

Consultation on Te āwhina i te taiao me ngā tāngata kia puāwai – Helping nature and people thrive – Exploring a biodiversity credit system for Aotearoa New

Climate Justice Taranaki submission, 2 November 2023

Climate Justice Taranaki (CJT)¹ is a community group dedicated to environmental sustainability and social justice. This includes issues of inter-generational equity, notably in relation to climate change, which will increasingly impact present and future generations' inalienable rights to safe water, food and shelter, crucial to sustaining livelihoods and quality of life. Composed of a broad range of people with varied expertise and life experiences, CJT has engaged respectfully with government on numerous occasions.

CJT welcomes the opportunity to provide feedback on the Ministry for the Environment *Exploring a Biodiversity Credit System in Aotearoa New Zealand* discussion document². CJT has submitted on several Emissions Trading Scheme (ETS) and forestry related consultations in 2016³, 2020⁴, 2021⁵ and 2022⁶ which are relevant to the current consultation. Below are our answers to the 23 questions laid out in the discussion document.

1. CJT is not in support of the development of a Biodiversity Credit System (BCS) in Aotearoa NZ, because being a market-based system, it is prone to rorting, as we warned in respect of the ETS. It is extremely difficult to avoid it becoming a means of 'greenwashing' for polluting or destructive industries and businesses. The complexity of designing a robust BCS that truly benefits Aotearoa's indigenous biodiversity would potentially divert already limited human resources and time away from critical biodiversity protection and restoration work. The funding gap could better be provided through increased public financing derived from progressive tax reforms and fiscal reprioritisation, and fostering the already growing philanthropic movement.
2. The following points are made under the assumption that a BCS is to be developed. Our concerns above need to be addressed in its design and implementation. Credits should only be used to recognise positive actions to support biodiversity, rather than actions that avoid future decreases in biodiversity. The latter is ambiguous and could potentially be used as 'threat' by landowners.
3. The scope of a BCS should be extended from terrestrial environments to freshwater, estuaries and coastal marine environments.
4. The scope of land-based biodiversity credits may cover all land types, including both public and private land including whenua Māori.
5. We believe a BCS could potentially be based on both project activities and outcome, as long as the work is being assessed, approved and audited as contributing to indigenous biodiversity.
6. There should be a requirement for a minimum period of project activities to generate credits, given that the goal is to generate positive biodiversity outcomes which takes time and regular or episodic efforts to maintain, monitor and adapt the kind or level of activities, e.g. predator, pest and invasive weed control.
7. We prefer biodiversity credits not be awarded for increasing legal protection.
8. We do not agree that offset could be a design choice for a BCS which should definitely NOT be used to offset development impacts.
9. A BCS will likely attract investment to support indigenous biodiversity in NZ but not necessarily deliver positive biodiversity outcomes. It could easily be used to 'greenwash' polluting or destructive industries or businesses.

10. The most important outcome a BCS should aim for is the protection, maintenance and restoration of indigenous biodiversity and ecosystems. It should honour and give effect to te Tiriti o Waitangi.
11. A BCS should focus on rewilding of retiring agricultural lands, restoring wetlands and coastal ecosystems.
12. The top four principles are: 1) Permanent or long-term (e.g. 25-year) impact; 2) Transparent and verifiable claims; 3) Robust, with measures to prevent abuse of the system; and 4) Maximise positive impact on biodiversity. However, we are unsure how permanency would be applied in a BCS administratively, e.g. would the landowner earn credit every year as long as project activities are ongoing or biodiversity outcomes are proven, to sell to any investors each year? Or an investor is expected to invest over the long-term?
13. One important but missing principle is that polluting or destructive industries or businesses must not be allowed to enter the BCS. This is a way to avoid 'greenwashing'.
14. A landholder would want to be assured that the purchaser of the credit is an ethical and sustainable business or philanthropic organisation. A potential purchaser would want to be sure that the credit genuinely represents project activities that have been implemented for the benefit of indigenous biodiversity.
15. An unregulated biodiversity credit market risks allowing unscrupulous transactions, giving false sense of benefits to biodiversity. However biodiversity protection and restoration can be achieved through ways other than a BCS, notably increasing funding for the Department of Conservation, Māori, environmental and community groups on the ground to support landowners in such work.
16. In a BCS, the government would have a key role in measuring and verifying activities and outcomes, providing guidelines for reporting, issuing legal recognition, and auditing the exchange of credits.
17. The Government's role should not be to stimulate a market, but to ensure that the BCS is designed and implemented properly with utmost integrity and true to the objective which is for the benefit of indigenous biodiversity.
18. It would be useful and strategic for the Government to focus or direct market investment towards particular activities and outcomes, such as particular areas, ecosystems or species most in need of protection or restoration.
19. We do not support any on-sell or international trading of biodiversity credits, so the NZ BCS would not necessarily need to align with international systems and frameworks.
20. It could be useful to have several pilot BCS to test the concept, led by the Department of Conservation in collaboration with national, local and Māori organisations with the expertise to support landowners. The role of the private sector should be kept to the minimum other than the provision of funding for the project activities.

We seek clarifications on the term "*Industry experts*" in figure 5 (page 33 of the discussion document). Is this referring to the Department of Conservation and organisations like QEII National Trust, Ngā Whenua Rāhui Fund, Predator Free NZ and Tāne Tree Trust that are listed on pages 37-38? Why is Forest and Bird not listed? We do not think that "*primary sector industry sustainability advisors*" are a good choice of independent expertise.

21. Some interactions between a BCS and the ETS could work to foster biodiversity restoration alongside carbon sequestration.
22. A BCS should complement the resource management system.
23. A BCS should support land-use reform towards ecosystem and biodiversity restoration.

We see the biggest challenge being how to avoid a BCS becoming a 'greenwashing' tool for polluting and destructive industries or businesses, and how to maintain the integrity of the system whereby landowners doing the right things are rewarded as they genuinely work to benefit biodiversity.

In conclusion, we do not support the development of a BCS. We believe the resources and time devoted to developing a robust BCS are better channelled directly into biodiversity conservation and restoration.

¹ <https://climatejusticetaranaki.wordpress.com/>

² <https://consult.environment.govt.nz/biodiversity/nz-biodiversity-credit-system/consultation/>

³ <https://climatejusticetaranaki.files.wordpress.com/2013/03/cjt-submission-on-ets-feb2016-without-cover-address.pdf>

⁴ <https://climatejusticetaranaki.files.wordpress.com/2020/01/cjt-submission-on-climate-change-response-ets-reform-17jan20-final.pdf>

⁵ <https://climatejusticetaranaki.files.wordpress.com/2021/09/cjt-submission-on-ets-industrial-allocations-17sep21final.pdf>

⁶ <https://climatejusticetaranaki.files.wordpress.com/2022/04/cjt-submission-on-mpi-managing-exotic-afforestation-ets-22apr22.pdf>