Submission from Straterra

Exploring a biodiversity credit system for Aotearoa New Zealand

November 2023

Introduction

1. Straterra is the industry association representing the New Zealand minerals and mining sector. Our membership is comprised of mining companies, explorers, researchers, service providers, and support companies.

2. We welcome the opportunity to make this brief submission on the Government's consultation on exploring a biodiversity credit system, specifically Helping nature and people thrive (the document).

Submission

3. This submission comments on the discussion document and provides some comments on what a biodiversity credit system might look at, but first, we make some general comments about the mining sector's contribution to biodiversity in general, and in relation to conservation land.

4. We would like to be kept involved as development of the scheme continues and to be given the opportunity to provide further input as ideas are firmed up.

The mining sector's contribution to biodiversity

5. The mining sector is often vilified by opponents as a contributor to the biodiversity crisis, but this is a gross misrepresentation given mining's overall impact is relatively small – covering such a tiny proportion of New Zealand's land area. The sector makes significant financial contributions and other direct conservation efforts as part of its day-to-day work. Its contributions helping to eradicate pests and weeds, which are by far the greatest threats to indigenous biodiversity, have been significant.

6. Under the current resource management regime, mining consents have conditions attached to manage any adverse environmental impacts of mining.

7. Miners put a lot of resource – time, people and money – into conservation including mine site rehabilitation, pest and weed eradication, tree planting, wetland creation and restoration, etc. A mining project, when all conditions are considered, can make a positive contribution to biodiversity, the environment, and to society.

8. A condition of mining is that the mine site be put back to how it was before mining, or close to that. In some instances, it is put back better. Mining companies care for the places they mine and are doing innovative, world-leading rehabilitation and restoration work.

9. Conservation and other work over and above mining approval conditions is often done as mining companies work to contribute to the communities in which they operate. All in all, there has been

improved awareness in recent years by miners of the importance of biodiversity management and conservation and aiming to achieve positive biodiversity outcomes is now best-practice in mining and quarrying.

10. As examples, near Reefton on the West Coast, OceanaGold has planted close to a million trees over the 282ha area on a former mine site. Department of Conservation (DOC) staff have called the restoration "world class". Bathurst Resources has committed to 35 years of pest and predator control over 25,000ha of Kahurangi National Park, and for 50 years over about 4500ha of the Denniston Plateau and surrounding beech forest.

11. Mining and other commercial uses on the conservation estate make significant financial contributions to DOC's work and there is potential to contribute more to conservation management. This was acknowledged by former Parliamentary Commissioner for the Environment, Jan Wright, when she said "commercial use (including mining) of the conservation estate offers an opportunity to address some of that funding shortfall''.

12. The sector once offered to enter into a partnership with DOC for the efficient and effective spending of Crown Minerals Act compensation payments towards conservation schemes. DOC would have done the work with miners sitting on an advisory group. We still believe that a similar arrangement today should not be ruled out.

Department of Conservation funding

13. It is generally accepted by conservationists and others that increased funding is needed if New Zealand it to improve its track record in achieving positive biodiversity outcomes. This applies to public and private land, including Māori land.

14. It is well understood that DOC in particular does not have the funding to make enough of a dent on the conservation estate (a third of New Zealand's land area) and given the Government's other priorities this is unlikely to change.

15. In addition to the examples provided in the box on page 26, we understand DOC's budget to finance predator control covers around 500,000 out of 8.6 million hectares, a mere 6%. The shortfall is so large that even significant increases in DOC funding will not be able to make the kind of difference needed.

16. Rather than take more from the public purse, it needs to be accepted that there is a role for the private sector to supplement this through voluntary contributions, or as a way of paying compensation for adverse environmental impacts through land (and potentially marine) activities should be welcome. A biodiversity credit scheme is one of many potential schemes which we support and we contend it would provide a useful revenue stream for the Department of Conservation.

Biodiversity credit system

17. We fully support the concept of a voluntary biodiversity credit system for New Zealand and we welcome the Government discussion document exploring how this might work. It would be an innovative way to help address the funding deficit for the protection, maintenance and enhancement of indigenous biodiversity as discussed in the previous section.

18. We see the mining sector's involvement as being both purchasers (conservation funders) and sellers (conservation recipients) of credits.

19. It is important the scheme is compatible with the consenting framework in that credits can be used in place of on-site mitigation.

20. We acknowledge there are many challenges, as recognised by the document, and decisions that will need to be made for such a system to be fully functional. Still, we support initial steps of creating the credits without being too ambitious at the beginning.

Who would participate and why?

21. Investors from the private and voluntary sector will have a variety of motivations to participate and invest in biodiversity credits.

22. For many it will be through the recognition and reputation enhancement it would provide them, including meeting stakeholder expectations, building meaningful relationships with mana whenua and communities, and addressing emerging corporate (environmental, social and governance) reporting standards.

23. Landholders, including miners, who are developing projects that generate biodiversity credits should have the option of selling into either the biodiversity credits market, or to a developer as an offset.

24. Likewise, a development which has the ability to make compensation payments as part of its resource consent should be able to offer these.

25. Demand for credits would likely increase over time as the system is established and awareness of biodiversity needs and greater regulations increase.

26. We agree the biodiversity credits will need to have integrity. We agree that prospective investors will want to be confident that biodiversity credits can be trusted and have impact. It must not be allowed to be a vehicle for greenwashing.

Resource management process

27. Provided they meet the requirements of both the biodiversity credit system and regulatory requirements, biodiversity credits should be able to be used to offset development impacts as part of the resource management processes.

28. Purchased credits could be used under the effects management hierarchy as part of the consent process towards management, mitigation, offsetting, or compensation of environmental impacts.

29. The rehabilitation of mines requires a significant amount of tree planting (many thousands) and other such biodiversity enhancements. Such activities should be open to biodiversity credits i.e. the miner should be able to sell credits to potential investors who see benefit in making a contribution to such a biodiversity / conservation project.

The Government's role

30. We support the Government's involvement in helping establish the system but do not see an overly active role within it.

31. The Government's role should be to provide policies and guidance for the development and uptake of the scheme, and potentially funding for system as a purchaser of credits.

32. In this regard the Government's role would be quite different from its role in the Emissions Trading Scheme where it has a more active role with the issuing of units, a sinking lid and price interventions.

Outcomes, activities or projects?

33. Project or activity based is better than outcome based. Establishing the value of specific projects is easier.

34. Outcomes would be best in theory, but activities and projects would be more practical and easier to achieve as establishing value of specific projects is easier.

35. We largely agree with the analysis on page 15 setting out the advantages and disadvantages of the three alternatives (outcomes, activities, or projects) but in terms of a unit of credit, a project of, for example, x dollars for tree planting or x trees on x hectares is easier to understand than the outcome.

36. Tying the value of credit to projects is easier than the biodiversity itself. This is acknowledged in the table on page 15 as an advantage for activities but not projects.

International investors

37. We believe the scheme should be open to international investors. Firstly, there is likely to be a market for them as New Zealand has a good reputation internationally and overseas investors would gain reputational benefit in investing in New Zealand biodiversity. Secondly, New Zealand biodiversity needs, and can benefit from, increased funding irrespective of the source.

Responses to questions

	Question	Response
1	Do you support the need for a biodiversity credit system (BCS) for New Zealand? Please give your reasons.	We support concept of a biodiversity credit system for New Zealand. It will provide a source of revenue for much needed maintaining and restoring areas of indigenous biodiversity.
2	Below are two options for using biodiversity credits. Which do you agree with?	(b) Credits should be used to recognise positive action to support biodiversity, and actions that avoid decreases in biodiversity.
3	Which scope do you prefer for a biodiversity credit system?	(a) Focus on terrestrial (land) environments. There is potential for all three eventually but in the beginning it would be wise to start with terrestrial (land) environments which is the easiest.
4	Which scope do you prefer for land-based biodiversity credits?	(a) Cover all land types – public and private land including whenua Māori. The maintenance and improvement of indigenous biodiversity can occur and should occur on all land. Covering all land types would maximise options for participants and biodiversity outcomes.
5	Which approach do you prefer for a biodiversity credit system?	(c) Based primarily on projects. While outcomes would be best in theory, an approach based on activities and projects would be more practical. Verification would be critical.
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 an important feature of the system to ensure that resources enhance biodiversity in a coordinated and enduring way.
9	Do you think a biodiversity credit system will attract investment to support indigenous biodiversity in New Zealand?	Yes. There will be a variety of motivations for investors to invest in biodiversity credits including reputation enhancement. There should be provision for credits to be used elsewhere where offsetting and other measures to protect the environment are not possible. This might include taking steps to get a consent.
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.
12	Of the following principles, which do you consider should be the top four to	Principle 1 – Permanent or long-term (eg, 25-year) impact.

	underpin a New Zealand biodiversity credit system?	Principle 2 – Transparent and verifiable claims. Principle 5 – Complement domestic and international action. Principle 7 – Maximise positive impact on biodiversity.
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?	Certainty – provided by some type of recognised verification process and legal backstop.
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?	It is important to attract international funds and therefore BCS must align with international systems and frameworks.
20	Should the Government work with private sector providers to pilot biodiversity credit system(s) in different regions, to test the concept?	It depends how fast the government want to see BCS implemented; a series of pilots risks time delays in implementation unless done in parallel with enablement. A better solution may be to enable a BCS and then review after an agreed period of time to assess effectiveness and value.
21	What is your preference for how a biodiversity credit system should work alongside the New Zealand Emissions Trading Scheme or voluntary carbon markets?	(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.
22	Should a biodiversity credit system complement the resource management system? (Yes/No)	Yes. 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.