

Submission from the AQA on the discussion document Exploring a Biodiversity Credit System for Aotearoa New Zealand

November 2023

Introduction

The Aggregate and Quarry Association (AQA) is the industry body representing quarrying companies which produce 45 million tonnes of aggregate and quarried materials consumed in New Zealand each year.

Funded by its members, the AQA has a mandate to increase understanding of the need for aggregates to New Zealanders, improve our industry and users' technical knowledge of aggregates and assist in developing a highly skilled workforce within a safe and sustainable work environment.

Key points of our submission

- We support the concept of a biodiversity credit scheme (BCS) and agree it is an opportunity to fund additional biodiversity improvement work, while providing recognition for the investor and/or credits that can be used at sites where offsetting and/or compensation are difficult.
- A biodiversity credit scheme should not be limited to certain categories of land as the maintenance and improvement of indigenous biodiversity can occur and should occur on all land.

We make the following submission in relation to the discussion document – Exploring a Biodiversity Credit System for Aotearoa New Zealand.

A new way to finance 'nature-positive' projects

The discussion document states:

“Biodiversity credits are a way of attracting funding from the private sector, to invest in efforts by landholders to protect, maintain and enhance indigenous vegetation and habitats, including shrublands, grasslands, wetlands, and natural and regenerating native forests.”

We support the concept of a BCS as it is an opportunity to fund additional biodiversity improvement and has the potential to complement traditional ways of financing projects that support and conserve nature.

New Zealand has huge areas of native vegetation and habitats which aren't currently managed or enhanced (mostly within the Department of Conservation estate). While the BCS should focus on these areas before planting new areas, a BCS should not be limited to certain categories of land as the maintenance and improvement of indigenous biodiversity can occur and should occur on all land.

A BCS will attract investment in New Zealand. Not only will investors help to improve biodiversity they will have something tangible to show for their investment that could improve their reputation and/or provide credits for use elsewhere where offsetting and other measures to protect the environment are not possible.

It is important to attract international funds and therefore BCS must align with international systems and frameworks.

Biodiversity Credits and the Resource Management System

Biodiversity credits should be able to be used to offset development impacts as part of resource management processes, provided they meet the requirements of both the BCS system and regulatory requirements. The BCS should sit alongside the environmental effects hierarchy in resource consenting giving the option to focus on enhancing existing degraded forest (weeds and pests) rather than planting from scratch (offsetting).

While biodiversity compensation has a role to play, a BCS is a more proactive way to enhance biodiversity as it is linked to improvement work actually done.

Biodiversity credits and the Emissions Trading Scheme (ETS)

Unlike the Government administered ETS, Government should be involved in market enablement of the BCS where it provides policies and guidance for the development and uptake of voluntary schemes in New Zealand, and potentially funding for system development as the market is established.

The ETS could support positive outcomes for biodiversity by providing stronger incentives for indigenous biodiversity by, for example, preferentially recognising native ecosystems, including planting or assisted reversion of indigenous vegetation.

Biodiversity credits should be recognised alongside carbon benefits on the same land, via both systems, where appropriate. As the structure of both systems may be different, there does not need to be a high level of integration but it makes sense that where carbon and biodiversity credits are occurring on the same project, that there be some degree of interaction.

Our responses to the questions asked in the discussion document are in the table below.

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Number	Question	Response
1	Do you support the need for a biodiversity credit system (BCS) for New Zealand? Please give your reasons.	Yes – it will provide an additional funding stream for maintaining or restoring areas of existing indigenous biodiversity.
2	Below are two options for using biodiversity credits. Which do you agree with? <ul style="list-style-type: none"> •Credits should only be used to recognise positive actions to support biodiversity •Credits should be used to recognise positive action to support biodiversity, and actions that avoid future decreases in biodiversity 	Credits should only be used to recognise positive actions to support biodiversity. Quarrying by definition can only be located where the resource is based. It is often the case therefore that some impact on biodiversity is unavoidable to ensure future supply of aggregate, a vital component of modern economies. This is the reason why we strongly support the use of credits for offsetting mitigation purposes under the RMA.
3	Which scope do you prefer for a biodiversity credit system? (a) Focus on terrestrial (land) environments. (b) Extend from (a) to freshwater and estuaries (eg, wetland, estuarine restoration). (c) Extend from (a) and (b) to coastal marine environments (eg, seagrass restoration).	(c) Extend from (a) and (b) to coastal marine environments (eg, seagrass restoration). As we discover more on the outcomes approach being taken in changes to the resource management system, there is no reason to restrict the scope of a BSC.
4	Which scope do you prefer for land-based biodiversity credits? (a) Cover all land types, including both public and private land including whenua Māori. (b) Be limited to certain categories of land, for example, private land (including whenua Māori).	(a) Cover all land types, including both public and private land including whenua Māori. A biodiversity credit scheme should not be limited to certain categories of land as the maintenance and improvement of indigenous biodiversity can occur and should occur on all land.
5	Which approach do you prefer for a biodiversity credit system? (a) Based primarily on outcome. (b) Based primarily on activities. (c) Based primarily on projects.	All three approaches have merit. It is important that credit values are simple to calculate, and outcomes verified.
7	Should biodiversity credits be awarded for increasing legal protection of areas of indigenous biodiversity (eg, QEII National Trust Act 1977 covenants, Conservation Act 1987 covenants or Ngā Whenua Rāhui kawenata)?	Yes – if land ownership changes through these legal mechanisms and the new owners want to enhance biodiversity further, they should be entitled to utilise the BCS.
8	Should biodiversity credits be able to be used to offset development impacts as part of resource management processes, provided they meet the requirements of both the BCS system and regulatory requirements?	Yes – this is a more proactive way to enhance biodiversity than biodiversity compensation as it is linked to improvement work actually done.
9	Do you think a biodiversity credit system will attract investment to support indigenous biodiversity in New Zealand?	Yes – not only will investors help to improve biodiversity they will have something tangible to show for their investment that

		could improve their reputation and/or provide credits for use elsewhere where offsetting and other measures to protect the environment are not possible.
10	What do you consider the most important outcomes a New Zealand biodiversity credit system should aim for?	We agree with the outcomes listed on page 29 of the discussion document.
11	What are the main activities or outcomes that a biodiversity credit system for New Zealand should support?	The scheme should support activity and projects to protect indigenous species, enhance habitats and improve water quality.
12	Of the following principles, which do you consider should be the top four to underpin a New Zealand biodiversity credit system? Principle 1 – Permanent or long-term (e.g, 25-year) impact. Principle 2 – Transparent and verifiable claims. Principle 3 – Robust, with measures to prevent abuse of the system. Principle 4 – Reward nature-positive additional activities. Principle 5 – Complement domestic and international action. Principle 6 – No double-counting, and clear rules about the claims that investors can make. Principle 7 – Maximise positive impact on biodiversity.	Principle 1 – Permanent or long-term (eg, 25-year) impact. Principle 2 – Transparent and verifiable claims. Principle 5 – Complement domestic and international action. Principle 7 – Maximise positive impact on biodiversity.
17	In which areas of a biodiversity credit system would government involvement be most likely to stifle a market?	Government should be involved in market enablement where it provides policies and guidance for the development and uptake of voluntary schemes in New Zealand, and potentially funding for system development as the market is established.
19	On a scale of 1, not relevant, to 5, being critical, should a New Zealand biodiversity credit system seek to align with international systems and frameworks?	5 – It is important to attract international funds and therefore BCS must align with international systems and frameworks.
21	What is your preference for how a biodiversity credit system should work alongside the New Zealand Emissions Trading Scheme or voluntary carbon markets? (a) Little/no interaction: biodiversity credit system focuses purely on biodiversity, and carbon storage benefits are a bonus. (b) Some interaction: biodiversity credits should be recognised alongside carbon benefits on the same land, via both systems, where appropriate. (c) High interaction: rigid biodiversity 'standards' are set for nature-generated carbon credits and built into carbon	(b) Some interaction: biodiversity credits should be recognised alongside carbon benefits on the same land, via both systems, where appropriate. As the structure of both systems may be different, there does not need a high level of integration but it makes sense that where carbon and biodiversity credits are occurring on the same project, that there be some degree of interaction.

	markets, so that investors can have confidence in 'biodiversity positive' carbon credits.	
22	<p>Should a biodiversity credit system complement the resource management system? (Yes/No)</p> <p>For example, it could prioritise:</p> <ul style="list-style-type: none"> • Significant Natural Areas and their connectivity identified through resource management processes • endangered and at-risk taonga species identified through resource management processes. 	<p>Yes – the resource management system already provides policy and guidance – any enabling role by government needs to avoid duplicating current mechanisms and instruments of national direction.</p>
23	<p>Should a biodiversity credit system support land-use reform? (Yes/No)</p> <p>(For example, supporting the return of erosion-prone land to permanent native forest, or nature-based solutions for resilient land use.)</p>	<p>Yes – the BCS should also include land adjacent to waterways to support reduction in nutrient loss and water quality impacts from productive land (eg, re-naturalising waterways, re-braiding rivers).</p>