



TE KŌKIRINGA TAUMATA
NEW ZEALAND PLANNING INSTITUTE

FEEDBACK ON A BIODIVERSITY CREDIT SYSTEM FOR AOTEAROA NEW ZEALAND

3 NOVEMBER 2023

Submission of Te Kōkiringa Taumata | New Zealand Planning Institute
P: +64 9 520 6277 ext. 3 | M: +64 21 625 244 | www.planning.org.nz

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Te Kōkiringa Taumata | New Zealand Planning Institute (NZPI) is the voice of planning in New Zealand. It is the professional organisation representing this country's planners, resource managers, urban designers, and environmental practitioners.

Planners have a critical role in shaping New Zealand's future by helping to develop solutions to key issues, such as population growth, infrastructure needs, pressure on natural resources and environments, demographic change, and transport.



INTRODUCTION

1. Te Kōkiringa Taumata | New Zealand Planning Institute (NZPI) welcomes the opportunity to present this feedback on a biodiversity credit system for Aotearoa New Zealand.
2. This submission focuses on the relationship of a biodiversity credit system (BCS) with the resource management planning system. Biodiversity is a significant issue in resource management practice and NZPI members have experience in managing the impacts of activities on biodiversity at a policy and project level. This submission is informed by the experience of members with similar approaches in the Auckland and Bay of Plenty regions over the last 30 years.
3. NZPI expresses support for the submission of the Environment Institute of Australia and New Zealand Inc (EIANZ), who's draft submission we have had the opportunity to review.
4. We have applied an implementation lens to the questions in the Discussion Document, and do not provide answers to questions that go beyond the scope of our expertise. We have focused on the questions in Part 1 and Part 4 of the Discussion Document.

RESOURCE MANAGEMENT SYSTEM EXAMPLES

5. NZPI members have helped develop and work with a type of BCS that has operated within the resource management system for the past 30 years in the Auckland Region, initiated by Rodney and Franklin District Councils, and in the Bay of Plenty by Western Bay of Plenty District Council. These are bush and wetland credit programmes that were modelled on Transferrable Development Right programmes in the United States¹. These examples illustrate opportunities for alignment between the resource management system and a BCS and are described further below.
6. One example is the Transferable Rural Site Subdivision programme that is incorporated within the Auckland Unitary Plan². Objective E39.2 supports the programme, and seeks that "Rural lifestyle subdivision is primarily limited to the Rural – Countryside Living Zone, and to sites created by protecting, restoring or creating significant areas of indigenous vegetation or wetland". In summary, the protection or restoration of indigenous biodiversity can result in increased development rights.
7. This programme identifies biodiversity 'donor' localities in rural zones (areas of ecological value) and 'receiver' areas in countryside living zones on the urban fringe (areas where additional lots can be created). Bush and wetland donor sites, that meet Council's biodiversity criteria, gain credits based on the area permanently covenanted. Receiver landowners buy these biodiversity credits for additional subdivision on an open market. Biodiversity credits can only be transferred within the local authority area.

¹ TDR Handbook 2009 AC Nelson et al. <https://islandpress.org/books/tdr-handbook>

² See the Rural Subdivision chapter of the Auckland Unitary Plan: [E39 Subdivision - Rural.pdf](https://www.aucklandcouncil.govt.nz/E39-Subdivision-Rural.pdf) ([aucklandcouncil.govt.nz](https://www.aucklandcouncil.govt.nz))



8. A similar scheme is incorporated into the Western Bay of Plenty District Plan³. Policy 9 of the District Plan is that “Provision should be made for the limited subdivision of land (including the transfer of title rights to identified areas) in conjunction with the sustainable protection or restoration of ecological, cultural, heritage, landscape or other features of value to the wider community.” In summary, protection and restoration of ecological sites is encouraged, and credits can be generated for the creation of Transferable Protection Lots. These lots must protect a Significant Ecological Feature identified in the District Plan, or other ecological features that meet specified criteria.
9. These examples are of a very specific type of system, where the market for the credits is limited to developers of countryside living and rural lifestyle subdivisions within the same local authority area. However, our submission points below highlight what these examples demonstrate regarding opportunities for alignment between the resource management system and a BCS.

PART 1 OF THE DISCUSSION DOCUMENT: WHAT IS A BIODIVERSITY CREDIT SYSTEM?

Question 1

10. NZPI supports initiatives that enhance the protection of our indigenous biodiversity. The statistics on our declining biodiversity are stark and we need to do as much as possible to reverse this decline and enhance our indigenous biodiversity. In principle, we support a BCS that enables funding for enhancing and protecting our indigenous biodiversity.

Question 2

11. NZPI supports option (a), that credits should only be used to recognise positive actions to support biodiversity. Credits should not be used to also recognise actions that avoid future decreases in biodiversity. Credits should be aimed at funding enhancement and improvement activities, so there are positive gains from the investment they will bring.
12. Avoiding decreases in biodiversity is managed by the resource management system. Under the Resource Management Act (RMA), the protection of areas of significant indigenous vegetation and significant habitats of indigenous fauna is a matter of national importance (section 6), and the National Policy Statement – Indigenous Biodiversity (NPS-IB) and the National Policy Statement – Freshwater Management (NPS-FM) set up a regime for protecting indigenous biodiversity. Under the Natural and Built Environment Act (NBEA), the ecological integrity, mana, and mauri of indigenous biodiversity must be protected and restored (section 6). The National Planning Framework must provide direction on achieving this outcome (section 127), and limits to avoid decreases in biodiversity are mandatory (section 109).

Question 3

13. NZPI supports option (c), that the scope for biodiversity credits should include terrestrial, freshwater, estuarine, and coastal marine environments. All these aspects of our biodiversity require enhancement and protection, so all should be eligible for funding through credits. The

³ See Section 18 – Rural of the Western Bay of Plenty District Plan: [Western Bay of Plenty Operative District Plan - Western Bay of Plenty Operative District Plan](#)



Auckland and Bay of Plenty examples noted above have been applied to coastal, freshwater, and terrestrial (excluding subalpine and alpine) ecosystems. For estuarine and seagrass ecosystems, the Australian Clean Energy Regulator's blue carbon accounting model is a good example for Aotearoa New Zealand.

Question 4

14. NZPI supports option (a), that a BCS should cover all land types, so biodiversity on all land types can benefit. Covering all land types would provide funding for biodiversity conservation for a mix of landowners who may not be able to access finance for improving biodiversity values, for example:
- a) Department of Conservation managed land that may be changing to iwi managed land. In this instance, biodiversity credit funding could carry across the change in ownership and management.
 - b) Central and local government land (such as reserves) that does not have long-term funding for biodiversity enhancement.
 - c) Hapū and iwi who have limited access to biodiversity funding for biodiversity enhancement for customary management in accordance with mātauranga Māori.

Question 5

15. NZPI does not consider that the three different bases for a BCS, outcome, activity, project, are mutually exclusive. NZPI supports a resource management system that allows us to aim for positive future end-states (outcomes). We consider that a BCS needs to be driven by overarching outcomes for Aotearoa New Zealand's indigenous biodiversity, and that these outcomes should be achieved by particular types of activities that support enhancement and protection, and also by specific projects that achieve those outcomes. This type of approach or structure will provide for strong links to the resource management planning system (under either the RMA or the NBEA). We therefore support (a), (b), and (c).

Question 6

16. NZPI considers that projects or activities that generate credits must provide permanent biodiversity improvements, and the permanence of those improvements must be guaranteed.

Question 7

17. NZPI considers that credits should be given for increased legal protection of areas of indigenous biodiversity, such as QEII covenants, but only where that legal protection comes with a commitment to enhance or restore the area. We note our comments above, that avoiding loss of biodiversity should not generate credits. A BCS should result in improvements to our biodiversity.

Question 8

18. NZPI considers that credits should not be used to offset development impacts as part of resource management processes. In the resource consent context, there needs to be a clear nexus between the loss or damage caused by the activity applying for consent, and the benefit provided by the



offset⁴. It is not appropriate for the consent applicant to buy credits, as the outcomes the credits achieve may have no relation to the impact of the activity seeking consent. There is also no additionality if credits can be used for offsetting – the offsetting will occur through the consent process regardless of whether there is a BCS. Any BCS should be focused on generating additional benefits, rather than addressing issues caused by new activities.

PART 4 OF THE DISCUSSION DOCUMENT: COMPLEMENTING THE WIDER SYSTEM

Question 22

19. NZPI considers that a BCS should complement the resource management system. The resource management system can be used to ensure that credits are applied in an efficient and effective manner. We have identified four key opportunities for alignment, which we discuss further below:
- a) Planning mechanisms can incentivise and direct credits to where they will have a significant impact.
 - b) Planning documents identify objectives or future end-states (outcomes) for biodiversity that credits can be used to achieve, at the national, regional and district level.
 - c) Spatial coordination of identified areas that will benefit from biodiversity credits.
 - d) Technical criteria for the identification and assessment of appropriate areas for receiving credits.
20. The examples provided above from the Auckland Unitary Plan and the Western Bay of Plenty District Plan show opportunities for how the two systems can interact. In those examples, increased development rights (greater subdivision yield) are used as an incentive for protecting and enhancing indigenous biodiversity, and a market-based credit system is the mechanism by which the donor and receiver sites are connected. RMA planning documents (unitary and district plans in this case), are the regulatory mechanism that provide:
- a) Coordination and oversight of the scheme.
 - b) Incentives that help direct credits to locations requiring protection (through the use of planning tools such as rules and activity status).
 - c) The ability to guarantee outcomes (through subdivision instruments such as consent notices, covenants, and memorandums of encumbrance).
21. The examples also illustrate how biodiversity credits can be used to support resource management objectives or outcomes in district and regional plans. These planning documents can identify and prioritise areas that will benefit from biodiversity credits. For example, through the identification

⁴ NPS-FM Appendix 6 Principles for aquatic offsetting Principle 3 and NPS-IB Appendix 3 Principles for biodiversity offsetting Principle 3 and references to like-for-like quantitative calculations, and equivalency.



of Significant Natural Areas. In the Western Bay of Plenty District Plan example, Significant Ecological Features are identified, and the credit scheme supports protection of those areas.

22. The resource management system also has strong national direction that a BCS could be used to support, in particular, the NPS-FM and the NPS-IB⁵. For example, the NPS-IB requires regional biodiversity strategies to be developed. Biodiversity credits could be used to support the achievement of the outcomes and actions in those strategies.
23. Under the NBEA, targets for improvements to indigenous biodiversity are required to be set, either in the National Planning Framework or in plans (section 119). Directing credits towards activities and projects that will contribute towards achieving these targets would ensure alignment between the two systems and be an efficient and effective way to apply credits.
24. Biodiversity credits could also be used to support achievement of the directions set through regional spatial planning. Regional spatial planning is a requirement of the Spatial Planning Act, but can also occur under other processes, such as the Local Government Act. Regional spatial strategies under the SPA will identify areas of indigenous biodiversity that require protection. This provides for spatial coordination of areas requiring protection. A BCS could direct funding to locations identified in regional spatial strategies, or similar council documents. This would be another efficient and effective way to apply credits.
25. Both the NPS-FM and the NPS-IB contain criteria and valuation methodologies for biodiversity offsetting. Appendix 3 of the NBEA contains principles for biodiversity offsetting and biodiversity compensation. These principles, criteria and methodologies could be used in a BCS, to ensure technical consistency between the systems.

Question 23

26. NZPI considers that a BCS should support land-use 'reform', or land use change, such as the return of erosion-prone land to permanent native forest, or nature-based solutions for resilient land use. Funding for these activities through a BCS would be helpful. Documents prepared under the resource management system (both RMA and NBEA) may identify areas needing land use change of this nature, and/or set objectives or outcomes relating to land use change. As explained in our answer to Question 22 above, it would be efficient and effective for a BCS to direct credits to areas already identified in resource management documents, and to activities and projects that would achieve the objectives and outcomes in those documents.

Additional point

27. We specifically support the submission point of EIANZ on measurement, verification and reporting. We agree that a focus on development of robust measurement, verification and reporting systems and tools as part of a BCS is important, and we agree with the list of three considerations for this provided in that submission (repeated below). NZPI adds that there should be alignment between the resource management system and a BCS on measurement, verification and reporting.
 - a) Accessibility / availability of suitable data inputs.

⁵ It is anticipated that the National Planning Framework will replicate the direction in these documents.



- b) Data suitability and resolution are closely associated with confidence in the output of measurement, verification and reporting tools.
- c) Importance that data inputs incorporate local mātauranga maori and mātauranga pakeha, appropriately weight indigenous and endemic species and ecosystems. This is currently lacking in emerging international measurement, verification and reporting tools.

DAVID CURTIS

CEO

Te Kōkiringa Taumata | New Zealand Planning Institute

P: +64 9 520 6277 ext. 3 | M: +64 21 625 244 | www.planning.org.nz