any combination of specified timber products.
- Subpart 3—Obligations of persons registered for legal harvest
- 87 Obligations of registered persons**
- (1) A registered person must— 10
- (a) have and maintain a due diligence system in accordance with **sections 98 and 102**; and
 - (b) act in accordance with their due diligence system whenever they undertake a regulated activity; and
 - (c) have their due diligence system assessed as required by this Part; and 15
 - (d) not receive regulated timber or specified timber products unless in accordance with **section 88(1)**; and
 - (da) comply with any applicable export requirements imposed under **section 113**; and
 - (e) adhere to the practice standards for legal harvest (if any); and 20
 - (f) keep records as required by regulations; and
 - (g) notify the Secretary within 20 working days after any significant change in circumstances; and
 - (h) report to the Secretary as required by regulations; and
 - (i) keep their name and contact details up to date by notifying any change to the Secretary; and 25
 - (j) comply with any other obligations that apply to persons registered for legal harvest, whether imposed by this Part or by regulations.
- (2) A registered person must continue to be a fit and proper person to be registered for legal harvest. 30
- (3) In this section, **significant change of circumstances** includes—
- (a) any matter that may result in a registered person no longer being a fit and proper person to be registered for legal harvest; and
 - (b) the death of the person in control of the registered person, bankruptcy, receivership, voluntary administration, or liquidation. 35
- (4) If **subsection (3)(b)** applies, the person who assumes control of the registered person's business must give the notice that is required by **subsection (1)(g)**.

88	Registered person must not receive regulated timber or specified timber products unless they also receive legal harvest information or exceptions apply	
	A registered person must not receive regulated timber or specified timber products unless—	5
	(a) they also receive the legal harvest information from the supplier of the timber or timber products; or	
	(b) section 81(1) applies to the responsible person who supplied the timber or the timber for the timber product; or	
	(c) the timber or timber from which the timber product is made—	10
	(i) is of a kind specified in regulations as timber to which section 79(1) does not apply (see section 79(2)(b)); or	
	(ii) is supplied in the circumstances or for the purposes specified in regulations (see section 79(2)(c)).	
88	<u>Registered person must not receive regulated timber or specified timber products unless they receive legal harvest information or exceptions apply</u>	15
(1)	<u>Before receiving any regulated timber or specified timber product, a registered person must—</u>	
	<u>(a) receive the legal harvest information from the supplier of the regulated timber or specified timber product; and</u>	20
	<u>(b) conduct due diligence (in accordance with their due diligence system) in relation to the regulated timber or specified timber product.</u>	
(2)	<u>However, subsection (1) does not apply if—</u>	
	<u>(a) section 81(1) applies to the responsible person who supplied the regulated timber; or</u>	25
	<u>(b) the regulated timber or timber from which the specified timber product is made—</u>	
	<u>(i) is of a kind specified in regulations as timber to which section 79(1) does not apply (see section 81(1)(ab)); or</u>	
	<u>(ii) is supplied in the circumstances or for the purposes specified in regulations (see section 81(1)(ac)).</u>	30
88A	<u>Registered person must provide legal harvest information if requested by another registered person</u>	
	<u>A registered person must provide legal harvest information that they hold for regulated timber or a specified timber product to another registered person who requests that information.</u>	35

89 Registered person must declare continuing compliance with obligations

- (1) A registered person must provide a declaration to the Secretary that they are continuing to comply with their obligations under **section 87**.
- (2) The declaration must—
 - (a) be made—
 - (i) annually by the date specified in regulations; and
 - (ii) at any other times as required by or under this Part; and
 - (b) include any other information required by regulations; and
 - (c) be made in the form approved by the Secretary; and
 - (d) be accompanied by payment of any fee specified in regulations.
- (3) The Secretary may grant a person an extension of up to 20 working days to make their ~~annual~~ declaration if the Secretary is satisfied that the person is, for reasons outside their control, unable to provide the declaration by the due date.
- (4) The Secretary may require the person to provide any evidence that the Secretary requires to verify information given in a declaration.

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Subpart 4—Application process to be registered for legal harvest**90 Application to be registered for legal harvest**

- (1) An application for registration for legal harvest must—
 - (a) be made to the Secretary in the form approved by the Secretary; and
 - (b) identify the activity to which the registration relates (including any activity that qualifies for an exemption under **section 86**); and
 - (c) be accompanied by—
 - (i) details of the applicant's due diligence system; and
 - (ii) if the due diligence system is not based on a template, an assessment report on the due diligence system; and
 - (d) include the information specified by regulations; and
 - (e) be accompanied by ~~the payment of any~~ fee specified in regulations.
- (2) A person must not provide false or misleading information in or with the application.

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91 Decision on application for registration

- (1) This section applies if the Secretary receives an application for registration that is made in accordance with **section 90**.
- (2) If the Secretary is satisfied that the applicant meets the registration criteria in **section 85**, the Secretary must—
 - (a) register the applicant; and

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- (b) notify the applicant of the date from which the registration has effect.
- (3) The Secretary—
- (a) may ask the applicant to provide any other information that the Secretary needs to decide whether the applicant meets the registration criteria; and
- (b) if the applicant does not provide the requested information within 6 months after being asked for it, may decline the application for that reason. 5
- (4) If the Secretary declines the application, the Secretary must notify the applicant of—
- (a) the decision; and 10
- (b) the reasons for the decision; and
- (c) the right of review under **section 156**.
- 92 Registration of branches and divisions for legal harvest**
- (1) This section applies if—
- (a) a person meets the registration criteria for legal harvest; and 15
- (b) the person carries out a regulated activity in branches or divisions.
- (2) The person (the **parent entity**) may apply for a branch or division to be registered separately from them.
- (3) For the purpose of **section 91** (decision on application for registration), the branch or division may be registered for legal harvest if the Secretary is satisfied that— 20
- (a) the parent entity has a separate registration; and
- (b) the branch or division—
- (i) carries out a regulated activity; and
- (ii) can be separately identified by reference to its location or the nature of the activities it carries out; and 25
- (iii) can independently comply with the obligations of a registered person.
- (4) If the Secretary registers a branch or division for legal harvest, this Part applies as if any regulated activity for legal harvest that is carried out by the branch or division were not carried out by the parent entity. 30
- (5) However, if the branch or division fails to comply with the obligations of a registered person, any liability or consequence that results from the failure reverts to the parent entity if it cannot be applied to, or is not satisfied by, the branch or division. 35
- 93 Conditions of registration**
- (1) The Secretary may, subject to **subsection (2)** and regulations,—

- (a) impose conditions on the registration of a person for legal harvest; and
 - (b) at any time, modify the conditions.
- (2) The Secretary—
 - (a) may impose conditions if satisfied that the registered person has failed to comply with any of their obligations under **section 87**; but 5
 - (b) may impose only the conditions that the Secretary considers necessary or desirable for the purposes of this Part, and that are reasonable.
- (3) If the Secretary decides to impose or modify a condition, the Secretary must give the registered person notice of—
 - (a) the decision; and 10
 - (b) the reasons for the decision; and
 - (c) the right of review under **section 156**.
- (4) A new or modified condition has effect on and from the date specified in the notice or, if no date is specified, the date of the notice.
- (5) Regulations may impose restrictions on the conditions that may be imposed under this section or on how they may be imposed or modified. 15

Subpart 5—Suspension and revocation of registration for legal harvest

94 Suspension of registration

The Secretary may suspend a person's registration for legal harvest if the Secretary is satisfied that— 20

- (a) the person has contravened their obligations under this Part in a way that is more than minor or inconsequential; or
- (b) the person is no longer carrying out the activity for which they were registered.

95 Process for suspension

- (1) Before suspending a person's registration for legal harvest, the Secretary must—
 - (a) give the person notice of the Secretary's intention to suspend registration and the reasons for the decision; and
 - (b) invite the person to provide information to satisfy the Secretary that the decision is inappropriate; and 30
 - (c) give the person a reasonable opportunity to respond.
- (2) After completing the steps in **subsection (1)**, the Secretary must notify the person of the Secretary's decision. The notice must—
 - (a) include the reasons for the decision; and 35
 - (b) in the case of a suspension,—

- (i) specify the dates of the period of suspension; and
 - (ii) specify any conditions imposed under this section; and
 - (c) inform the person of the right of review under **section 156**.
- (3) A suspension takes effect on the date on which the person is given notice under **subsection (2)**, or a later date if specified in that notice. 5
- (4) The suspension ceases on the expiry of the period specified in the notice unless—
 - (a) the person has exhausted their right of review in respect of the decision to suspend the registration (after which the registration is revoked under **section 97**); or 10
 - (b) the Secretary notifies the person that the suspension is lifted on an earlier date.
- (5) The Secretary may lift the suspension on an earlier date than that specified in the notice if the Secretary is satisfied that the reasons for the suspension no longer apply. 15
- (6) The Secretary may impose conditions that apply for the duration of the suspension, but the Secretary must be satisfied that the conditions are—
 - (a) necessary or desirable for the purposes of this Part; and
 - (b) reasonable.
- (7) A person whose registration is being suspended must, for the duration of the suspension, comply with any conditions imposed under this section. 20
- 96 Effect of suspension**

As long as a person's registration for legal harvest is suspended,—

 - (a) the person must be treated as not being registered for legal harvest, subject to any conditions imposed under ~~section 95~~ **section 93(1)**; and 25
 - (b) if the person is registered as a log trader in relation to a regulated activity for which they are also registered for legal harvest, they must be treated as not being registered as a log trader in relation to that activity.
- 97 Revocation of registration for legal harvest**
 - (1) The Secretary must revoke ~~the registration of a person registered~~ a person's registration for legal harvest— 30
 - (a) if ~~the registration is suspended under~~ **section 94** and the person has exhausted their right of review under **section 156** ~~in respect of the decision to suspend the registration~~; or
 - (b) at the request of the registered person. 35
 - (1A) If a person's registration for legal harvest is suspended, the Secretary may revoke their registration if the Secretary is satisfied that—

	(a) <u>the person has failed within a reasonable time to take appropriate corrective action to remedy the deficiency or failure that resulted in the suspension; and</u>	
	(b) <u>the person has not sought a review of the decision to suspend registration.</u>	5
(2)	The revocation has effect on the date on which it is notified to the registered person, or a later date specified by the Secretary and notified to the registered person.	
	Subpart 6—Due diligence systems	
	<i>Registered person must have due diligence system</i>	10
98	Obligations of registered person in relation to due diligence system for legal harvest	
(1)	A registered person must—	
	(a) have a due diligence system for legal harvest; and	
	(b) act in accordance with their due diligence system whenever they undertake a regulated activity.	15
(2)	The due diligence system must effectively eliminate or minimise the risk of the person doing either of the following:	
	(a) dealing in any timber that—	
	(i) results from the harvest of regulated timber; and	20
	(ii) is not legally harvested:	
	(b) importing or exporting any specified timber products that are, or include timber that is, not legally harvested.	
(3)	The due diligence system must comply with—	
	(a) any requirements set by regulations; and	25
	(b) any practice standards for legal harvest.	
(4)	Regulations may set any requirements that are relevant to eliminating or minimising the risks described in subsection (2) , including requirements for about —	
	(a) when supporting evidence is required:	30
	(b) information that a registered person must collect, and how to assess its accuracy:	
	<u>(ba) how to assess the completeness, accuracy, or reliability of the information collected:</u>	
	(c) how to eliminate or mitigate a risk:	35
	(d) how a recognised certification scheme, or a certification given under it, may be used in a due diligence system:	

	(e) other methods to satisfy a due diligence requirement:	
	(f) keeping records.	
(4A)	<u>Without limiting subsection (4)(b), regulations may require the following information to be collected:</u>	
	(a) <u>the kind, origin, and details of the regulated timber or specified product;</u> <u>and</u>	5
	(b) <u>evidence of any contravention of any harvest laws of the place or country of harvest (<i>see</i> section 77(1)(c)).</u>	
(5)	The due diligence system may be based on a template.	
	<i>Approval of due diligence system templates</i>	10
99	Secretary may approve due diligence system template	
(1)	The Secretary may, by notice, approve a template for a due diligence system developed by the Secretary.	
(2)	The template may include, or be accompanied by, guidance on the extent to which a due diligence system must be consistent with the template for the Secretary to treat it as based on a template for the purposes of this Part.	15
(3)	Before approving a template, the Secretary must consult the persons or organisations that the Secretary considers representative of the interests of persons likely to be substantially affected by the approval of the template.	
(4)	The Secretary must not approve the template unless satisfied that the template complies with any requirements set in regulations.	20
(5)	As soon as practicable after the Secretary approves a template, the Secretary must—	
	(a) publish the approval notice, or notify its making, in the <i>Gazette</i> ; and	
	(b) publish the approval notice on an Internet site maintained by or on behalf of the Ministry; and	25
	(c) make a copy of the template available, free of charge, on an Internet site or for public inspection at reasonable hours at the head office of the Ministry; and	
	(d) take reasonable steps to bring the approved template to the attention of persons likely to be substantially affected by it; and	30
	(e) on request, supply a copy of the template, free of charge, to any person who cannot access it on the Internet site.	
(6)	Regulations may set requirements that a template must comply with, including requiring the template to provide for the matters set out in sections 98 and 99 section 98 .	35

100 Secretary may approve due diligence system template developed by third party

- (1) The Secretary may, by notice, approve a template for a due diligence system developed by a person other than the Secretary.
- (2) The template may include, or be accompanied by, guidance on the extent to which a due diligence system must be consistent with the template for the Secretary to treat it as based on a template for the purposes of this Part. 5
- (3) The Secretary must not approve the template unless satisfied that the template complies with any requirements set in regulations.
- (4) The Secretary may require payment of a fee or charge specified by regulations before approving the template. 10
- (5) The Secretary may approve the template—
 - (a) subject to any conditions specified by the Secretary in the notice; and
 - (b) for a period (if any) specified by the Secretary in the notice.
- (6) Regulations may set requirements that a template must comply with, including requiring the template to provide for the matters set out in **sections 98 and 99 section 98**. 15

*Recognition of certification scheme***101 Recognised certification schemes**

- (1) The Secretary may, by notice, recognise a certification scheme as one that may be used in a due diligence system. 20
- (2) The Secretary may give a notice under this section only if they are satisfied that—
 - (a) the requirements of the scheme are sufficient, in terms of eliminating or minimising the risk of dealing in timber that is not legally harvested, to justify it being used in a due diligence system; and 25
 - (b) the scheme satisfies any other criteria set by regulations.
- (3) The Secretary must—
 - (a) publish the notice on an Internet site maintained by or on behalf of the Ministry; and 30
 - (b) where practicable, cause the details of the recognition to be brought to the attention of persons likely to be affected by the certification scheme by notice or publication in any newspaper or trade journal, or by any other practicable means (including electronic means).
- (4) A notice given under this section has effect on and from the date on which it is published. 35
- (5) The Secretary must maintain a publicly available list of recognised certification schemes.

*Due diligence system must be kept-system up to date***102 Requirement to keep due diligence system up to date**

- (1) If any change, event, or other matter occurs that increases, or will increase, the risks described in **section 98(2)**, the registered person must—
- (a) amend their due diligence system as necessary to comply with that section; and 5
 - (b) notify the Secretary.
- (2) The person must take the steps set out in **subsection (1)** as soon as practicable after the change, event, or other matter occurs.
- (3) The person must otherwise make any amendments to the system that are necessary to keep it up to date. 10

*Assessment of due diligence system***103 Purpose of assessment of due diligence system**

The purpose of an assessment of a person's due diligence system is to assess—

- (a) the extent to which the system complies with the requirements of **section 98** (requirements for due diligence system); and 15
- (b) the extent to which the person has acted, is acting, or is able to act in accordance with their system when they undertake a regulated activity.

104 When due diligence system must be assessed

- (1) A person who wishes to be registered for legal harvest must, unless their due diligence system is based on a template, have their due diligence system assessed within the period of 6 months before the date on which they apply to be registered. 20
- (2) A registered person must have their system assessed—
- (a) at regular intervals based on the level of risk as required by ~~regulations~~ **section 98(2)**; and 25
 - (b) whenever required to do so by an export requirement; and
 - (c) when directed by the Secretary if—
 - (i) the Secretary has reasonable grounds to believe the person has failed to comply, or is likely to fail to comply, with an obligation under this Part; or 30
 - (ii) the Secretary is notified under **section 102(1)** and the Secretary considers there is an increased risk.
- (3) **Subsection (2)** applies to a registered person whether or not their due diligence system is based on a template; 35

105 How assessment of due diligence system must be carried out

- (1) A person may apply for an assessment of their due diligence system to an assessor of their choice.
- (2) The person must give the assessor—
 - (a) access to places, things, and information that the assessor reasonably needs to undertake the assessment; and
 - (b) any reasonable assistance that the assessor asks for to undertake the assessment.
- (3) The assessor must undertake the assessment as soon as practicable after they receive the details of the due diligence system.
- (4) The assessor must, in accordance with the requirements set in regulations and practice standards for legal harvest,—
 - (a) complete the assessment; and
 - (aa) provide the person whose due diligence system is being assessed with—
 - (i) a draft assessment report; and
 - (ii) a reasonable amount of time to respond to the recommendations in the draft report, including by carrying out any recommended corrective action; and
 - (b) produce ~~an~~ a final assessment report; and
 - (c) notify the outcome to the Secretary.

106 Assessment fees and charges

A person who applies for an assessment of their due diligence system is liable for,—

- (a) if the assessor is an employee of the Ministry or any other department, the application fee and assessment charge that are specified by regulations; and
- (b) if the assessor is not an employee of the Ministry or any other department, the fees and charges set by the assessor.

Subpart 7—Exporter statements and requirements*Exporter statements***107 Secretary may issue exporter statement**

- (1) The Secretary may issue a statement for the purpose of—
 - (a) facilitating trade in legally harvested timber; and
 - (b) facilitating trade in products wholly or partly made from legally harvested timber; and

(c)	supporting access to overseas markets of regulated timber and specified timber products.	
(2)	A person must not falsely hold out—	
(a)	that they have an exporter statement; or	
(b)	that their statement is valid after it has expired or been withdrawn.	5
(3)	A person must not use an exporter statement in a false and misleading way in relation to the timber or products that they export.	
108	Form and content of exporter statement	
(1)	An exporter statement—	
(a)	must state that the person exporting the regulated timber or specified timber product—	10
(i)	is registered for legal harvest; and	
(ii)	is complying with their obligations as a registered person under this Part; and	
(b)	must state that the exporter is complying with any export requirements specified under section 113 ; and	15
(c)	may contain any other information that the Secretary considers necessary and appropriate to support the registered person's access to a particular export market.	
(2)	An exporter statement must—	20
(a)	state the period for which it is valid, in accordance with section 109 ; and	
(b)	state that it may become invalid before the expiry of that period for the reasons set out in section 111 .	
109	Duration of exporter statement	25
(1)	An exporter statement is valid for—	
(a)	the period of 12 months that begins on the day on which it is issued; or	
(b)	the period specified in the statement.	
(2)	However, an exporter statement becomes invalid before the expiry of that period if it is withdrawn by the Secretary.	30
110	Application for exporter statement	
(1)	A person may apply to the Secretary for an exporter statement at any time.	
(2)	An application must—	
(a)	specify the countries to which the relegated timber or specified timber product is intended for export; and	35

- (aa) include a statement from the applicant that they are complying with all applicable export requirements; and
- (b) include information specified in regulations; and
- (c) be in the form approved by the Secretary; and
- (d) be accompanied by the payment of any fee specified in regulations.

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111 Secretary may withdraw exporter statement

The Secretary may withdraw an exporter statement at any time if the Secretary is satisfied that—

- (a) the statement was inappropriately or incorrectly issued; or
- (b) the statement is not or is no longer true.

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112 Limitation of liability

The Crown is not liable, and neither the Secretary nor any employee of the Ministry is liable, for any loss resulting from a refusal or failure by a relevant authority of an overseas market to admit ~~regulated timber or~~ specified timber products to that market.

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Export requirements

113 Export requirements

(1) The Secretary may, by notice,—

- (a) impose export requirements set by the New Zealand Government relating to specified timber products; and
- (aa) impose export requirements set by an overseas market relating to specified timber products; and
- (b) specify how and when the export requirements may or must be met; and
- (c) specify who is responsible for ensuring the export requirements are met; and
- (d) specify matters that must be recorded, including how they must be recorded.

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(2) The Secretary must be satisfied, before imposing export requirements, that—

- (a) the requirements directly relate to ensuring that a specified timber product is, or is made of, timber that is legally harvested; and
- (b) the requirements are—
 - (i) necessary or desirable for the purpose of facilitating or supporting access to overseas markets; or
 - (ii) in accordance with the requirements of the relevant authority of the importing country, or can reasonably be expected to satisfy the requirements of the relevant authority of the importing country; or

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	(iii) necessary or desirable to safeguard statements provided by the Secretary relating to a person's compliance with the legal harvest obligations; or (iv) <u>necessary or desirable to safeguard or strengthen New Zealand's reputation as a producer of legally harvested timber.</u>	5
(3)	An export requirement may relate to— (a) all or any class or description of specified timber products intended for export; or (b) all or any class of person.	
(4)	The Secretary may, in the notice, specify requirements that the Secretary is satisfied are necessary or desirable for the purpose of maintaining consistency with any standards, requirements, or recommended practices that apply or are accepted internationally.	10
(4A)	<u>Before imposing an export requirement under subsection (1), other than subsection (1)(aa), the Secretary must consult persons or organisations that the Secretary considers are reasonably likely to have an interest in the proposed change.</u>	15
(5)	A notice made under this section is secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements).	
114	Publication, etc, of notices specifying export requirements	20
(1)	A notice made under section 113 must be published under the Legislation Act 2019 (<i>see</i> section 113(5)).	
(2)	However, if, under the Legislation Act 2019, the notice is not required to be published, the Secretary—	
(a)	must make it available for inspection free of charge, or for purchase at reasonable cost, to any exporters and other persons who—	25
(i)	are affected by the requirements <u>in the notice</u>; and	
(ii)	satisfy the Secretary that their specific activities cannot be properly undertaken under this Act unless they have that access; and	
(b)	is not required to make it available to any other person.	30
115	Secretary may grant exemption from export requirement	
(1)	The Secretary may, by notice, grant an exemption from any export requirement to—	
(a)	all or any class or description of timber or of specified timber products intended for export from New Zealand; or	35
(b)	<u>a specified person or</u> all or any class of person.	
(2)	The Secretary may grant an exemption only if satisfied that the exemption is appropriate, having regard to the requirements of the relevant overseas market.	

- (2) The Secretary may grant an exemption under **subsection (1)(a)** only if the Secretary is satisfied that—
- (a) the specified timber product to which the export requirement applies is to be used—
 - (i) for product assurance or research purposes: 5
 - (ii) as trade samples or for the assessment or development of any overseas market:
 - (iii) for personal or non-commercial purposes; or
 - (b) the exemption is authorised by regulations.
- (2A) The Secretary may grant an exemption under **subsection (1)(b)** only if satisfied that— 10
- (a) the person or class of person is using the specified timber product for any purpose specified in **subsection (2)(a)(i) to (iii)**; or
 - (b) the exemption is authorised by regulations.
- (3) Notices made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements). 15

Subpart 8—Assessors and recognised agencies

116 Duties of assessors and recognised agencies

- (1) An assessor must, when acting as an assessor under this Part, ensure that they— 20
- (a) maintain any applicable competency requirements set in regulations; and
 - (b) maintain an appropriate degree of impartiality and independence; and
 - (c) maintain appropriate confidentiality (particularly in respect of commercially sensitive matters) relating to operations and activities the assessor comes into contact with in the course of assessing due diligence systems (except to the extent that the assessor is required to report under **paragraph (d)**); and 25
 - (d) report to the Secretary as required by this Part or regulations; and
 - (e) comply with all conditions of their recognition; and
 - (f) comply with any other requirements set by this Part or regulations. 30
- (2) A recognised agency must—
- (a) ensure that each of its recognised assessors is a fit and proper person; and
 - (b) ensure it has adequate resources and systems in place to carry out its functions and activities; and 35

(c)	have documented policies and procedures to safeguard the confidentiality of the information obtained or created while carrying out those functions and activities; and	
(d)	have systems, processes, and procedures to manage appropriately any conflict of interest that might arise while carrying out those functions and activities; and	5
(e)	comply with all conditions of its recognition; and	
(f)	comply with any other requirements set by this Part or regulations.	
(3)	An assessor who is not engaged by a recognised agency must comply with subsections (1) and (2) (with all necessary modifications).	10
117	Immunity from liability for assessors outside public service	
	If an assessor is a person outside the public service, section 104 of the Public Service Act 2020 applies to them as if they were a public service employee.	
118	Recognition of assessors	
(1)	The Secretary may recognise a natural person as an assessor for the purposes of this Part, if the Secretary is satisfied that the person is a fit and proper person to be an assessor.	15
(2)	In considering whether the person is a fit and proper person, the Secretary—	
(a)	must take into account—	
(i)	the competencies and resources of the person to manage and carry out the functions of an assessor; and	20
(ii)	any conviction of a kind specified in regulations that is entered against the person; and	
(iii)	the person's character and reputation; and	
(iv)	the person's ability to maintain an appropriate degree of impartiality and independence in managing and carrying out the functions of an assessor under this Part; and	25
(v)	any applicable requirements set by this Part or regulations; and	
(b)	must be satisfied that the person's system for undertaking assessments is fit for purpose; and	30
(c)	may take into account any other matters that the Secretary considers relevant.	
(3)	The Secretary may recognise a person as an assessor on the application of a person under section 121 or without application under section 123 .	
119	Recognition of agencies	35
(1)	The Secretary may recognise a person as a recognised agency for the purposes of this Part.	

- (2) The function of a recognised agency is to operate and manage systems under which assessors (engaged by the agency) are able to carry out their functions under this Part.
- (3) Before recognising a person as a recognised agency, the Secretary must be satisfied that— 5
- (a) the person's system for undertaking assessments under this Part is fit for purpose; and
 - (b) the person is a fit and proper person to be a recognised agency after taking into account—
 - (i) the competencies and resources of the person to manage and carry out the function of a recognised agency; and 10
 - (ii) any specified conviction entered against the person or any director or manager of the person; and
 - (iii) the person's character and reputation, including, if appropriate, the character and reputation of the person's directors or of those responsible for its management or control; and 15
 - (iv) any applicable requirements set by this Part or regulations; and
 - (c) the person has effective systems to ensure, in accordance with **section 118(2)**, that each of their assessors is a fit and proper person.
- (4) The Secretary may recognise a person as a recognised agency on the application of a person under **section 121** or without application under **section 123**. 20
- 120 Recognition of class of individuals**
- (1) The Secretary may recognise a class of individuals as assessors for the purposes of this Part— 25
- (a) on the application of a recognised agency; or
 - (b) on the application of a person who is also applying to the Secretary for recognition as a recognised agency; or
 - (c) on the application of a class of individuals.
- (2) Before recognising a class of individuals as assessors under **subsection (1)(a) or (b)**, the Secretary must be satisfied that— 30
- (a) those individuals are engaged by the applicant; and
 - (b) the applicant has the systems and capacity to ensure that each of those individuals is a fit and proper person in accordance with **section 118(2)**; and 35
 - (c) the applicant complies with the requirements of **section 119(3)(a) and (b)**.
- (2A) Before recognising a class of individuals as assessors under **subsection (1)(c)**, the Secretary must be satisfied that the class is an appropriate class to

<u>undertake the assessments, and for that purpose the Secretary must take into account—</u>	
(a) <u>whether the individuals within the class have the competencies, training, qualifications, and experience suitable for undertaking assessments; and</u>	
(b) <u>any other criteria specified in regulations.</u>	5
(2B) <u>If the Secretary recognises a class of individuals as assessors under subsection (1)(c), the Secretary may, if they consider on reasonable grounds that it is appropriate to do so, exclude 1 or more members of the class, or categories of members of the class from the recognised class.</u>	
(3) The application must comply with any requirements set in regulations.	10
121 Application for recognition	
(1) An application for recognition must—	
(a) be made to the Secretary in the form approved by the Secretary; and	
(b) include any information required by regulations; and	
(c) be accompanied by payment of the <u>any</u> fee specified in regulations.	15
(2) A person must not provide false or misleading information in the application.	
122 Process for deciding application for recognition	
(1) If the Secretary receives an application for recognition, the Secretary must—	
(a) decide, in accordance with section 118, 119, or 120 (as the case may be), whether to accept or decline the application; and	20
(b) notify the applicant of that decision, including <u>(if applicable) the date of recognition, any conditions of recognition, and the matters referred to in section 125(2)</u> (if applicable) ; and	
(c) make any necessary changes to the register of assessors and recognised agencies.	25
(2) If the Secretary intends to decline an application for recognition, the Secretary must first—	
(a) notify the applicant of the Secretary's intention to decline recognition and include reasons; and	
(b) invite the applicant to provide information, within 20 working days after the date of the notification, to satisfy the Secretary that a decision to decline recognition is inappropriate; and	30
(c) consider any further information provided by the applicant within that period.	
123 Recognition of certain assessors <u>or agencies</u> without application	35
(1) The Secretary may, without receiving an application under section 121 , recognise—	

	(a) the Ministry or any group within the Ministry as a recognised agency; and (b) any officer or employee of the Ministry or any other department <u>within the meaning of section 5 of the Public Service Act 2020</u> as an assessor.	
(2)	The Secretary must—	5
	(a) give the Ministry, department, or person written notice of the recognition; and	
	(b) give notice to the affected group of the recognition in any manner that the Secretary is reasonably satisfied will ensure that the matter is sufficiently notified to the group; and	10
	(c) include in the notice <u>the date of recognition, any conditions of recognition, and</u> the matters referred to in section 125(2) (if applicable).	
(3)	The Secretary must also make any necessary changes to the register of assessors and recognised agencies.	
124	Secretary may impose conditions of recognition	15
(1)	The Secretary may impose on a recognition, any conditions that the Secretary thinks fit.	
(2)	The Secretary may modify those conditions if the Secretary—	
	(a) gives the assessor or agency written notice of the modifications and include reasons; and	20
	(b) provides the assessor or agency with a reasonable opportunity to respond; and	
	(c) considers their responses (if any) before giving final notice of the decision.	
(3)	However, if an assessor is recognised under section 123 , the Secretary—	25
	(a) may modify the conditions without completing the steps in subsection (2) ; but	
	(b) must ensure the assessor is sufficiently notified of any modifications.	
125	Duration of recognition and renewal	
(1)	A recognition continues indefinitely unless the Secretary decides to limit the recognition to a period.	30
(2)	If the Secretary decides to limit a recognition to a period, the Secretary must—	
	(a) specify the period in the notice given under section 122 or 123 ; and	
	(b) include reasons for the decision.	
(3)	If a recognition is for a specified period,—	35
	(a) a person may apply to the Secretary for a renewal of the recognition, no later than 1 month before the specified period ends; or	

- (b) the Secretary may renew the recognition without application.
- (4) In deciding whether to renew a recognition, the Secretary must be satisfied that,—
- (a) either—
- (i) the circumstances of the recognised agency, person, or class of individuals have not changed; or
- (ii) any changes in those circumstances do not adversely affect the current recognition; and
- (b) the reasons why the Secretary recognised the recognised agency, person, or class of individuals still apply; and
- (c) the recognised agency or person has, or a sufficient proportion of the members of the recognised class of individuals have, complied with the conditions of their recognition and the requirements of this Part during the period of recognition.
- (5) **Sections 121, 122, and to 124** apply with all modifications to an application for renewal.

Suspension of recognition

126 Secretary may suspend recognition

- (1) The Secretary may suspend a recognition if the Secretary has reasonable grounds to believe that—
- (aa) the person is no longer meeting the criteria for recognition; or
- (a) the person's performance as an assessor or agency is unsatisfactory; or
- (b) the person has failed to satisfy a requirement of this Part or regulations; or
- (c) the person has failed to pay an ongoing recognition fee, charge, or levy within the period of 30 days after the date on which it was due and payable.
- (1A) However, the Secretary must not suspend recognition of a class of individuals unless the Secretary has reasonable grounds to believe that the conduct described in **subsection (1)(a), (b), or (c)** is the conduct of a significant proportion of the class.
- (1B) To avoid doubt, an assessor who belongs to a recognised class of individuals may have their recognition suspended under **subsection (1)**.
- (2) The maximum period of suspension is 3 months.
- (3) The Secretary may do either or both of the following:
- (a) impose conditions that must be satisfied before the suspension is lifted;
- (b) require a suspended person to take appropriate corrective action to remedy the deficiency or failure that resulted in the suspension.

127 Secretary may extend suspension of assessor or agency recognition

- (1) The Secretary may extend the period of suspension under **section 126** if the Secretary has reasonable grounds to believe that—
- (a) any conditions imposed under that section have not been satisfied within the suspension period; or 5
 - (b) any corrective actions required under that section have not been fulfilled within the suspension period.
- (2) The Secretary may, in addition to any conditions or requirements imposed under **section 126**, do either or both of the following:
- (a) impose conditions that must be satisfied before the extended period of suspension is lifted: 10
 - (b) require a suspended person to take appropriate corrective action to remedy the deficiency or failure that resulted in the suspension.

128 Method of suspending recognition

- (1) If the Secretary intends to suspend a recognition, the Secretary must first— 15
- (a) give the affected person 15 working days' notice of the Secretary's intention to suspend recognition and include reasons; and
 - (b) in the notice, invite the affected person to provide information to satisfy the Secretary that a decision to suspend is inappropriate.
- (2) If the Secretary decides to suspend the recognition, the Secretary must notify the affected person in writing of— 20
- (a) the decision and the date from which the suspension takes effect; and
 - (b) the right of review available under **section 156**.
- (3) ~~A suspension has effect from the date on which it is notified to the affected person.~~ 25
- (4) The suspension continues until the start of—
- (a) the date on which the affected person has exhausted their right of review under **section 156** in respect of the decision to suspend (after which the recognition is withdrawn under **section 129**); or
 - (b) any earlier date on which the Secretary notifies the affect person that the suspension is lifted. 30
- (5) The Secretary may lift the suspension if the Secretary is satisfied that the reasons for the suspension no longer apply.
- (6) While recognition is suspended,—
- (aa) if the affected person is an assessor (recognised under **section 118** or by virtue of belonging to a recognised class of individuals under **section 120**), they must be treated as not being an assessor under this Part; or 35
- or

	(a) if the affected person is an assessor or a recognised class of individuals, they must be treated as not being an assessor or a recognised class of individuals under this Part; or (b) if the affected person is an agency, they must be treated as not being a recognised agency under this Part.	5
(7)	In this section,— affected person means the recognised agency, assessor, or recognised class of individuals whose recognition is or <u>is</u> proposed to be suspended suspension includes an extension of a suspension.	
	<i>Withdrawal of recognition</i>	10
129	Secretary may withdraw recognition	
(1)	The Secretary may withdraw a recognition if the Secretary has reasonable grounds to believe that—	
	(a) it would be appropriate to suspend the recognition, or extend a suspension, but repeated suspensions in the past have been ineffective; or	15
	(aa) <u>recognition has been suspended and the person has exhausted their right of review under section 156(1)(d); or</u>	
	(b) the person or agency is no longer a fit and proper person to be an assessor or a recognised agency; or	
	(c) the person or agency is no longer carrying out their role as an assessor or recognised agency.	20
(2)	<u>If recognition is suspended, the Secretary may withdraw recognition if the Secretary is satisfied that—</u>	
	(a) <u>the person has failed within a reasonable time to take appropriate corrective action to remedy the deficiency or failure that resulted in the suspension; and</u>	25
	(b) <u>the person has not sought a review of the decision to suspend.</u>	
130	Method of withdrawing recognition	
(1)	Before the Secretary withdraws a recognition, the Secretary must—	
	(a) notify the person or agency of the Secretary's intention to withdraw recognition and include reasons; and	30
	(b) invite the person or agency to provide information, within 20 working days after the date of the notification, to satisfy the Secretary that a decision to withdraw recognition is inappropriate; and	
	(c) consider any further information provided by the person or agency within that period.	35

- (2) If the Secretary withdraws recognition, they must notify the person or agency that recognition has been withdrawn.
- (3) If withdrawal of recognition relates to 1 or more individuals belonging to a class recognised under **section 120**, the recognised agency must provide the Secretary with an updated list of the class of individual assessors in accordance with regulations. 5

Surrender of recognition

131 Surrender of recognition

- (1) An assessor or a recognised agency may by written notice,—
 - (a) surrender their recognition by to the Secretary; and 10
 - (b) specify a future date on which the surrender is to take effect (the **proposed date**).
- (2) Before the proposed date, the assessor or agency must notify any registered person with whom they are dealing immediately before the surrender that their recognition is surrendered. 15
- (3) A surrender takes effect on the later of—
 - (a) the proposed date; and
 - (b) the date on which the Secretary records the surrender in the register of assessors and recognised agencies.

Subpart 9—Registers 20

132 Legal harvest register

- (1) The Secretary must ensure that a public register of persons registered for legal harvest is kept and maintained.
- (2) The purpose of the register is—
 - (a) to enable members of the public to know whether a person is a registered person; and 25
 - (b) to enable members of the public to know how to contact a registered person; and
 - (c) to assist with the enforcement of the provisions of this Part.
- (3) The register must include, in relation to each registered person,—
 - (a) the person's name or trading name and contact details; and 30
 - (b) the date on which the person was registered; and
 - (c) if the person holds an exporter statement,—
 - (i) any information specified in regulations relating to the exporter statement; and 35
 - (ii) the history of any previous exporter statements; and

(d)	details (including dates) of any suspension or withdrawal of registration; and	
(e)	the name or designation of the person who is responsible for the day-to-day management of the business; and	
(f)	any other information required by regulations.	5
133	Register of assessors and recognised agencies	
(1)	The Secretary must ensure that a public register of persons recognised as assessors and recognised agencies is kept and maintained.	
(2)	The purpose of the register is—	
(a)	to enable members of the public to know whether a person is an assessor or whether an agency is a recognised agency; and	10
(b)	to enable members of the public to know how to contact the assessor or recognised agency; and	
(c)	to assist with the enforcement of the provisions of this Part.	
(3)	The register must include, in relation to each assessor,—	15
(a)	the person's name or trading name and contact details and, if they are engaged by a recognised agency, the agency's trading name and contact details; and	
(b)	the date on which the person became recognised as an assessor; and	
(c)	details of any suspension, withdrawal, or surrender of recognition; and	20
(d)	any other information required by regulations.	
(4)	The register must include the information described in subsection (3) in relation to each recognised agency (with all necessary modifications).	
134	Secretary to determine form of registers and make registers available to public	25
	The Secretary must—	
(a)	determine the form in which each register is to be kept; and	
(b)	make each register available for public inspection at all reasonable times, free of charge, by publishing it on an Internet site maintained by, or on behalf of, the Secretary; and	30
(c)	supply a copy of information contained in the register to anyone who requests it, at no more than a reasonable cost.	
135	Person may apply to have certain information withheld from register	
(1)	A person (the first person) whose physical address is entered on a register may apply to the Secretary to withhold that information or any other information (withheld information) specified in regulations on the grounds that—	35

- (a) its disclosure would be prejudicial to their personal safety or their family's; or
 - (b) they want to preserve their privacy.
- (2) The Secretary must ensure that the withheld information is not available for inspection or disclosure, if satisfied that— 5
 - (a) the grounds relating to personal safety apply; or
 - (b) the grounds relating to privacy apply.
- (3) Despite **subsection (2)**, the Secretary may provide the withheld information to another person (the **other person**) if— 10
 - (a) the Secretary is satisfied that the other person needs the address to exercise a legal right, or satisfy a legal obligation, in relation to the first person (for example, to serve notice on them); and
 - (b) before providing the information, the Secretary gives notice to the first person specifying— 15
 - (i) the name of the other person to whom it will be provided; and
 - (ii) the date on which it will be provided.

136 Person must notify Secretary of changes to their information on register

- (1) A person whose details are entered on a register must notify the Secretary of any change in those details.
- (2) The person must notify the Secretary in writing within 20 working days after the date on which the change occurs. 20

Subpart 10—Compliance, enforcement, and powers of Secretary

137 Overview of this subpart

- (1) This subpart provides for—
 - (a) the Secretary's powers to give directions relating to functions, duties, and powers of specified persons, to notify the harvest laws of a place or country, and to obtain information; and 25
 - (b) an officer's powers to enter and inspect a place with or without a search warrant; and
 - (c) warning notices to be issued by an officer to a person registered for legal harvest who the officer reasonably believes is failing to comply with a requirement under this Part; and 30
 - (d) compliance notices to be issued to that person if they do not comply with that requirement after being issued a warning notice; and
 - (e) offences relating to the supply of false or misleading information; and 35
 - (f) strict liability offences for failure to comply with specified sections of this Part.

- (2) This section is intended as a guide only.

Secretary's powers

138 Secretary may give directions on functions, duties, or powers

- (1) The Secretary may give a direction to the following persons in relation to their functions, duties, or powers under this Part:
- (a) a recognised agency:
 - (b) an assessor:
 - (c) an officer.

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- (2) A direction may apply to a person or class of persons.

139 ~~Secretary may give notice of harvest laws of place or country~~ Publication of notices relating to harvest laws

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- ~~(1) The Secretary may, by notice, specify what the Secretary considers to be the harvest laws of a place or country.~~

- (1) This section applies to a notice made under **section 77(3)(b)(iv) or (3A).**

- (2) After making the notice, the Secretary must—

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- (a) publish the notice, or notify its making, in the *Gazette*; and
- (b) publish the notice on an Internet site maintained by or on behalf of the Ministry; and
- (c) make a copy of the notice available, free of charge, on an Internet site or for public inspection at reasonable hours at the head office of the Ministry; and
- (d) take reasonable steps to bring the notice to the attention of persons likely to be substantially affected by it; and
- (e) on request, supply a copy of the notice, free of charge, to any person who cannot access it on the Internet site.

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140 Secretary's power to obtain information

- (1) The Secretary may, by notice to any person or class of persons who has obligations under this Part, require that person—

- (a) to provide the Secretary with the information or class of information specified in the notice; and
- (b) to provide the information within a specified time frame or at regular intervals specified in the notice.

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- (2) Before issuing a notice, the Secretary must be satisfied that the information is required for any 1 of the following purposes:

- (a) to verify whether the person is a fit and proper person—
 - (i) to be registered for legal harvest; or

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- (ii) to be an assessor or a recognised agency; or
 - (b) to verify whether the person is complying with their obligations under this Part; or
 - (c) to verify information provided to the Secretary by the person; or
 - (d) to gather statistical information for the purpose of this Part, which may include,— 5
 - (i) understanding the forestry supply chain; or
 - (ii) monitoring and evaluating the effectiveness of the legal harvest system; or
 - (iii) providing more certainty and transparency for suppliers in the forestry supply chain. 10
- (3) The person must provide the information—
 - (a) in a form specified by the Secretary; and
 - (b) within a reasonable time.
- (4) The Secretary may use the information only for purposes related to those specified in **subsection (2)**. 15
- (5) See section 9 of the Official Information Act 1982 for reasons for the Secretary to withhold any official information it holds (including where making the information available would disclose a trade secret or be likely to unreasonably prejudice a person's commercial position). 20

Enforcement powers

141 Power of warrantless entry and inspection for purpose of enforcing this Part

- (1) An officer may exercise their powers under this section for the purpose of determining whether a person is complying with a provision of this Part or any secondary legislation or notices made under this Part. 25
- (2) An officer may enter and inspect a place (except for a dwelling house or marae) described in **subsection (3)** at any reasonable time without a search warrant.
- (3) The places are the following: 30
 - (a) a place where a responsible person, a person registered for legal harvest, a recognised agency, or an assessor operates:
 - (b) any land, premises, vehicle, conveyance, ship, aircraft, railway, railcar, or bulk cargo container, or other area or thing where the officer reasonably believes any of the following will be found: 35
 - (i) regulated timber:
 - (ii) specified timber products:

	(iii) documents, records, or other information that relate to carrying out a regulated activity.	
(4)	An officer may be accompanied by any person reasonably necessary to help the officer carry out their functions.	
(5)	<i>See</i> section 71B, which sets restrictions on the exercise of a power of entry under this Act.	5
142	Entry and inspection under search warrant for the purpose of enforcing this Part	
(1)	An officer may exercise their powers under this section for the purpose of determining whether a person is complying with a provision of this Part or any secondary legislation or notices made under this Part.	10
(2)	An officer may, accordance with the conditions of a search warrant issued in accordance with section 71B,—	
	(a) enter a place (including a dwelling house or a marae) described in section 141 and specified in the warrant; and	15
	(b) search and examine the place; and	
	(c) take any samples and seize any documents, records, or information; and	
	(d) seize any thing in order to access those documents, records, or information.	
<u>(2A)</u>	<u>An officer may be accompanied by any person reasonably necessary to help the officer carry out their functions.</u>	20
(3)	Part 4 of the Search and Surveillance Act 2012 (other than subparts 2, 3, and 8 and sections 118 and 119) applies to anything done under this section.	
(4)	Any exercise of the power of entry or inspection at a marae or a building associated with a marae must take account of the kawa of the marae so far as practicable in the circumstances.	25
143	Matters may be continued by different officer	
(1)	An action initiated or taken under this Part by an officer may be continued by another officer.	
(2)	If an officer has issued a warning or compliance notice or an infringement offence notice under this Part, another officer may—	30
	(a) take further steps on or in relation to the notice; or	
	(b) vary, revoke, or withdraw the notice.	
144	Officer may issue warning and compliance notice to person registered for legal harvest	35
(1)	If an officer reasonably believes that a person registered for legal harvest is failing, or has failed, to comply with a requirement imposed by or under this Part (a requirement)—	

- (a) the officer may issue a warning notice to the person; and
- (b) if the person fails to comply with the requirement despite the warning, the officer may issue a compliance notice to the person.
- (2) A warning notice must—
- (a) state the requirement; and 5
- (b) include guidance to help the person to comply with the requirement and include any other information that the Secretary considers appropriate; and
- (c) state that failure to comply with the requirement may result in the issuing of a compliance notice; and 10
- (d) state the person's right, under **section 156**, to seek a review of the decision to issue the warning notice.
- (3) A compliance notice must state—
- (a) the requirement; and
- (b) why the officer reasonably believes the person is failing, or has failed to comply with the requirement; and 15
- (c) the nature and extent of the failure to comply with the requirement; and
- (d) the date by which the person must comply with the requirement (the **compliance date**); and
- (e) that failing to comply with the compliance notice may result in— 1 or 20
more of the following:
- (i) an infringement notice being issued; ~~or~~
- (ii) conditions being imposed on the person's registration; ~~or~~
- (iii) suspension of registration; ~~or~~
- (iv) prosecution; and 25
- (f) the person's right, under **section 156**, to seek a review of the decision to issue the ~~warning~~ or compliance notice.
- (4) An officer may withdraw a compliance notice by written notice, but may issue a new compliance notice if **subsection (1)** applies.
- (5) The person must comply with the compliance notice, subject to **subsection (6)**. 30
- (6) The compliance date may be extended by the officer at the person's request.

Offences and penalties

145 Offence to provide false or misleading information

- (1) A person commits an offence who, for the purpose of any application, statement, declaration, report, evidence or other information required or supplied under this Part,— 35

(a) supplies to a person any false or misleading information, knowing it to be false or misleading; or	
(b) supplies to a person any false or misleading information.	
(1A) <u>A person commits an offence who aids or conspires with another person to commit an offence against subsection (1)(a) or (b).</u>	5
(2) It is a defence to a charge under subsection (1)(b) that the person to whom the charge relates—	
(a) did not know they were providing false or misleading information; and	
(b) took reasonable precautions and exercised due diligence to ensure that the information provided was not false or misleading.	10
(3) The defence in subsection (2) is available only if the person notifies the prosecutor in writing, at least 15 working days before the hearing date, that they intend to rely on the defence.	
(4) A person who commits an offence identified in against subsection (1)(a) or (1A) is liable on conviction,—	15
(a) if the person is an individual, to a fine not exceeding \$100,000 <u>\$200,000</u> ; and	
(b) in any other case, to a fine not exceeding \$200,000 <u>\$600,000</u> .	
(5) A person who commits an offence identified in against subsection (1)(b) is liable on conviction,—	20
(a) if the person is an individual, to a fine not exceeding \$40,000 <u>\$100,000</u> ; and	
(b) in any other case, to a fine not exceeding \$100,000 <u>\$200,000</u> .	
146 Strict liability offences relating to legal harvest	
(1) A person commits an offence if—	25
(a) they fail to comply with the legal harvest information requirements when required to do so by section 79 :	
(b) they fail to comply with section 84(1) (persons must be registered for legal harvest):	
(c) they fail to comply with section 84(3) (person must not falsely hold out that a person is registered for legal harvest or is not required to be registered):	30
(d) they fail to comply with any of their obligations in section 87(1)(e) to (j) (obligations of persons registered for legal harvest):	
(e) they receive regulated timber or specified timber products in contravention of section 88(1) :	35
(f) they fail to have a due diligence system for legal harvest as required by section 98(1)(a) :	

- (g) they fail to act in accordance with their due diligence system whenever they undertake a regulated activity as required by **section 98(1)(b)**:
- (h) they fail to keep ~~the~~their due diligence system up to date as required by **section 102**:
- (i) they fail to have their due diligence system assessed as required by **section 104**: 5
- (j) they fail to comply with **section 107(2)** (person must not falsely hold out that the person has a valid exporter statement):
- (k) they fail to comply with **section 107(3)** (person must not use exporter statement in a false or misleading way): 10
- (l) they are required by a notice issued under **section 140** (Secretary's power to obtain information) to provide information to the Secretary and they fail to comply with the requirement.
- (2) The defendant has a defence if the defendant proves that—
 - (a) the commission of the offence was due to— 15
 - (i) the act or omission of another person; or
 - (ii) an accident; or
 - (iii) some other cause or circumstances outside the defendant's control; and
 - (b) the defendant took reasonable precautions and exercised due diligence to avoid the commission of the offence or offences of the same kind. 20
- (3) The defence in **subsection (2)** is available only if the defendant notifies the prosecutor in writing, at least 15 working days before the hearing date, that they intend to rely on the defence.
- (4) A person who commits an offence ~~in~~against **subsection (1)** is liable on conviction,— 25
 - (a) if the person is an individual, to a fine not exceeding \$40,000; and
 - (b) in any other case, to a fine not exceeding ~~\$100,000~~ \$200,000.

Subpart 11—Infringement offences

- 147 Interpretation** 30
- In this Part,—
- infringement fee**, ~~in relation to an infringement offence, means the infringement fee specified in regulations~~
- infringement offence** means an offence—
- (a) ~~against any of **section 146(1)(a) to (l)** or a provision of regulations;~~ 35
 - ~~and~~
 - (b) that regulations specify as being an infringement offence.

148 Infringement offences

- (1) A person who is alleged to have committed an infringement offence may—
- (a) be proceeded against by the filing of a charging document under section 14 of the Criminal Procedure Act 2011; or
 - (b) be issued with an infringement notice under **section 150**.
- (2) Proceedings commenced in the way described in **subsection (1)(a)** do not require the leave of a District Court Judge or Registrar under section 21(1)(a) of the Summary Proceedings Act 1957.
- (3) See section 21 of the Summary Proceedings Act 1957 for the procedure that applies if an infringement notice is issued.

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149 Who may issue infringement notices

Any officer may issue infringement notices under this Part.

150 When infringement notice may be issued

An officer may issue an infringement notice to a person if they believe on reasonable grounds that the person is committing, or has committed, an infringement offence.

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151 Revocation of infringement notice before payment made

- (1) An officer may revoke an infringement notice before—
- (a) the infringement fee is paid; or
 - (b) an order for payment of a fine is made or deemed to be made by a court under section 21 of the Summary Proceedings Act 1957.
- (2) The officer must take reasonable steps to ensure that the person to whom the notice was issued is made aware that the notice is revoked.
- (3) The revocation of an infringement notice before the infringement fee is paid is not a bar to any further action as described in **section 148(1)(a) or (b)** against the person to whom the notice was issued in respect of the same matter.

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152 What infringement notice must contain

An infringement notice must be in the form prescribed in regulations and must contain the following particulars:

- (a) details of the alleged infringement offence that fairly inform a person of the time, place, and nature of the alleged offence;
- (b) the amount of the infringement fee;
- (c) the address of the place where the infringement fee may be paid;
- (d) how the infringement fee may be paid;
- (e) the time within which the infringement fee must be paid;
- (f) a summary of section 21(10) of the Summary Proceedings Act 1957:

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- (g) a statement that the person served with the notice has a right to request a hearing;
- (h) a statement of what will happen if the person served with the notice neither pays the infringement fee nor requests a hearing;
- (i) any other matters specified in regulations.

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153 How infringement notice may be served

(1) An infringement notice may be served on the person who the officer believes is committing or has committed the infringement offence by—

- (a) delivering it to the person or, if the person refuses to accept it, bringing it to the person's notice; or
- (b) leaving it for the person at the person's last known place of residence with another person who appears to be of or over the age of 14 years; or
- (c) leaving it for the person at the person's place of business or work with another person; or
- (d) sending it to the person by prepaid post addressed to the person's last known place of residence or place of business or work; or
- (e) sending it to an electronic address of the person in any case where the person does not have a known place of residence or business in New Zealand.

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(2) Unless the contrary is shown,—

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- (a) an infringement notice (or a copy of it) sent by prepaid post to a person under **subsection (1)** is to be treated as having been served on that person on the fifth working day after the date on which it was posted; and
- (b) an infringement notice sent to a valid electronic address is to be treated as having been served at the time the electronic communication first entered an information system that is outside the control of the Secretary.

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154 Payment of infringement fees

All infringement fees paid for infringement offences must be paid into a Crown Bank Account.

155 Reminder notices

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A reminder notice must be in the form specified in regulations and must include the same particulars, or substantially the same particulars, as the infringement notice.

Subpart 12—Review and appeal

156 Right of review of certain decisions

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(1) A person to whom any of the following decisions apply may seek a review of the decision:

(a)	a decision to decline an application for registration for legal harvest:	
(b)	a decision to decline an application for recognition:	
(c)	a decision to impose conditions of recognition:	
(d)	a decision to renew, suspend, or withdraw recognition:	
(e)	a decision to impose or modify a condition of registration:	5
(f)	a decision to suspend the registration of a person registered for legal harvest:	
(g)	a decision to issue a <u>warning notice or compliance notice</u> to a person registered for legal harvest.	
(2)	The person must—	10
(a)	apply to the Secretary for the review in writing, within 30 days after the date on which they were notified of the decision; and	
(b)	state, in the application, the reasons why the person disagrees with the decision.	
(3)	The decision sought to be reviewed remains valid unless and until altered by the Secretary.	15
157	Who reviews decision	
(1)	The reviewer of a decision referred to in section 156(1) must be,—	
(a)	for a decision made by the Secretary, a person appointed by the Minister under subsection (2) ; and	20
(b)	for a decision made by a person who is acting under the delegated authority of the Secretary,—	
(i)	a person who was not involved in making the decision and who is designated by the Secretary; or	
(ii)	the Secretary.	25
(2)	The Minister may appoint a person for the purpose of subsection (1)(a) on any terms and conditions that the Minister considers appropriate (including conditions as to the payment of fees).	
158	How review is conducted	
(1)	If the Secretary receives an application for review, the Secretary must ensure that the application is forwarded to the appropriate reviewer (<i>see section 157</i>).	30
(2)	The reviewer must review the decision—	
(a)	within 60 days after receiving the application; or	
(b)	within an extended period not exceeding a further 30 days that the reviewer notifies to the applicant in writing before the end of the 60 days.	35

- (3) For the purposes of a review,—
- (a) the reviewer may require the applicant to supply, within the time specified by the reviewer, information additional to that contained in the application for review; and
 - (b) the time taken to supply the additional information (or the time allowed for its supply, if the information is not in fact supplied) is not to be counted for the purposes of the time limits specified in **subsection (2)**.
- (4) The reviewer must, as soon as practicable after completing the review, notify the applicant in writing of—
- (a) the decision on the review; and
 - (b) the reasons for the decision; and
 - (c) the right of appeal under **section 159**.
- (5) A decision by the reviewer under this section is final, unless determined otherwise by a court of law of competent jurisdiction.
- 159 Appeals**
- (1) A person to whom a decision of a reviewer under **section 158** applies may appeal to the High Court against the decision.
- (2) At any time before the final determination of an appeal, the High Court may make an interim order that an appellant is until the end of the day on which the High Court finally determines the appeal,—
- (a) to be treated as if they were a registered person; or
 - (b) to be treated as if they were an assessor, a recognised class of individuals, or a recognised agency.
- (3) An interim order may be subject to any conditions that the High Court thinks fit.
- (4) A party may appeal to the Court of Appeal against a decision of the High Court under this section on a question of law only.
- (5) An appeal under this section must be brought—
- (a) in accordance with the rules of court; and
 - (b) within 20 working days after the day on which notice of the relevant decision is given to the appellant.
- (6) However, the relevant court may accept a late appeal no later than 60 working days after the day on which notice was given to the appellant if the court is satisfied that exceptional circumstances prevented the appeal from being made in time.
- (7) Nothing in this section affects the right of any person to apply for judicial review.

Subpart 13—Secondary legislation

*Regulations***160 Requirements before making regulations**

- (1) The Minister must not recommend that regulations be made under this Part unless the Minister is satisfied— 5
- (a) that the regulations are necessary or desirable for 1 or more of the purposes of this Part; and
 - (b) for regulations relating to cost recovery, that the requirements of the following sections have been met (to the extent appropriate in the circumstances): 10
 - (i) **section 215** (principles of cost recovery);
 - (ii) **section 216** (requirement for consultation);
 - (iii) **section 218** (cost recovery to relate generally to financial year); and
 - (c) for other regulations, that there has been appropriate consultation with affected persons or representatives of persons substantially affected, including representatives of tangata whenua and forestry industry bodies. 15
- (2) Consultation need not be undertaken on matters involving minor corrections or updating, or otherwise of a minor or technical nature. 20
- (3) A failure to consult does not affect the validity of any regulations made for the purposes of this Part.

161 Power to make regulations

- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations that— 25
- (a) specify any matter that this Part indicates is to be specified by regulations;
 - (b) provide for anything this Part requires or permits to be provided for by regulations;
 - (c) provide for anything incidental that is necessary for carrying out, or giving full effect to, this Part. 30
- (2) Regulations made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

162 Regulations may grant exemptions

- (1) Regulations— 35
- (a) may grant exemptions that are permitted or required under this Part to be granted by regulations; and

(b)	may impose terms or conditions on any such exemption.	
(2)	The breach of a term or condition of an exemption is a breach of the provision to which the exemption relates (unless the terms or conditions of the exemption otherwise provide).	
163	Regulations may set fees and charges	5
(1)	Regulations may do any of the following:	
(a)	set the amounts of fees and charges for the purposes of this Part:	
(b)	set the method by which the amount of any fee or charge is to be calculated:	
(c)	provide for exemptions from, or waivers or refunds of, a fee or charge, in whole or in part, in any class of case:	10
(d)	authorise the Secretary or another person to grant an exemption, waiver, or refund in any particular case or class of case.	
(2)	Regulations may set fees and charges that—	
(a)	differ, depending on whether a special or an urgent service is provided:	15
(b)	include more than 1 level of fee or charge for the same service provided in different ways or provided in, or in respect of, different places:	
(c)	differ for otherwise similar services provided in different ways:	
(d)	differ, depending on the amount of service required, or the components of the service required, for the particular person.	20
(3)	If regulations prescribe a formula for determining a fee or charge, the formula may specify the value of 1 or more of its components as being an amount or amounts notified for those components by the Secretary.	
(4)	The amount or amounts referred to in subsection (3) must be notified by the Secretary on a <u>an</u> Internet site maintained by or on behalf of the Ministry.	25
164	Regulations may impose levies	
(1)	Regulations may do any of the following:	
(a)	impose a levy payable to the Secretary for the purpose of wholly or partially funding the services provided, and functions performed, by the Secretary:	30
(b)	provide for exemptions from, or waivers or refunds of, a levy, in whole or in part, in any class of case:	
(c)	authorise the Secretary to grant an exemption, waiver, or refund in any particular case or class of case.	
(2)	Regulations made for a purpose described in subsection (1) must specify—	35
(a)	the persons primarily responsible for paying the levy; and	

- (b) the basis on which the amount of levy is to be calculated or ascertained; and
 - (c) the persons (if any) to be exempt from paying the levy; and
 - (d) the persons responsible for collecting the levy from those primarily responsible for paying it; and 5
 - (e) the maximum rate of levy; and
 - (f) how the actual rate of the levy is to be set; and
 - (g) how the rates of the levy and variation of rates are to be notified; and
 - (h) whether the persons collecting the levy are entitled to recover the costs of levy collection and the estimated amount of those costs. 10
- (3) Regulations made for a purpose described in **subsection (1)** may provide for any of the following:
- (a) the making of returns to the Secretary for the purpose of enabling or assisting the determination of amounts of levy payable:
 - (b) the circumstances in which, and conditions subject to which, persons may be allowed extensions of time for the payment of any levy: 15
 - (c) the payment of additional or increased levy when amounts of levy otherwise payable have been paid late, paid in part, or not paid at all:
 - (d) the holding of funds from which payments of levy are to be made, on trust in separate accounts. 20
- (4) Regulations made under this section—
- (a) are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements); and
 - (b) must be confirmed by an Act (*see* subpart 3 of Part 5 of the Legislation Act 2019). 25
- (5) If regulations made under **subsection (1)(c)** authorise the Secretary to grant an exemption, waiver, or refund,—
- (a) an instrument granting an exemption, waiver, or refund is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements), unless it applies only in a particular case; and 30
 - (b) the regulations must contain a statement to that effect.
- 165 Regulations about offences**
- (1) Regulations may—
- (a) specify the offences in this Part or in regulations that are infringement offences, and prescribe infringement fees not exceeding \$1,000 for those offences: 35

- (b) prescribe offences for the breach of regulations and maximum fines for those offences not exceeding \$5,000 for an individual and \$20,000 for a body corporate.
- (2) Regulations made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

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Rules

166 Rules setting practice standards for legal harvest

- (1) The Secretary may make rules that set practice standards for legal harvest.
- (2) The rules may only supplement a requirement that—
 - (a) is imposed under this Part or by regulations; and
 - (b) relates to due diligence systems or the assessment of due diligence systems.
- (3) The Secretary must not make rules under this section unless satisfied that consultation has been carried out with affected persons or representatives of persons substantially affected, including representatives of tangata whenua and forestry industry bodies.
- (4) Consultation is not required for matters involving minor corrections or updating, or otherwise of a minor or technical nature.
- (5) A failure to consult does not affect the validity of the rules.
- (6) Rules made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

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Subpart 14—General matters

Evidence in proceedings

167 Evidence in proceedings

- (1) In any proceedings for an offence under this Part, a certificate or document (including an electronic copy) of any of the following kinds is admissible in evidence and, in the absence of proof to the contrary, is sufficient evidence of the matter stated in the certificate or of the contents of the document, as the case may require:
 - (a) a certificate purporting to be signed by the Secretary to the effect that, at any specified date or period,—
 - (i) a person is or was an officer or a recognised assessor; or
 - (ii) an agency is or was a recognised agency; or
 - (iii) a person was or was not registered for legal harvest; or
 - (iv) a certification scheme was or was not recognised; or
 - (v) an assessment report was or was not submitted; or

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- (vi) an exporter statement had or had not been given or had been withdrawn; or
 - (vii) a specified document was or was not an export requirement, a template document, a practice standard, a notice, a direction, or an extract from a register kept under this Part: 5
- (b) a certificate purporting to be signed by any person authorised by this Part or the Public Service Act 2020 to delegate to any person, or to persons of any kind or description, the exercise or performance of any power or function under this Part, stating that—
 - (i) the person has delegated the exercise or performance of the power or function specified in the certificate to the person specified in the certificate; or 10
 - (ii) the person has delegated the exercise of the power or function specified in the certificate to persons of a kind or description specified in the certificate, and that a named person specified in the certificate is a person of that kind or description: 15
- (c) a certificate purporting to be signed by an analyst or a recognised assessor stating the results of any test taken under or for the purposes of this Part:
- (d) a document purporting to be a copy of any material incorporated by reference: 20
- (e) a document purporting to be a template document, standard, statement, requirement, notice, or direction made or an approval given under this Part.
- (2) The production of a certificate or document purporting to be a certificate or document to which **subsection (1)** applies is prima facie evidence that it is such a certificate or document, without proof of the signature of the person purporting to have signed it or of its nature. 25
- (3) No certificate of an analyst or recognised assessor and no other evidence of a test under this Part, is to be ruled inadmissible or disregarded by reason only of the fact that any of the provisions of this Part or of any regulations, notices or orders made under this Part relating to the taking, analysing, testing, or examining of samples have not been strictly complied with, if there has been reasonable compliance with those provisions. 30
- (4) A certificate or document to which **subsection (1)** applies is not admissible in evidence unless,— 35
 - (a) at least 20 days before the hearing at which the certificate or document is to be tendered, a copy is served, by or on behalf of the prosecutor, on the defendant or the defendant's agent or counsel, and that person is at the same time informed in writing that the prosecutor does not propose to call the person who signed the certificate or document as a witness at the 40

hearing or to call evidence as to the nature of the certificate or document; and

- (b) the court has not, on the application of the defendant made not less than 10 days before the hearing, ordered, not less than 5 days before the hearing (or any lesser period that the court in the special circumstances of the case thinks fit), that the certificate or document should not be admissible as evidence in the proceedings.

- (5) The court may not make an order under **subsection (4)(b)** unless it is satisfied that there is a reasonable doubt as to the accuracy or validity or identity of a certificate or document.

168 Liability of body corporate

If, in the course of proceedings against a body corporate for an offence under this Part, it is necessary to establish the state of mind of the body corporate, it is sufficient to show that a director, employee, or agent of the body corporate, acting within the scope of that person's actual or apparent authority, had that state of mind.

169 Liability of directors and managers of companies

Where a body corporate is convicted of an offence under this Part, every director and every person concerned in the management of the body corporate is also guilty of a like offence if it is proved that—

- (a) the act or omission that constituted the offence took place with the authority, permission, or consent of the director or person; or
- (b) the director or person knew that the offence was to be or was being committed, and failed to take all reasonable steps to prevent or stop it.

Automated electronic system

170 Arrangement for system

- (1) The Secretary may arrange for the use of an automated electronic system to do the actions described in **subsection (2)** that this Part or another enactment allows or requires the persons described in **subsection (3)** to do for the purposes of this Part.
- (2) The actions are the following:
 - (a) exercising a power other than a power to make secondary legislation;
 - (b) carrying out a function;
 - (c) carrying out a duty;
 - (d) making a decision, including making a decision by—
 - (i) analysing information that a person described in **subsection (3)** holds or has access to about a person, regulated timber, or specified timber products; and

(ii) applying criteria predetermined by the Secretary to the analysis: (e) doing an action for the purpose of exercising a power, carrying out a function or duty, or making a decision: (f) communicating the exercising of a power, carrying out of a function or duty, or making of a decision.	5
(3) The persons are the following: (a) the Secretary: (b) officers.	
(4) The Secretary may make an arrangement only if satisfied that— (a) the system has the capacity to do the action with reasonable reliability; and (b) a process is available under which a person affected by an action done by the system can have the action reviewed by a person described in subsection (3) without undue delay.	10
(5) A system used in accordance with an arrangement may include components outside New Zealand.	15
(6) The Secretary must consult the Privacy Commissioner about including in an arrangement actions that involve the collection or use of personal information.	
171 Effect of use of system	
(1) This section applies to an action done by an automated electronic system.	20
(2) An action allowed or required by this Part and done by the system— (a) is treated as an action done properly by the appropriate person referred to in section 170(3); and (b) is not invalid by virtue only of the fact that it is done by the system.	
(3) If an action allowed or required by another enactment and done by the system is done in accordance with any applicable provisions in the enactment on the use of an automated electronic system, the action— (a) is treated as an action done properly by the appropriate person referred to in section 170(3); and (b) is not invalid by virtue only of the fact that it is done by the system.	25
(4) If the system operates in such a way as to render the action done or partly done by the system clearly wrong, the action may be done by the appropriate person referred to in section 170(3).	30

*Review of this Part***172 Review of this Part and operation and effectiveness of legal harvest system**

- (1) The Minister must review this Part and the operation and effectiveness of the legal harvest system— no later than 5 years after the commencement of **section 74**. 5
- (a) ~~no later than 5 years after the commencement of **section 74**; and~~
- (b) ~~after the first review is completed, at least once every 10 years.~~
- (2) The Minister must present a report of the review to the House of Representatives as soon as practicable after it has been completed.

Part 6
Log traders

10

173 Purpose of this Part

- (1) The purpose of this Part is to—
- (a) support the continuous, predictable, and ~~ad-term~~ long-term supply of timber, and equity of access to timber, for domestic processing and export; and 15
- (b) support a more transparent and open market for log sales; and
- (c) improve the confidence and informed participation of businesses and investors in the forestry and wood-processing sector; and
- (d) contribute to the development, and improve the long-term sustainability, of the forestry and wood-processing sector; and 20
- (e) contribute to improved climate change outcomes from the forestry and wood-processing sector.
- (2) To that end, this Part—
- (a) establishes a regulatory system for log traders; and 25
- (b) imposes obligations on persons registered as log traders to ensure that logs grown in New Zealand are bought and sold in a way that is transparent and professional.

174 Meaning of log trader

- (1) A **log trader** is any of the following: 30
- (a) a person who, in trade,—
- (i) buys New Zealand logs, whether after harvest or in the form of trees to be harvested at an agreed time, and whether or not the person intends to on-sell the logs; or
- (ii) exports New Zealand logs; or 35

- (iii) processes New Zealand logs that the person has grown themselves:
 - (b) a person who does any of the things specified in **paragraph (a)** as the agent for another person:
 - (c) a company that, in trade, ~~transfers the~~ receives ownership of New Zealand logs ~~to or~~ from a related company, whether the transfer relates to logs after harvest or in the form of trees to be harvested at an agreed time.
- (2) In this section, **related company** has the meaning given in section 2(1) of the Companies Act 1993.

Subpart 1—Log traders must be registered

175 Requirement for log traders to be registered

- (1) A log trader must be a registered log trader under this Part before carrying out any activity described in any of **section 174(1)(a) to (c)**.
- (2) However, a log trader is not required to be registered if they are a person to whom **section 177(1)(a) or (b)** applies.
- (3) A person must not falsely hold out that they are, or any other person is,—
 - (a) a registered log trader; or
 - (b) not required to be a registered log trader.
- (4) To avoid doubt, a new trader under **section 177(2)(b)** must register as soon as that section ceases to apply (when, at any time in the current financial year, their activity in that financial year is either reasonably expected to, or does in fact, involve at least the threshold volume of logs).
- (5) *See* **section 84**, which provides for when a log trader must also be registered for legal harvest.

176 Registration criteria for log traders

- (1) The criteria that an applicant must meet (to the satisfaction of the Secretary) in order to be registered as a log trader are as follows:
 - (a) the person must be required by this Part to be a registered log trader; and
 - (b) the person must be a fit and proper person to be a registered log trader; and
 - (c) any other criteria set by regulations.
- (2) In determining whether a person is a fit and proper person, the Secretary must take into account—
 - (a) the matters set out in regulations; and
 - (b) any other matters that the Secretary considers relevant.

177 When person not required to be registered log trader

- (1) A person does not have to be a registered log trader if—
- (a) they are within a class of persons who are exempted by notice under **section 201(1)(a)** from the requirement to be a registered log trader; or
 - (b) all their regulated activities fall within for 1 or more of the activity exceptions. 5
- (2) The **activity exceptions** are the following:
- Low-volume activity*
- (a) if they carried out an activity carried out in the previous full financial year,— 10
 - (i) their activity in that year involved less than the threshold volume of logs; and
 - (ii) their activity in the current financial year does not in fact involve more than that threshold volume:
 - (b) if they did not carry out the activity in the previous full financial year, their activity in the current financial year (as a **new trader**) is reasonably expected by them not to, and does not in fact, involve more than the threshold volume of logs: 15
- Exempt activities*
- (c) the activity is the shipping or transporting of logs, or associated logistical activities: 20
 - (d) the activity is within a class of transactions or transfers exempted under **section 201(1)(b)**.—
 - (i) an activity described in **section 174(1)(c)**; and
 - (ii) is within a class of transactions or transfers exempted under **section 201(1)(b)**. 25
- (3) To avoid doubt, a new trader who relies on the exception in **subsection (2)(b)** must register as soon as that subsection ceases to apply.
- (4) In this section, **threshold volume** means—
- (a) 2,000 cubic metres per year, unless **paragraph (b)** applies; or 30
 - (b) any volume specified by regulations.

Subpart 2—Obligations of registered log traders**178 Obligations of registered log trader**

- (1) A registered log trader must—
- (a) adhere to the practice ~~standard~~ standards for log traders; and 35
 - (b) adhere to any agreement—

	(i) that is entered into by the registered log trader or an organisation to which they belong; and	
	(ii) that is identified by regulations as an applicable forestry industry agreement; and	
	(c) keep records as required by regulations; and	5
	(d) notify the Secretary within 20 working days after the date of any significant change in circumstances; and	
	(e) report to the Secretary as required by regulations; and	
	(f) comply with any other obligations imposed by this Part or regulations made under it.	10
(2)	A registered log trader must continue to be a fit and proper person to be a registered log trader.	
(3)	In this section, significant change of circumstances , includes—	
	(a) any matter that may result in a registered log trader no longer complying with subsection (2) ; and	15
	(b) the death of the person in control of the registered log trader, bankruptcy, receivership, voluntary administration, or liquidation.	
(4)	If subsection (3)(b) applies, the person who assumes control of the registered log trader's business must give the notice that is required by subsection (1)(d) .	20
179	Registered log trader must declare continuing compliance with obligations	
(1)	A registered log trader must provide a declaration to the Secretary that they are continuing to comply with their obligations under section 178 .	
(2)	The declaration must—	
	(a) be made—	25
	(i) annually by the date specified in regulations; and	
	(ii) at any other times as required by or under this Part; and	
	(b) include any other information required by regulations; and	
	(c) be made in the form approved by the Secretary; and	
	(d) be accompanied by payment of any fee specified in regulations.	30
(3)	The Secretary may require the person to provide any evidence that the Secretary requires to verify information given in a declaration.	
	Subpart 3—Application process to be registered log trader	
180	Application to be registered log trader	
(1)	An application to be a registered a log trader must—	35
	(a) be made to the Secretary in the form approved by the Secretary; and	

	(b) include the information specified by regulations; and (c) be accompanied by the payment of any fee specified in regulations.	
(2)	A person must not provide false or misleading information in or with the application.	
181	Decision on application for registration	5
(1)	This section applies if the Secretary receives an application for registration made in accordance with section 180 .	
(2)	If the Secretary is satisfied that the applicant meets the registration criteria in section 176 , the Secretary must—	
	(a) register the applicant; and	10
	(b) notify the applicant of the date from which the registration has effect.	
(3)	The Secretary—	
	(a) may ask the applicant to provide any other information that the Secretary needs to decide whether the applicant meets the registration criteria; and	
	(b) if the applicant does not provide the requested information within 6 months after being asked for it, may decline the application for that reason.	15
(4)	If the Secretary declines the application, the Secretary must notify the applicant of—	
	(a) the decision; and	20
	(b) the reasons for the decision; and	
	(c) the right of review under section 209 .	
182	Conditions of registration	
(1)	The Secretary may, subject to subsection (2) and regulations,—	
	(a) impose conditions on a person's registration as a log trader; and	25
	(b) at any time, modify the conditions of registration.	
(2)	The Secretary may—	
	(a) impose conditions if satisfied that the person has engaged in unsatisfactory conduct (see section 187(1)); and	
	(b) impose conditions needed to enable the Secretary to monitor the person's compliance with their obligations under this Part; and	30
	(c) impose only the conditions that the Secretary considers necessary or desirable for the purposes of this Part, and that are reasonable.	
(3)	If the Secretary decides to impose or modify a condition, the Secretary must give the person notice of—	35
	(a) the decision; and	

(b)	the reasons for the decision; and	
(c)	the right of review under section 209 .	
(4)	A new or modified condition has effect on and from the date specified by the Secretary in the notice or, if no effective date is specified, the date of the notice.	5
(5)	Regulations may impose restrictions on the conditions that may be imposed under this section or on how they may be imposed or modified.	
Subpart 4—Suspension and revocation of log trader registration		
183	Suspension of log trader’s registration	
	The Secretary may suspend a log trader’s registration if the Secretary is satisfied that—	10
(a)	the person has engaged in misconduct in their capacity as a registered log trader; or	
(b)	the person is no longer carrying out the activities of a registered log trader.	15
184	Process for suspension	
(1)	Before suspending a log trader’s registration, the Secretary must—	
(a)	give the person notice of the Secretary’s intention to suspend registration, including reasons for the decision; and	
(b)	invite the person to provide information to satisfy the Secretary that the decision is inappropriate; and	20
(c)	give the person reasonable opportunity to respond.	
(2)	After completing the steps in subsection (1) , the Secretary must notify the person of the Secretary’s decision. The notice must—	
(a)	include the reasons for the decision; and	25
(b)	in the case of a suspension, specify the dates of the period of suspension; and	
(c)	inform the person of the right of review under section 209 .	
(3)	A suspension takes effect on the date on which the person is given notice under subsection (2) , or a later date if specified in that notice.	30
(4)	The suspension ceases on the expiry of the period specified in the notice unless—	
(a)	the person has exhausted their right of review in respect of the decision to suspend (after which the registration is revoked under section 186); or	35
(b)	the Secretary notifies the person that the suspension is lifted on an earlier date.	

- (5) The Secretary may lift the suspension on an earlier date than that specified in the notice if the Secretary is satisfied that the reasons for the suspension no longer apply.

185 Effect of suspension

As long as a log trader's registration is suspended,—

- (a) they must be treated as not being a registered log trader under this Part; and
- (b) if they are registered for legal harvest in relation to a regulated activity for which they are also registered as a log trader, they must be treated as not being registered for legal harvest in relation to that activity.

186 Revocation of log trader registration

- (1) The Secretary must revoke a log trader's registration—

- (a) if registration is suspended under **section 183** and the person has exhausted their right of review under **section 209** in respect of the decision to suspend; or
- (b) at the request of the registered log trader.

- (1A) If a log trader's registration is suspended, the Secretary may revoke their registration if the Secretary is satisfied that—

- (a) the person has failed within a reasonable time to take appropriate corrective action to remedy the deficiency or failure that resulted in the suspension; and
- (b) the person has not sought a review of the decision to suspend registration.

- (2) The revocation has effect on the date on which it is notified to the registered log trader or on a later date specified by the Secretary and notified to the registered log trader.

Subpart 5—Complaints and dispute resolution

187 Meaning of unsatisfactory conduct and misconduct

- (1) A registered log trader engages in **unsatisfactory conduct** if their conduct—

- (a) falls short of the standard that a reasonable member of the public is entitled to expect from a reasonably competent registered log trader; or
- (b) contravenes the person's obligations under this Part in a way that is more than minor or inconsequential; or
- (c) is incompetent or negligent; or
- (d) would reasonably be regarded by registered log traders of good standing as being unacceptable.

- (2) A registered log trader engages in **misconduct** if—

	(a) they engage in conduct that would reasonably be regarded by registered log traders of good standing, or reasonable members of the public, as disgraceful; or (b) they wilfully or recklessly fail (whether by act or omission) to meet an obligation under this Part that is more than minor or inconsequential; or (c) they commit a serious offence, or are involved in a serious matter, that is specified by regulations.	5
188	Complaints about unsatisfactory conduct or misconduct by registered log trader	
(1)	Any person may complain to the Secretary, or the Secretary may initiate a complaint, that person has engaged in unsatisfactory conduct or misconduct in their capacity as a registered log trader.	10
(2)	The complaint must be made and dealt with in accordance with regulations.	
189	Disputes about commercial matters	
(1)	If there is a dispute between any of the following persons about a commercial matter, 1 or more of the parties to the dispute may refer it to dispute resolution:	15
	(a) any owner of forests or proposed forests: (b) any registered, or previously registered, log trader.	
(2)	The dispute must be referred and dealt with in accordance with regulations.	
(3)	If the parties to the dispute have not resolved the dispute by agreement after following that process, the parties may agree to refer the dispute to mediation or arbitration.	20
(4)	If a dispute is referred to arbitration, the provisions of the Arbitration Act 1996 apply to the dispute.	
(5)	<u>This section does not apply to a dispute that is subject to a dispute resolution process set out in a contract between the parties.</u>	25
190	Measures to address unsatisfactory conduct or misconduct by registered log trader	
(1)	If the Secretary is satisfied that a person has, in their capacity as a registered log trader, engaged in unsatisfactory conduct, the Secretary may—	30
	(a) impose or modify a condition of the person's registration under section 187(1)(a) section 182(1) to enable the Secretary to monitor the person's compliance with their obligations under this Part: (b) issue a notice to warn the person that the Secretary may consider a failure to address the unsatisfactory conduct as satisfying the test in section 187 section 187 for misconduct.	
(2)	If the Secretary is satisfied that a person has, in their capacity as a registered log trader, engaged in misconduct, the Secretary may—	35

(a)	suspend the person's registration under section 183 :	
(b)	consider whether there are grounds to prosecute the person for an offence under section 192(1) .	
191	Notice requiring registered log trader to address unsatisfactory conduct	
(1)	This section applies if the Secretary is satisfied that—	5
(a)	a person has, in their capacity as a registered log trader, engaged in unsatisfactory conduct; and	
(b)	the unsatisfactory conduct involves an error or omission on the part of the person.	
(2)	The Secretary may issue the person with a notice that requires the person—	10
(a)	to rectify, at their own expense, the error or omission; or	
(b)	where it is not practicable to rectify the error or omission, to take steps to provide, at the person's own expense, relief, in whole or in part, from the consequences of the error or omission.	
(3)	A notice under this section must include notice of the person's right of review, under section 209 , of the decision to issue the notice.	15
(4)	A notice under this section may be enforced in all respects as if it were an order of the District Court on the filing of a sealed copy in that court.	
	Subpart 6—Offences	
192	Offences relating to log traders	20
(1)	A person commits an offence if—	
(a)	they fail to comply with section 175(1) (requirement for log traders to be registered); or	
(b)	they fail to comply with section 175(3) (requirement not to falsely hold out that person is a registered log trader); or	25
(c)	they fail to comply with section 178 (obligations of registered log trader); or	
(d)	they fail to comply with section 180(2) (requirement not to provide false or misleading information in the application).	
(1A)	<u>The defendant has a defence to a charge under subsection (1)(a), (b), or (c) if the defendant proves that—</u>	30
(a)	<u>the commission of the offence was due to—</u>	
(i)	<u>the act or omission of another person; or</u>	
(ii)	<u>an accident; or</u>	
(iii)	<u>some other cause or circumstances outside the defendant's control; and</u>	35

- (b) the defendant took reasonable precautions and exercised due diligence to avoid the commission of the offence or offences of the same kind.
- (1B) The defence in **subsection (1A)** is available only if the defendant notifies the prosecutor in writing, at least 15 working days before the hearing date, that they intend to rely on the defence. 5
- (2) It is a defence to a charge under **subsection (1)(d)** that the person to whom the charge relates—
- (a) did not know that the information they provided was false or misleading; and
- (b) exercised all reasonable care and due diligence to ensure that the information provided was not false or misleading. 10
- (3) A person who commits an offence ~~identified in~~ against **subsection (1)** is liable on conviction,—
- (a) if the person is an individual, to a fine not exceeding \$40,000; and
- (b) in any other case, to a fine not exceeding \$100,000. 15

Subpart 7—Register of log traders

193 Log trader register

- (1) The Secretary must ensure that a public register of log traders is kept and maintained.
- (2) The purpose of the public register is— 20
- (a) to enable members of the public to know whether a person is a registered log trader; and
- (b) to enable members of the public to know how to contact a registered log trader; and
- (c) to assist with the enforcement of the provisions of this Part. 25
- (3) The register must include, in relation to each registered log trader,—
- (a) the person's trading name and contact details; and
- (b) the date on which the person became registered; and
- (c) details (including dates) of any suspension or revocation of registration; and 30
- (d) the name or designation of the person who is responsible for the day-to-day management of the business; and
- (e) any other information required by regulations.
- (4) The Secretary must determine the form in which the log trader register is to be kept. 35

194 Register must be available to public

The Secretary must—

- (a) make the register of log traders available for public inspection at all reasonable times, free of charge, by publishing it on an Internet site maintained by, or on behalf of, the Secretary; and
- (b) supply a copy of information contained in the register to anyone who requests it, at no more than a reasonable cost.

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195 Person may apply to have certain information withheld from register

- (1) A person whose physical address is entered on the register may apply to the Secretary to withhold that information or any information (**withheld information**) specified in regulations on the grounds that—

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- (a) its disclosure would be prejudicial to their personal safety or their family's; or
- (b) they want to preserve their privacy.

- (2) The Secretary must ensure that the withheld information is not available for inspection or disclosure, if satisfied that—

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- (a) the grounds relating to personal safety apply; or
- (b) the grounds relating to privacy apply.

- (3) Despite **subsection (2)**, the Secretary may provide the withheld information to another person if—

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- (a) the Secretary is satisfied that the other person needs the withheld information to exercise a legal right, or satisfy a legal obligation, in relation to the first person (for example, to serve notice on them); and
- (b) before providing the withheld information, the Secretary gives notice to the first person specifying—
 - (i) the name of the person to whom it will be provided; and
 - (ii) the date on which it will be provided.

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196 Person must notify Secretary of changes to their information on register

- (1) A person whose details are entered on the log trader register must notify the Secretary of any change in those details.
- (2) The person must notify the Secretary in writing within 20 working days after the date on which the change has occurs.

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Subpart 8—Powers and functions of Secretary**197 Secretary's functions**

The functions of the Secretary under this Part are the following:

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- (a) to establish and maintain a registration system for log traders:

- (b) to promote to persons in the forestry supply chain—
 - (i) awareness of the registration for log traders; and
 - (ii) the benefits of using registered log traders:
 - (c) to monitor, and take action to ensure, the compliance of registered log traders and other persons with their obligations under this Part: 5
 - (d) to establish and maintain a public register of persons registered as log traders:
 - (e) to develop, maintain, and promote to registered log traders the practice standards for log traders:
 - (f) to establish a process for resolving complaints and disputes relating to registered persons. 10
- 198 Secretary's power to obtain information**
- (1) The Secretary may, by notice to any person or class of person who has obligations under this Part, require that person—
 - (a) to provide the Secretary with the information or class of information specified in the notice; and 15
 - (b) to provide the information within a specified time frame or at regular intervals specified in the notice.
 - (2) Before issuing a notice, the Secretary must be satisfied that the information is required to— 20
 - (a) verify whether the person is complying with their obligations under this Part; or
 - (b) gather statistical information for understanding the forestry supply chain.
 - (3) The person must provide the information—
 - (a) in a form specified by the Secretary; and 25
 - (b) within a reasonable time.
 - (4) The Secretary may use the information only for purposes related to those specified in **subsection (2)**.
 - (5) *See* section 9 of the Official Information Act 1982 for reasons for the Secretary to withhold any official information that they hold (including where making the information available would disclose a trade secret or be likely to unreasonably prejudice a person's commercial position). 30

Subpart 9—Secondary legislation

199 Requirements before making regulations

- (1) The Minister must not recommend that regulations be made under this Part unless the Minister is satisfied— 35

(a)	that the regulations are necessary or desirable for 1 or more of the purposes of this Part; and	
(b)	for regulations relating to cost recovery, that the requirements of the following sections have been met (to the extent appropriate in the circumstances):	5
	(i) section 215 (principles of cost recovery):	
	(ii) section 216 (requirement for consultation):	
	(iii) section 218 (cost recovery to relate generally to financial year); and	
(c)	for other regulations, that there has been appropriate consultation with affected persons or representatives of persons substantially affected, including representatives of tangata whenua, forestry industry bodies, and unions (as defined in section 5 of the Employment Relations Act 2000).	10
(2)	Consultation need not be undertaken on matters involving minor corrections or updating, or otherwise of a minor or technical nature.	15
(3)	A failure to consult does not affect the validity of any regulations made for the purposes of this Part.	
200 Regulations: registration		
(1)	The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations that do any of the following:	20
(a)	specify a volume of logs for the purpose of the definition of threshold volume in section 2(1) (to determine who has to register as a log trader under section 175) section 177(4) :	
(b)	specify further criteria for registration as a log trader:	25
(c)	specify matters the Secretary must take into account in determining whether a person is a fit and proper person to be a registered log trader:	
(d)	specify offences or matters that are serious for the purposes of section 187(2)(c) (relating to misconduct):	
(e)	require log traders to keep records on specified matters and to keep those records in a specified manner for a specified period:	30
(f)	require log traders to report to the Secretary on a regular basis, to enable the Secretary to monitor log traders' compliance with their obligations under this Part:	
(g)	specify when reports referred to in paragraph (f) must be made and what information they must contain:	35
(h)	impose further obligations on log traders (which may relate to ongoing training to be undertaken):	

	(i) specify the information that must be included in an application for registration as a log trader:	
	(j) specify information that must be kept on the register of log traders.	
(2)	Regulations made under this section is <u>are</u> secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements).	5
201	Minister may exempt from registration requirements	
(1)	The Minister may, by notice made on the recommendation of the Secretary,—	
	(a) exempt any class of persons from the requirement to be registered as a log trader; and	
	(b) exempt any class of transactions or transfers for the purpose of section 177(2)(d)(ii) (exempt activities); and	10
	(c) set terms and conditions for any exemption granted under this section.	
(2)	Before granting—recommending that an exemption be granted, the Minister must obtain and consider advice from the Secretary as to whether the exemption should—	15
	(a) be granted for a specified period of no more than 5 years; or	
	(b) be granted for an indefinite period but kept under review.	
(3)	The breach of a term or condition of an exemption granted under this section is a breach of the provision to which the exemption relates (unless the terms of the exemption otherwise provide).	20
(4)	A notice under this section must include a statement of the <u>Minister's Secretary's</u> reasons for granting the exemption.	
(5)	A notice under this section is secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements).	
202	Power to make regulations generally	25
(1)	The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations that—	
	(a) specify any matter that this Part indicates is to be specified by regulations:	
	(b) provide for anything this Part requires or permits to be provided for by regulations:	30
	(c) provide for anything incidental that is necessary for carrying out, or giving full effect to, this Part.	
(2)	Regulations made under this section are secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements).	35

203 Regulations may establish resolution process for complaints

- (1) Regulations may establish a resolution process for complaints that a log trader (including one whose registration is suspended or revoked) has engaged in unsatisfactory conduct or misconduct.
- (2) Without limiting **subsection (1)**, regulations may do any of the following:
 - (a) establish a complaints panel and its procedures:
 - (b) require the Secretary to forward any complaint to the panel:
 - (c) authorise the panel to require log traders to provide information relating to a complaint:
 - (d) require the panel to publish its findings:
 - (e) if the panel finds that a log trader has, or may have, engaged in unsatisfactory conduct or misconduct, require the panel to—
 - (i) notify the Secretary of that finding; and
 - (ii) recommend that the Secretary consider whether to take 1 or more of the actions specified in **section 190**.
- (3) Regulations made under this section are secondary legislation (see Part 3 of the Legislation Act 2019 for publication requirements).

204 Disputes resolution process for commercial matters

- ~~(1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations that establish a process for disputes about a commercial matter between any persons described by **section 189** to be resolved by agreement.~~
- (1) For the purpose of **section 189**, regulations may—
 - (a) establish a process to deal with disputes referred to it by parties under that section; and
 - (b) provide for the manner in which disputes are referred.
- (2) Regulations made under this section are secondary legislation (see Part 3 of the Legislation Act 2019 for publication requirements).

205 Regulations may set fees and charges

- (1) Regulations may do any of the following:
 - (a) set the amounts of fees and charges for the purposes of this Part:
 - (b) set the method by which the amount of any fee or charge is to be calculated:
 - (c) provide for exemptions from, or waivers or refunds of, a fee or charge, in whole or in part, in any class of case:
 - (d) authorise the Secretary ~~or another person~~ to grant an exemption, waiver, or refund in any particular case or class of case.

- (2) Regulations may set fees and charges that—
- (a) differ, depending on whether a special or an urgent service is provided:
 - (b) include more than 1 level of fee or charge for the same service provided in different ways or provided in, or in respect of, different places:
 - (c) differ for otherwise similar services provided in different ways: 5
 - (d) differ, depending on the amount of service required or the components of the service required for the particular person.
- (3) If regulations prescribe a formula for determining a fee or charge, the formula may specify the value of 1 or more of its components as being an amount or amounts notified for those components by the Secretary. 10
- (4) The amount or amounts referred to in **subsection (3)** must be notified by the Secretary on a Internet site maintained by or on behalf of the Ministry.
- (5) Regulations made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).
- 206 Regulations may impose levies** 15
- (1) Regulations may do any of the following:
- (a) impose a levy payable to the Secretary for the purpose of wholly or partially funding the services provided and functions performed by the Secretary:
 - (b) provide for exemptions from, or waivers or refunds of, a levy, in whole or in part, in any class of case: 20
 - (c) authorise the Secretary to grant an exemption, waiver, or refund in any particular case or class of case.
- (2) Regulations made for a purpose described in **subsection (1)** must specify—
- (a) the persons primarily responsible for paying the levy; and 25
 - (b) the basis on which the amount of levy is to be calculated or ascertained; and
 - (c) the persons (if any) to be exempt from paying the levy; and
 - (d) the persons responsible for collecting the levy from those primarily responsible for paying it; and 30
 - (e) the maximum rate of levy; and
 - (f) how the actual rate of the levy is to be set; and
 - (g) how the rates of the levy and variation of rates are to be notified; and
 - (h) whether the persons collecting the levy are entitled to recover the costs of levy collection and the estimated amount of those costs. 35
- (3) Regulations made for a purpose described in **subsection (1)** may provide for any of the following:

(a)	the making of returns to the Secretary for the purpose of enabling or assisting the determination of amounts of levy payable:	
(b)	the circumstances in which, and conditions subject to which, persons may be allowed extensions of time for the payment of any levy:	
(c)	the payment of an additional or increased levy when amounts of levy otherwise payable have been paid late, paid in part, or not paid at all:	5
(d)	the holding of funds, from which payments of levy are to be made, on trust in separate accounts.	
(4)	Regulations made under this section—	
(a)	are secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements); and	10
(b)	must be confirmed by an Act (<i>see</i> subpart 3 of Part 5 of the Legislation Act 2019).	
(5)	If regulations made under subsection (1)(c) authorise the Secretary to grant an exemption, waiver, or refund,—	15
(a)	an instrument granting an exemption, waiver, or refund is secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements), unless it applies only in a particular case; and	
(b)	the regulations must contain a statement to that effect.	
207	Requirements before making rules	20
(1)	The Secretary must not recommend that rules be made under this subpart unless satisfied—	
(a)	that the rules are necessary or desirable for the purposes of this Part; and	
(b)	that there has been appropriate consultation with affected persons or representatives of persons substantially affected, including representatives of tangata whenua, forestry industry bodies, and unions (as defined in section 5 of the Employment Relations Act 2000).	25
(2)	Consultation need not be undertaken on matters involving minor corrections or updating, or otherwise of a minor or technical nature.	
(3)	A failure to consult does not affect the validity of any rules made for the purposes of this Part.	30
208	Rules: practice standards for log traders	
(1)	The Secretary may make rules that set practice standards for log traders.	
(2)	The rules may set standards for any matter relating to forestry operations and forestry services including the following:	35
(a)	valuation; and	
(b)	emissions trading; and	
(c)	sale and purchase agreements for domestic transactions or exports; and	

- (d) other sale and purchase requirements.
- (3) However, the rules must not impose any condition or requirement that is properly a matter for commercial agreement between parties.
- (4) Rules made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

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Subpart 10—Review and appeal

209 Right of review of certain decisions

- (1) A person to whom any of the following decisions apply may seek a review of the decision:

- (a) a decision to decline an application to be a registered log trader (*see* **section 181**): 10
- (b) a decision to impose or modify a condition of registration (*see* **section 182**):
- (c) a decision to suspend a person's registration as a log trader (*see* **section 183**): 15
- (d) ~~a decision to issue a notice requiring a registered log trader to rectify an error or omission (*see* **section 191**).~~
- (d) a decision to issue a notice requiring a registered log trader to—
 - (i) rectify an error or omission (*see* **section 191(2)(a)**); or
 - (ii) take steps to provide relief from the consequences of the error or omission (*see* **section 191(2)(b)**). 20

- (2) An application for review of the decision must—
 - (a) be made to the Secretary, in writing, within 30 days after the date on which the decision was notified to the applicant; and
 - (b) state the grounds on which it is believed that the decision was inappropriate. 25
- (3) The decision sought to be reviewed remains valid unless and until altered by the Secretary.

210 Who reviews decision

- (1) The reviewer of a decision referred to in **section 209(1)** must be,— 30
 - (a) for a decision made by the Secretary, a person appointed by the Minister under **subsection (2)**; and
 - (b) for a decision made by a person who is acting under the delegated authority of the Secretary,—
 - (i) a person who was not involved in making the decision and who is 35 designated by the Secretary; or
 - (ii) the Secretary.

- (2) The Minister may appoint a person for the purpose of **subsection (1)(a)** on any terms and conditions that the Minister considers appropriate (including conditions as to the payment of fees).

211 How review is conducted

- (1) If the Secretary receives an application for review under **section 209**, the Secretary must ensure that the application is forwarded to the appropriate reviewer (*see* **section 210**). 5
- (2) The reviewer must review the matter—
- (a) within 60 days after receiving the application; or
 - (b) within an extended period not exceeding a further 30 days that the reviewer notifies to the applicant in writing before the end of the 60 days. 10
- (3) For the purposes of a review,—
- (a) the reviewer may require the applicant to supply, within the time specified by the reviewer, information additional to that contained in the application for review; and 15
 - (b) the time taken to supply the additional information (or allowed for its supply, if the information is not in fact supplied) is not to be counted for the purposes of the time limits specified in **subsection (2)**.
- (4) The reviewer must, as soon as practicable after completing the review, notify the applicant in writing of— 20
- (a) the decision on the review; and
 - (b) the reasons for the decision; and
 - (c) the right of appeal under **section 212**.
- (5) A decision by the reviewer under this section is final, unless determined otherwise by a court of law of competent jurisdiction. 25

212 Appeals

- (1) A person to whom a decision of reviewer under **section 211** applies may appeal to the High Court against the decision.
- (2) At any time before the final determination of an appeal, the High Court may make an interim order that an appellant is to be treated as if they were a registered ~~person~~ log trader until the end of the day on which the High Court finally determines the appeal. 30
- (3) An interim order may be subject to any conditions that the High Court thinks fit. 35
- (4) A party may appeal to the Court of Appeal against a decision of the High Court under this section on a question of law only.
- (5) An appeal under this section must be brought—

- (a) in accordance with the rules of court; and
- (b) within 20 working days after the day on which notice of the relevant decision is given to the appellant.
- (6) However, the relevant court may accept a late appeal no later than 60 working days after the day on which notice was given to the appellant if the court is satisfied that exceptional circumstances prevented the appeal from being made in time. 5
- (7) Nothing in this section affects the right of any person to apply for judicial review.

Part 7

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Provisions that apply to Cost recovery for purposes of Parts 2A, 5, and 6

213 Part applies to specified Parts

- (1) This Part applies to the costs of administering the following Parts:
 - (a) Part 2A (regulation of forestry advisers):
 - (b) **Part 5** (legal harvest assurance):
 - (c) **Part 6** (log traders).
- (2) In this Part, **specified Part** means a Part specified in **subsection (1)**.

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Subpart 1—Cost recovery

214 Obligation to recover costs

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- (1) This section applies to the direct and indirect costs of administering a specified Part.
- (2) The Minister must take all reasonable steps to ensure that the costs are recovered, whether by way of fees, levies, or otherwise.
- (3) The obligation to recover costs does not apply to costs that are provided for by money appropriated by Parliament for the purpose. 25

215 Principles of cost recovery

- (1) In determining the most appropriate method of cost recovery to use, the Minister must have regard, as far as is reasonably practicable, to the following criteria:
 - (a) equity, in that funding for a particular function, power, or service, or a particular class of functions, powers, or services, should generally, and to the extent practicable, be sourced from the users or beneficiaries of the relevant function, power, or service at a level commensurate with their use or benefit from the function, power, or service: 30

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(b)	efficiency, in that costs should generally be allocated and recovered in order to ensure that maximum benefits are delivered at minimum cost:	
(c)	justifiability, in that costs should be collected only to meet the actual and reasonable costs (including indirect costs) of the provision or exercise of the relevant function, power, or service:	5
(d)	transparency, in that costs should be identified and allocated as closely as practicable in relation to tangible service provision for the recovery period in which the service is provided.	
(2)	However,—	
(a)	there need not be a strict apportionment of the costs to be recovered for a particular function or service based on usage; and	10
(b)	without limiting the way in which fees or charges may be set, a fee or charge may be set at a level or in a way that—	
(i)	is determined by calculations that involve an averaging of costs or potential costs:	15
(ii)	takes into account costs or potential costs of services that are not directly to be provided to the person who pays the fee or charge, but that are an indirect or potential cost arising from the delivery of the service in question to a class of persons or all persons who use the service.	20
216	Requirement for consultation	
(1)	Costs must not be recovered unless there has been consultation with affected persons or representatives of persons substantially affected, including representatives of tangata whenua and forestry industry bodies.	
(2)	Consultation is not required in relation to specific fees or charges, or the specific levels of fees or charges, so long as the fees or charges set are reasonably within the scope of any general consultation.	25
217	Methods of cost recovery	
	The methods by which costs may be recovered are as follows:	
(a)	fixed fees or charges:	30
(b)	fees or charges based on a scale or formula or at a rate determined on an hourly or other unit basis:	
(c)	use of a formula or other method of calculation for fixing fees and charges:	
(d)	the recovery by way of fee or charge of actual and reasonable costs expended in, or associated with, the performance of a service or function:	35
(e)	estimated fees or charges, or fees or charges based on estimated costs, paid before the provision of the service or function, followed by recon-	

	ciliation and an appropriate further payment or refund after provision of the service or function:	
	(f) levies:	
	(g) any combination of the above.	
218	Cost recovery to relate generally to financial year	5
(1)	This section applies to regulations—	
	(a) that are made under a specified Part; and	
	(b) that set a fee, charge, or levy that applies in any financial year.	
(2)	Regulations—	
	(a) must have been made before the start of that financial year, unless sub-section (3) applies; and	10
	(b) apply in that financial year and all subsequent financial years until revoked or replaced, unless regulations provide otherwise.	
(3)	Regulations may be made during a financial year that alter or set a fee, charge, or levy payable in that financial year only if—	15
	(a) the fee, charge, or levy is reduced, removed, or restated without substantive alteration; or	
	(b) in the case of an increased, or a new, fee, charge, or levy,—	
	(i) appropriate consultation has been carried out with persons or representatives of persons substantially affected by the alteration or setting, including representatives of tangata whenua and forestry industry bodies:	20
	(ii) the Minister is satisfied that those persons or representatives agree or do not substantially disagree with the alteration or setting.	
(4)	This section does not prevent the amendment of any regulation setting a fee, charge, or levy if any substantive alteration effected by the amendment is for the purpose of correcting an error.	25
(5)	Recovery may be made in any financial year of any shortfall in cost recovery for any of the preceding 4 financial years, and allowance may be made for any over-recovery of costs in those financial years (including any estimated shortfall or over-recovery for the immediately preceding financial year).	30
219	Minister may review levels and methods of cost recovery	
(1)	The Minister may, from time to time, review the levels and methods of cost recovery in relation to a specified Part.	
(2)	A review may—	35
	(a) make provision for recovery in any relevant financial year of any shortfall in cost recovery for any of the preceding 4 financial years; or	

- (b) make allowance for any over-recovery of costs in those years (including any estimated shortfall or over-recovery for the immediately preceding financial year).
- (3) To avoid doubt, all areas of cost recovery need not be reviewed at the same time, nor is there any time limit on the making of regulations to implement the results of a review. 5
- 220 Trust accounts required to be kept by persons collecting levies**
- (1) This section applies if—
- (a) regulations are made under a specified Part; and
- (b) regulations require the operation of a trust account for any levy money by the person responsible for collecting the levy. 10
- (2) Any amount held on trust that is due to be paid to the Secretary by the levy collector—
- (a) is to be treated as levy money held on trust for the Secretary; and
- (b) is not available for the payment of any creditor (other than the Secretary) of the levy collector, and is not liable to be attached or taken in execution at the instance of the creditor. 15
- (3) A person who ceases to be responsible for collecting a levy must continue to maintain the trust account until all the levy money payable to the Secretary for the period during which the person was responsible for collecting the levy has been paid. 20
- (4) **Subsection (3)** does not affect any obligation or liability under this Part of any other person who has become responsible for collecting the levy.
- 221 Fees, levies, and charges payable are debt due to the Crown**
- A fee, levy, or charge that has become payable under a specified Part is a debt due to the Crown that is recoverable by the Secretary in any court of competent jurisdiction. 25
- 222 Services may be withdrawn until debt paid**
- (1) If a person fails to pay by the due date any fee, levy, or charge payable under a specified Part, the person to whom the fee, levy, or charge is payable (the **collector**) may— 30
- (a) withdraw, or refuse to provide the person with, a service of the kind to which the debt relates; or
- (b) refuse to perform a function under the specified Part in respect of the person in default. 35
- (2) The collector—
- (a) must give the person written notice of their intention to act under **subsection (1)** at least 10 working days before it acts; and

(b)	must not act if the person satisfies the collector during that period that the debt is not payable.	
(3)	The collector is not required to reinstate or supply the service, or perform the function, until a court holds that—	
(a)	the debt or part concerned is paid; or	5
(b)	the debt or part concerned is not payable; or	
(c)	some lesser amount is payable, and the amount is paid.	
223	Obligation to pay fee, charge, levy, or penalty not suspended by dispute	
(1)	This section applies if there is a dispute between a person and the Secretary regarding the person's liability to pay any amount of a fee, charge, levy, or penalty under a specified Part.	10
(2)	The following are not suspended by the dispute:	
(a)	the obligation of the person to pay the fee, charge, levy, or penalty:	
(b)	the right of the Secretary to receive and recover the amount owing.	
	<u>Subpart 2—Infringement offences</u>	15
224	Interpretation	
	<u>In this subpart,—</u>	
	<u>infringement fee, in relation to an infringement offence, means the infringement fee specified in regulations</u>	
	<u>infringement offence means an offence—</u>	20
(a)	<u>against a provision of the regulations or any of—</u>	
(i)	<u>section 63ZK(1)(a) to (h); or</u>	
(ii)	<u>section 146(1)(a) to (l); or</u>	
(iii)	<u>section 192(1)(a) to (d); and</u>	
(b)	<u>that regulations specify as being an infringement offence.</u>	25
225	Infringement offences	
(1)	<u>A person who is alleged to have committed an infringement offence may—</u>	
(a)	<u>be proceeded against by the filing of a charging document under section 14 of the Criminal Procedure Act 2011; or</u>	
(b)	<u>be issued with an infringement notice under section 227.</u>	30
(2)	<u>Proceedings commenced in the way described in subsection (1)(a) do not require the leave of a District Court Judge or Registrar under section 21(1)(a) of the Summary Proceedings Act 1957.</u>	
(3)	<u>See section 21 of the Summary Proceedings Act 1957 for the procedure that applies if an infringement notice is issued.</u>	35

226 Who may issue infringement notices

Any officer may issue infringement notices under this subpart.

227 When infringement notice may be issued

An officer may issue an infringement notice to a person if they believe on reasonable grounds that the person is committing, or has committed, an infringement offence.

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228 Revocation of infringement notice before payment made

(1) An officer may revoke an infringement notice before—

(a) the infringement fee is paid; or

(b) an order for payment of a fine is made or deemed to be made by a court under section 21 of the Summary Proceedings Act 1957.

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(2) The officer must take reasonable steps to ensure that the person to whom the notice was issued is made aware that the notice is revoked.

(3) The revocation of an infringement notice before the infringement fee is paid is not a bar to any further action as described in **section 225(1)(a) or (b)** against the person to whom the notice was issued in respect of the same matter.

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229 What infringement notice must contain

An infringement notice must be in the form prescribed in regulations and must contain the following particulars:

(a) details of the alleged infringement offence that fairly inform a person of the time, place, and nature of the alleged offence:

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(b) the amount of the infringement fee:

(c) the address of the place where the infringement fee may be paid:

(d) how the infringement fee may be paid:

(e) the time within which the infringement fee must be paid:

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(f) a summary of section 21(10) of the Summary Proceedings Act 1957:

(g) a statement that the person served with the notice has a right to request a hearing:

(h) a statement of what will happen if the person served with the notice neither pays the infringement fee nor requests a hearing:

30

(i) any other matters specified in regulations.

230 How infringement notice may be served

(1) An infringement notice may be served on the person who the officer believes is committing or has committed the infringement offence by—

(a) delivering it to the person or, if the person refuses to accept it, bringing it to the person's notice; or

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- (b) leaving it for the person at the person's last known place of residence with another person who appears to be of or over the age of 14 years; or
- (c) leaving it for the person at the person's place of business or work with another person; or
- (d) sending it to the person by prepaid post addressed to the person's last known place of residence or place of business or work; or 5
- (e) sending it to an electronic address of the person in any case where the person does not have a known place of residence or business in New Zealand.
- (2) Unless the contrary is shown,— 10
- (a) an infringement notice (or a copy of it) sent by prepaid post to a person under **subsection (1)** is to be treated as having been served on that person on the fifth working day after the date on which it was posted; and
- (b) an infringement notice sent to a valid electronic address is to be treated as having been served at the time the electronic communication first entered an information system that is outside the control of the Secretary. 15
- 231 Payment of infringement fees**
- All infringement fees paid for infringement offences must be paid into a Crown Bank Account.
- 232 Reminder notices** 20
- A reminder notice must be in the form specified in regulations and must include the same particulars, or substantially the same particulars, as the infringement notice.
- 43 Schedule 1AA amended**
- In Schedule 1AA,— 25
- (a) insert the Part set out in **Schedule 1** of this Act as the last Part; and
- (b) make all necessary consequential amendments.

Part 2

Consequential amendments to other enactments

- 44 Consequential amendments** 30
- Amend the enactments specified in **Schedule 2** as set out in that schedule.

Schedule 1

New Part 2 inserted into Schedule 1AA

s 43

	Part 2	
	Provisions relating to Forests (Legal Harvest Assurance) Amendment Act 2022	5
4	Interpretation	
	In this Part,—	
	amendment Act means the Forests (Legal Harvest Assurance) Amendment Act 2022	10
	commencement date means the date on which this Part commenced.	
5	How Part 5 applies to regulated timber under pre-existing arrangements	
(1)	Part 5—	
	(a) applies to any regulated timber or specified timber products supplied or received after the commencement date under a pre-existing arrangement; and	15
	(b) to avoid doubt, does not apply to regulated timber or specified timber products supplied or received before the commencement date.	
(2)	In this clause, pre-existing arrangement means a transaction agreed to, or an agreement made, before the commencement date.	20
6	Continuation of exemption notices made under section 63ZZN	
	An exemption notice made by the Secretary under section 63ZZN before the commencement date must be treated as if it were a notice made under section 201 .	

Schedule 2

Consequential amendments

s 44

Legislation Act 2019 (2019 No 58)

In Schedule 3 of the Legislation Act 2019, after the item relating to the Fisheries Act 1996, insert: 5

Empowering provision	Exemption grounds	Presentation exemption (s 114(2)(a))	Disallowance exemption (s 115(d))
Forests Act 1949			
Section 113(1)(aa)	The Secretary considers that compliance would result in 1 or more of the following activities: (a) disclosure of commercially sensitive information: (b) disclosure of commercially sensitive information: (c) prejudice to New Zealand's position in current or future negotiations for overseas market access: (d) prejudice to the international relations of New Zealand.	Exemption applies if exemption ground is met	Exemption applies

Search and Surveillance Act 2012 (2012 No 24)

In the Schedule, after the item relating to section 71B(1) of the Forests Act 1949, insert:

Section 141	Forestry officer <u>Officer</u> may (at a reasonable time) enter certain places without search warrant to determine whether a person is complying with requirements imposed by or under Part 5 of the Forests Act 1949 (which relates to the legal harvest system).	Part 4 (other than subparts 2, 3, 6, and 8 and sections 118 and 119)
Section 142	<u>Officer may in accordance with search</u>	<u>Part 4 (other than subparts 2, 3, 6, and 8</u>

Search and Surveillance Act 2012 (2012 No 24)—*continued*

warrant enter, search, and sections 118 and
and examine a place. 119)

Summary Proceedings Act 1957 (1957 No 87)

In section 2(1), definition of **infringement notice**, after paragraph (ga), insert:

(gb) **~~section 150~~ 227** of the Forests Act 1949; or

Legislative history

18 May 2022
21 June 2022

Introduction (Bill 118–1)
First reading and referral to Primary Production Committee