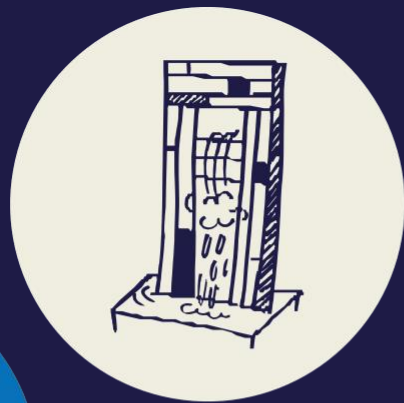


# HAMILTON CITY COUNCIL – STAFF FEEDBACK

## Exploring a Biodiversity Credit System for Aotearoa New Zealand – Discussion Document (July 2023)

Ministry for the Environment



3 November 2023



**Hamilton  
City Council**  
Te kaunihera o Kirikiriroa

## Improving the Wellbeing of Hamiltonians

Hamilton City Council is focused on improving the wellbeing of Hamiltonians through delivering to our five priorities of shaping:

- **A city that's easy to live in**
- **A city where our people thrive**
- **A central city where our people love to be**
- **A fun city with lots to do**
- **A green city**

The topic of this feedback is aligned to the priority **A green city**.

## Council Approval and Reference

This staff feedback was approved by Hamilton City Council's Chief Executive on 3 November 2023.

Hamilton City Council Reference D-4860683 - Feedback # 749.

It should be noted that the following feedback is from staff at Hamilton City Council and does not therefore necessarily represent the views of the Council itself.

## Key Messages

1. Overall, we support the direction and intent of the Ministry for the Environment's July 2023 Discussion Document **Exploring a Biodiversity Credit System (BCS) for Aotearoa New Zealand - Discussion Document (July 2023)**.
2. We support the recognition of projects and activities that bring 'nature-positive' outcomes for biodiversity and recognising the need for additional funding sources for these projects and activities.
3. Population growth in Hamilton City will affect infrastructure and environmental services. The Waikato River's cultural and ecological significance requires protection and restoration efforts and additional funding to implement.
4. The Nature in the City programme targets 10% native vegetation cover by 2050 through community collaboration and funding assistance. This programme would benefit from a Biodiversity Credit System.
5. We support extension of the BCS to all environments, including freshwater, adhering to principles like permanence, transparency, and rewarding nature-positive actions.
6. We note that care needs to be taken with how interactions and alignment between biodiversity credits and carbon markets occurs, with benefits in supporting options A (little or no interaction) and/or B (some interaction), depending on the changes being considered as part of the Emissions Trading Scheme Review.
7. We support land-based biodiversity credits across all land types (option A), including private and Maaori land being eligible.
8. We consider transparency, verifiability, and assurance of project permanence as vital for market participation. Long-term timeframes need to be set to ensure and track effective biodiversity change.
9. We support alignment with international systems, promoting New Zealand-specific requirements, and collaboration with private sector providers to pilot BCS.

## Introduction

10. Hamilton City Council staff welcome the opportunity to provide feedback to the Ministry for the Environment's July 2023 Discussion Document **Exploring a Biodiversity Credit System for Aotearoa New Zealand**.
11. Overall, we support the direction and intent of developing and introducing a Biodiversity Credit System for New Zealand as outlined in the Discussion Document.
12. We understand that a 'green financing' mechanism, where biodiversity credits can be bought and sold, can encourage and facilitate private investment in protecting the environment and invest in efforts by landholders. We support the recognition of projects and activities that bring 'nature-positive' outcomes for biodiversity.
13. Hamilton City is the Waikato Region's largest urban area and is scheduled to have significant population growth from 179,900 in 2022 to 212,404 in 2033 and 295,298 in 2063. This growth will impact all of Hamilton City Council's services, particularly three waters services. Securing land for upsizing, accessing, and upgrading existing infrastructure and developing new treatment systems to provide for adequate treatment is likely to be physically and economically challenging.

14. Hamilton straddles the Waikato River, which is the City's sole source of potable water. In addition, the Waikato River receives the City's treated wastewater. The Waikato and Waipa rivers and some of their tributaries also provide drainage for Hamilton's stormwater.
15. The Nature in the City Strategy ([refer here](#)) was developed in collaboration with the community and was approved on 1 December 2020 by Hamilton City Council's Environment Committee. The establishment of the Nature in the City (NITC) Programme with funding of \$29 million over 10 years was subsequently approved in May 2021.
16. The key objective for the NITC programme is to achieve 10% native vegetation cover in Hamilton/Kirikiroa by 2050. It is acknowledged that increasing and enhancing native vegetation cover is the first step toward improving ecological function and providing habitat for flora and fauna (including threatened species such as long-tailed bats and giant kokopu) in the city. A range of long-term restoration activities are needed to achieve this.
17. While physical restoration and capital works projects will be tangible deliverables for the programme, it is the efforts within collaboration, engagement and education that will enable the largest recovery of native vegetation cover as it is only with the combined efforts of the wider community within Hamilton that the primary objective will be achieved. This includes funding assistance to enable our community to practice kaitiakitanga in restoring the biodiversity of our city.

## The Waikato River and its Restoration

18. The Waikato River is an outstanding natural feature in Hamilton City and is ancestral to Waikato Tainui. The Waikato River and its margins contain significant habitats of indigenous fauna and vegetation, and it is recognised as an area of high amenity value with natural, cultural and heritage significance. Protecting, restoring, and enhancing the health and wellbeing of the river and its margins is essential to ensure the quality of the resource is available for future generations.
19. Te Ture Whaimana o te Awa o Waikato (the Vision and Strategy for the Waikato River - [refer here](#)) is born from the Waikato River Settlement Act 2010, and is an important direction setting document for all of Hamilton City Council's activities that directly or indirectly affect Waikato River. The Vision is stated as *"Our Vision is for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come."*
20. This is similar to Te Oranga o te Taiao, which seeks to support the wellbeing of present and future generations through recognition of health of the natural environment, capacity to sustain life, interconnectedness of all parts of the environment, and intrinsic relationship between iwi and hapū and te Taiao. The National Policy Statement for Freshwater Management also introduces the concept of Te Mana o te Wai.
21. The Waikato Region also has a Waikato and Waipā Rivers Restoration Strategy ([refer here](#)). This has been developed to maximise opportunities to realise the Vision and Strategy for the Waikato River catchment. The Strategy covers a wide range of restoration activities with a focus on six core work streams, these being: Erosion and sedimentation; Water quality; Biodiversity; Fish; Access and recreation; and Cultural values.
22. Hamilton City is part of Future Proof, which is a joint project involving Waikato-Tainui tangata whenua, Waikato Regional Council, subregional District Councils, Waka Kotahi, and Te Whatu Ora ([refer here](#)).
23. Future Proof considers how the sub-region, comprising the Waipā, Waikato, and Matamata-Piako Districts and Hamilton City should develop into the future. The Future Proof Strategy has a vision statement related to affordable, integrated, and sustainable infrastructure. Giving effect to Te Ture Whaimana is identified as a transformational move and a 'Best for River' outcome is key for multiple subregional wastewater and stormwater discharges.
24. A Three Waters Study was initiated for subregional three waters planning. Key recommendations related to this discussion document were:

- (a) Regular reporting against performance indicators against Best for River Outcomes.
- (b) Ongoing research into new economic instruments and their applicability to achieve Best for River outcomes. A further recommendation was made to consider policy incentives and economic instruments for greywater reuse at household levels.

## Offset Measures

- 25. A Waikato Regional Plan Change (Proposed Waikato Regional Plan Change 1 - PC1 - [refer here](#)) is currently underway that seeks to manage four key contaminants in order to restore and protect the Waikato River, thereby giving effect to Te Ture Whaimana o te Awa o Waikato and Te Mana o te Wai. Hamilton City Council has made a submission to the Plan Change relating to offsetting measures for point source discharges.
- 26. Hamilton City Council strongly supported the provision for offset measures until technology is the best practical option for managing the residual adverse effects of discharges. Hamilton City Council supported the principle of a point source discharger being able to implement one or more measures at locations other than at the point of a wastewater discharge to help restore the health and wellbeing of the Waikato River.

## Response to the Discussions Document's Key Questions

- 27. The following sections provide feedback from staff at Hamilton City Council to the Discussion Document's key questions.

## Biodiversity Credits Versus Biodiversity Offsets

- 28. **Question 1: Do you support the need for a biodiversity credit system (BCS) for New Zealand? Please give your reasons.**
- 29. Yes. Current funding to support positive biodiversity action on the ground is scarce and falls well short of the amount required to meet our international and national goals/obligations. Any additional funding source is welcome to improve and restore native biodiversity and to build ecological resilience.
- 30. From the perspective of management of three waters, we consider that a BCS would recognise investment undertaken, and help direct activities to areas where further work could be undertaken in a more integrated, holistic and timely way. This could assist a best for river outcome.
- 31. **Question 2: Below are two options for using biodiversity credits. Which do you agree with?**
  - (a) Credits should only be used to recognise positive actions to support biodiversity.
  - (b) Credits should be used to recognise positive action to support biodiversity, and actions that avoid future decreases in biodiversity.

**Please answer (a) or (b) and give your reasons.**
- 32. Option A. Credits should focus on positive restoration and protection actions only. Actions to avoid decreases in biodiversity should be provided for and monitored as part of regulatory responses to NPS Indigenous Biodiversity implementation and through the effects management hierarchy of the Resource Management Act (RMA).
- 33. **Question 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).
- 34. **Please answer (a) or (b) or (c) and give your reasons.**

35. Option C. Ideally all types of environments and the connections between them should be in scope for funding via biodiversity credit system. This is because land and water are interrelated, and activities associated with best for wai outcomes should be recognised and could help meet multiple objectives of sustainable water management.
36. We also recommend that consideration be given to including larger tracts of landscaping within transport corridors as part of a BCS (noting that this would not include small areas of planting/vegetation in the likes of traffic island). Hamilton City Council is now experiencing some substantial areas of landscaping coming through via larger roading projects, as well as an increasing focus and need for stormwater treatment (refer examples in **Appendix 1**).
37. Maintaining this significant ongoing increase in these types of landscaped areas is proving to be extremely challenging from both a funding and resource point of view.
38. **Question 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).**
39. **Please answer (a) or (b) and give your reasons.**
40. Ideally all land types should be in scope for funding from biodiversity credit system. In urban areas for example, a significant amount of restoration action is required across all land types and also includes exotic vegetation such as mature trees for Bats. Natural, and natural values do not recognise “human imposed” boundaries. While all land types should be in scope – a bias or preference could be provided for private land and whenua Māori, given the need to balance private costs and public gain from restoration activity process.
41. **Question 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.**
42. **Please answer approach (a) or (b) or (c) and give your reasons.**
43. Option C. An approach based on projects (albeit with defined and costed activities) is preferred due to its simplicity and breath of projects which could be considered. For example, as part of Hamilton City Council’s **Nature in the City Programme** ([refer here](#)) we are undertaking a process to develop and cost site restoration management plans (and related activities such as site preparation, weed control, planting, maintenance, pest control and monitoring) for key sites across the city to meet our goal of 10% native vegetation cover.
44. Understanding the scope and cost of projects that cannot be financed by Hamilton City Council can highlight opportunities for businesses/others to pick up funding via a biodiversity credit system approach. Projects can be of different scales allowing smaller, landowner restoration projects to be in scope for bio credit funding support. A project-based approach would ensure standards are followed for how to undertake restoration in a structured way. For example, International Principles and Standards for the Practice of Ecological Restoration by the Society of Ecological Restoration, or Standards of Practice to Guide Ecosystem Restoration by the United Nations.
45. If by project, we consider that flexibility in the types of activities and/or outcomes that qualify, transparency in projects and how they fit in wider landscape, and ability to choose to support projects that align with values and priorities, are all important.
46. A system that would provide for both activities and projects could also be supported due to its flexibility. This is because the nature of three waters infrastructure is predominantly based on the activity and projects when building treatment plants. However, it will be very important to ensure that the goal or objective is very well defined.

47. An approach based on outcome is not strongly supported due to the difficulty of monitoring, being able to achieve an outcome in a reasonable timeframe, and likely low engagement. Most biodiversity outcomes aren't realised within a short timeframe. Therefore, outcomes are generally not supported by Hamilton City Council staff.
48. **Question 6: Should there also be a requirement for the project or activity to apply for a specified period to generate credits? Please answer Yes/No and give your reasons.**
49. Yes. For projects to be effective and generate positive biodiversity outcomes they need to have some longevity. For example, in urban forest restoration or reconstruction projects the first 7-10 years are critical to provide for ongoing maintenance of planting to achieve canopy closure. Timeframes need to consider how long different activities take and for their positive effects to be realised.
50. It is important to note that perpetual maintenance and investment is important to ensure there is no gradual decline due to pressure from pests, pollution, climate change and land use change.
51. **Question 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? Please answer Yes/No and give your reasons.**
52. Yes. Another way of supporting private landowners and Māori landowners to protect and enhance biodiversity on their land and to help share the costs of those actions as they have significant public benefit as well. Landowners may need help navigating the system of legal protection. It is not just the financial cost that is an issue but the knowledge gap of legal systems. The protection and no-net loss of biodiversity is more important than new projects so long-term protection mechanisms should be regarded.
53. **Question 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?**
54. The question, as asked, is difficult to answer and more information on the rigour and protection needed to support a proposition would be needed. There is a very real risk that such a system could be abused and would not advance biodiversity restoration. If this is the case, then offsetting development impacts should be covered via RMA regulatory processes.
55. A biodiversity credit system should improve biodiversity. Offsets focus on reducing loss from an increase in environmental pressure or removal of a resource. If offsets were to earn credits it should only be for activities above the minimum requirement needed to offset the activity.
56. If a robust system was developed, then there is potential for the system to work in some cases where there is a wait time for affordable and practicable technology to meet (environmental) standards. In this scenario, biodiversity could be supported, then, when available better technology is applied, there is an improvement in the environment from the application of both measures.
57. There would need to be rigorous rules, potentially like for like and high benefit to a catchment, freshwater unit, or regional restoration goals.

## Why do we need a Biodiversity Credit System?

58. **Question 9: Do you think a biodiversity credit system will attract investment to support indigenous biodiversity in New Zealand? Please give your reasons.**
59. Yes. Examples of New Zealand private sector biodiversity credit systems already exist e.g., EKOS - refer <https://ekos.co.nz/> ; CarbonZ - refer <https://www.carbonz.io/>
60. Evidence points to a surge in corporate interest in looking at biodiversity for their environmental, social and governance (ESG) strategies, and the Ministry for the Environment's Discussion Document notes that "*carbon credits with biodiversity co-benefits are increasingly sought after and generally sell at a premium, compared with similar carbon credits without biodiversity co-benefits.*"

61. It already is attracting investment through carbon offsets. Carbon offsets doesn't consider biodiversity benefits. Biodiversity benefits could have better outcomes for New Zealand's indigenous biodiversity, rather than monoculture pine plantations which we see to be a trend taken up through carbon offsets.
62. **Question 10: What do you consider the most important outcomes a New Zealand biodiversity credit system should aim for?**
63. A robust, transparent, and trusted way for the protection, maintenance and restoration of biodiversity and recognition of work by landholders on private land and whenua Maaori.
64. **Question 11: What are the main activities or outcomes that a biodiversity credit system for New Zealand should support?**
65. Activities that protect and improve ecological health and functions of existing habitats, increase the coverage or size of habitats, and improve/enable connectivity between such habitats.

## How Should we Design and Implement a Biodiversity Credit System?

66. **Question 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 (eg, 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.
67. Principles 7, 1, 2, and 3.
68. **Question 13: Have we missed any other important principles? Please list and provide your reasons.**
69. A principle which aligns with recognising Te Ao Maaori perspectives such as, Te Tiriti, mahinnga kai and Maatauranga Maori principles.
70. **Question 14: What assurance would you need to participate in a market, either as a landholder looking after biodiversity or as a potential purchaser of a biodiversity credit?**
71. Transparency in what is being funded and that claims are verifiable. International restoration practise standards are followed by restoration projects. Properly funded systems are in place to distribute funds and monitor restoration outcomes.
72. The permanence of biodiversity projects and the assurance of protection and upkeep for biodiversity gain and preservation of projects.
73. Timeframes are sufficient for biodiversity change to be effective.
74. Potential users are consulted along the way to make sure the system is fit for purpose.
75. Real world costings for appropriate restoration are realised.
76. **Question 15: What do you see as the benefits and risks for a biodiversity credit market not being regulated at all?**
77. **Benefits:** Regulation requires financial input and time which reduces money for direct restoration. More ability for bespoke solutions for activities that have benefits but do not fall within scope of a market.



78. **Risks:** Lack of regulation could lead to lack of trust in the system. Poor quality restoration activities may be funded, and biodiversity outcomes not met. Less transparency of where money is going. Increased likelihood of greenwashing. Less visibility of how businesses can contribute to restoration. Risk to New Zealand's reputation, which could lead to distrust in future biodiversity credit markets.
79. **Question 16: A biodiversity credit system has six necessary components (see figure 5). These are: project provision, quantification of activities or outcomes, monitoring measurement and reporting, verification of claims, operation of the market and registry, investing in credits.**
80. **To have the most impact in attracting people to the market, which component(s) should the Government be involved in? Please give your reasons.**
81. Government should provide broad oversight of the components to make sure there is a national standard which is based on scientific and practical knowledge which would provide for national consistency. Government should be involved in market operation and registry and initial investment in credits. The implementation and monitoring should be undertaken at a more local level but would need to be properly supported and funded by the government, the market, or a combination of the two.
82. **Question 17: In which areas of a biodiversity credit system would government involvement be most likely to stifle a market?**
83. Making the system too complex or inflexible to access for funders or restorers and too restrictive in terms of the activities/projects and outcomes it can fund; Time delays from filtering everything through the government; Bureaucratic process hindering management and monitoring of biodiversity outcomes (e.g., issues with collecting species from public conservation land and complex sign-off for wildlife handling/protocols).
84. **Question 18: Should the Government play a role in focusing market investment towards particular activities and outcomes and if so why? For example, highlighting geographic areas, ecosystems, species most at threat and in need of protection, significant natural areas, certain categories of land.**
85. Ideally the focus should follow regional priorities and be set at regional level as per NPS – Freshwater Management and Indigenous Biodiversity (requirement for Regional Biodiversity Strategies).
86. **Question 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? Please give your reasons.**
87. Score of 4. Although New Zealand and its species are unique, alignment with international systems means lessons can be learned and improved upon, while allowing for "Aotearoa-specific" requirements to be factored in. New Zealand should be a market leader.
88. **Question 20: Should the Government work with private sector providers to pilot biodiversity credit system(s) in different regions, to test the concept?**
89. **If you support this work, which regions and providers do you suggest?**
90. Yes, potentially large investment funds like Simplicity and others along with big companies. Testing the system at a regional level could have merit. Starting with a smaller and less ecologically complex region which already has various projects happening could be a benefit. Although we need to be cautious of private agendas, the perceived grey area of offsetting versus BCS and corporate greenwashing.

## How a Biodiversity Credit System Could Complement the Wider System

91. **Question 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 markets, so that investors can have confidence in 'biodiversity positive' carbon credits.**

92. **Please answer (a) or (b) or (c) and give your reasons.**
93. Preference A or B depending on the changes being considered as part of the emissions trading scheme review. Whilst there is an opportunity to promote native biodiverse forests rather than monoculture plantations by having some interaction, there are several risks that would need to be managed. By linking the two systems, whilst the ETS is in its current form, there are concerns around trade-offs between the carbon sequestration and biodiversity outcomes. It potentially could reduce the number of projects being established as one area of land could claim both carbon units and biodiversity credits. The preferred position would be for the ETS and other voluntary carbon markets to give more recognition of the carbon storage capacity of long-lived native trees like old totara and matai and the protection of peat wetland habitat restoration, and that the biodiversity credits are established as a separate system that prioritises biodiversity outcomes.
94. **Question 22: Should a biodiversity credit system complement the resource management system? (Yes/No)**
95. **For example, it could prioritise:**
- **Significant Natural Areas and their connectivity identified through resource management processes.**
  - **Endangered and at-risk taonga species identified through resource management processes.**
96. Yes, but only in so far as financing active management (maintenance and restoration activity) within SNAs as opposed to identification and protection mechanisms. As mentioned above the BCS should only credit that above and beyond minimum mitigation or offset requirements.
97. **Question 23: Should a biodiversity credit system support land-use reform? (Yes/No).**
98. **(For example, supporting the return of erosion-prone land to permanent native forest, or nature-based solutions for resilient land use.)**
99. Yes, as long as core long-term biodiversity benefits can be identified as key outcomes.

## **Further Information and Opportunity to Discuss our Feedback**

100. Should the Ministry for the Environment require clarification of the feedback from Hamilton City Council staff, or additional information, please contact **Matthew Vare** (Programme Manager - Nature in the City - Parks and Recreation) on **07 838 6507**, email [matthew.vare@hcc.govt.nz](mailto:matthew.vare@hcc.govt.nz) in the first instance.
101. Hamilton City Council representatives would welcome the opportunity to discuss the content of this feedback in more detail with the Ministry for the Environment.

Yours faithfully



**Lance Vervoort**  
**CHIEF EXECUTIVE**

# Appendix 1

## Examples of Larger Tracts of Landscaping within Transport Corridors that could form Part of a Biodiversity Credit System

- Resolution Drive – Borman Road to the Waikato Expressway landscaping – an additional 96,000m<sup>2</sup>



- Greenhill Estate – stormwater treatment throughout the area – has doubled the amount of landscaping to be maintained on this side of the river (if Wairere Drive and Resolution Drive are excluded).



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