Department of Conservation
Te Papa Atawhai

Briefing: Voluntary Nature Credit Market – opportunities and risks for PCL and DOC

To	Minister of Conservation	**Date submitted**	
Action sought	Note progress to date and agree to discuss options with officials in early 2026	**Priority**	Normal
Reference	ADVB-96	**DocCM**	DOC-10559853
Security Level	In Confidence	**Timeframe**	7 January 2026
Risk Assessment	Medium There are: tight timeframes to deliver advice, potentially differing Ministerial objectives for nature markets, and stakeholder pressure to provide clarity s 9(2)(f)(iv) [redacted]		
Attachments	Attachment A – New Zealand's Voluntary Nature & Carbon Market: The role of DOC		

Contacts	
Name and position	**Phone**
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Purpose – Te aronga

1. To update you on the Department of Conservation's (**DOC**'s) work on the Voluntary Nature Credit Market (**VNCM**) in New Zealand and seek your agreement to a deep dive session with officials on this topic in February 2026 focussed on working through choices about the role of DOC and PCL.
2. Included with this briefing is a slide pack (**Attachment A**) that sets out key context on the VNCM, potential roles for DOC and Public Conservation Land (**PCL**) in the market, and next steps for the work programme.

Background and context – Te horopaki

3. On 6 June 2025, Cabinet agreed in-principle to government's role in the proposed VNCM, subject to a report back and pilot testing [CAB-25-MIN-0187 refers]. The proposed role for government is limited to direction setting, supporting market standards and assurance, and promoting transparency.

4. Supporting the VNCM could help promote biodiversity outcomes and resilience while unlocking private conservation investment, advancing climate commitments, and generating landowner revenue. However, demand is uncertain, and building market credibility is critical (Attachment A, slide 4).

5. In August 2025, we briefed you on the VNCM and the two pilot projects on PCL [CORM-1678 refers]. s 9(2)(b)(ii) [redacted] We are working through concession requirements and are aiming to brief you on this early next year. This will need to be followed up with communication to the pilot projects.

6. s 9(2)(f)(iv) [redacted] These choices involve trade-offs – such as advancing New Zealand's own climate commitments versus international market access (Attachment A, slide 6). We are working with the Ministry for the Environment (**MfE**) to provide advice on these choices s 9(2)(f)(iv) [redacted]

7. Two related government work programmes – the Carbon Removals Framework and Afforestation on Crown Land – are also shaping carbon and nature markets in New Zealand. We are working with MfE to clarify links with PCL and how decisions in one programme may create implications or constraints for the others (Attachment A, slide 9). This is connected to the Zero Invasive Predators (ZIP) Carbon Proposal [status report week beginning 8 September and 25-B-0018 refers] and the joint MfE, DOC and Ministry for Primary Industries work on peatland rewetting [status report week beginning 28 October].

DOC's Role: Opportunities, Challenges and Risks

8. We are exploring the range of roles DOC could play in shaping the VNCM to strengthen conservation outcomes and market credibility (Attachment A, slide 11). This includes:

   - Advising the market on conservation priorities and best practice
   - s 9(2)(f)(iv) [redacted]
   - Providing market services (e.g. validation/verification, funding for land protection).

9. Opportunities and challenges for each role are outlined in Attachment A, slides 12 to 17. Key considerations include:

   - s 9(2)(f)(iv) [redacted]

- s 9(2)(f)(iv) [redacted]

10. We discussed DOC's potential market role with our Expert Advisory Panel. They advised that:

    - DOC should be enabling of these activities on PCL where they deliver clear conservation benefits, pending wider government decisions on the role of PCL.
    - Overall, DOC should take a reactive and 'low cost' approach while the market develops and stabilizes – avoiding potentially wasteful investment.
    - In the medium term, DOC could expand its role once the market matures and develops. They highlighted BioInvest as a valuable tool for guiding investment toward conservation priorities by selling information to the market. Although suggested this would need further analysis, as it may become a de-factor 'market standard', and changes to the tool (such as priority rankings) could destabilise the market.

11. We are planning to provide you with further advice on DOC's role in February 2026, including where Cabinet decisions may be needed. We recommend having a deep dive session with officials in February to discuss market opportunities in more detail, ahead of any Cabinet decisions in March 2026.

Immediate Priorities and Next Steps

12. Cabinet agreed that you, the Associate Minister for the Environment, and the Minister of Climate Change, would jointly progress detailed design of the VNCM and define government's role [CAB-25-MIN-0187 refers].

13. MfE has provided advice to the Associate Minister for the Environment on VNCM endorsement standards, which will be forwarded to you for comment. We support the direction of this paper and will provide further feedback once you receive the paper.

14. Attachment A, slide 20 outlines the timeline for the first half of 2026, s 9(2)(f)(iv) [redacted] Key advice includes:

    - s 9(2)(f)(iv) [redacted]
    -
    -

15. MfE also plans to put up advice on Afforestation on Crown Land and voluntary carbon market guidance s 9(2)(f)(iv) [redacted], which DOC will feed into as both have potential implications for DOC and PCL.

16. The ZIP Carbon Proposal is gaining momentum, s 9(2)(f)(iv) [redacted] Care will need to be taken to ensure decisions on ZIP's Carbon Proposal are sequenced appropriately. We plan to provide you with further advice on this in the new year.

Risks, implications, and consultation

17. Key risks are:

    - **Tight timeframes for providing advice** and securing Ministerial decisions ahead of Cabinet report back s 9(2)(f)(iv) [redacted]. We are working with MfE to ensure critical issues – s 9(2)(f)(iv) [redacted]

- **Differing Ministerial objectives -** the VNCM spans climate change, conservation, and forestry portfolios, each with distinct priorities. Reconciling these objectives will be important for ensuring the market delivers balanced benefits. This may require early discussions with your Ministerial colleagues ahead of Cabinet decisions.
- **Stakeholder expectations** – the pilot projects and ZIP are actively advancing market proposals and seeking clarity on our concessions approach. Without clear processes, DOC risks being seen as a barrier to innovation, while premature commitments could expose the Crown to risks or unintended consequences [redacted] s 9(2)(f)(iv)
- **Resourcing constraints** – s 9(2)(f)(iv) [redacted] We will provide you with further advice on this issue next year, but prioritising this work will likely involve trade-offs with other regulatory priorities.

We recommend that you … (Ngā tohutohu)

		Decision
a)	**Note** progress on the VNCM work programme highlighted in this briefing and slide deck.	
b)	**Agree** to a deep dive session with officials on the VNCM in February 2026, ahead of the Cabinet paper report back in March 2026.	Yes / No

s 9(2)(a) [redacted]

Date: 9/12/25

Peter Galvin
Deputy Director-General Policy

Date: / /

Hon Tama Potaka
Minister of Conservation

ENDS

Attachment A

New Zealand's Voluntary Nature & Carbon Market: The role of DOC

Budget & Funding Policy Team

December 2025

Department of Conservation
Te Papa Atawhai

Te Kāwanatanga o Aotearoa
New Zealand Government

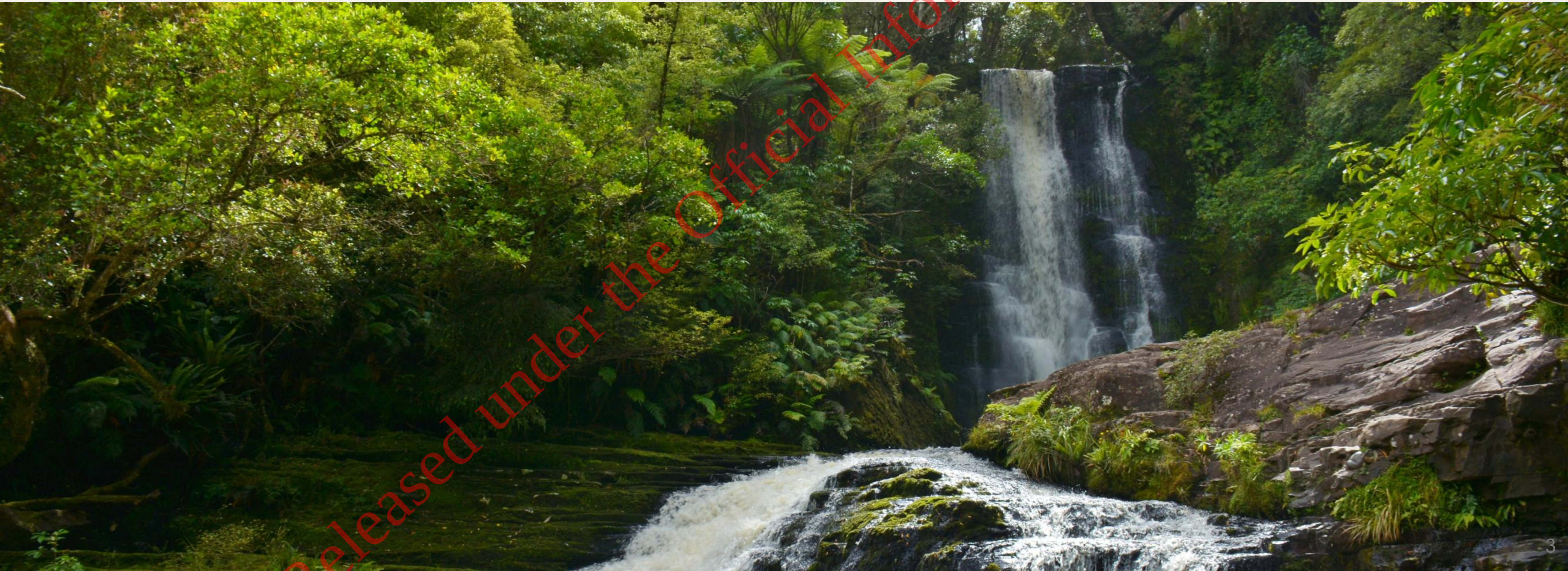
Introduction

Purpose: Explore New Zealand's voluntary carbon and nature markets, and potential roles for the Department of Conservation (DOC) and Public Conservation Land (PCL)

Content:

- Background and context
- DOC's role in nature and carbon markets
- Next steps and timeline

Background & Context



New Zealand's Carbon & Nature Markets – Status Quo

1. Regulatory Market (NZ ETS)

- Domestic emissions trading scheme (approx. $480m revenue in 2024)
- Emitters surrender units
- Eligible afforestation generates tradeable units

2. Voluntary Carbon Market

- Businesses/individuals offset emissions beyond regulation
- Current state: Small (~$20M/year), credibility issues, offshore competition, limited NZ supply
- VCM and VNCM converging

3. Voluntary Nature Credit Market (VNCM)

- Credits from biodiversity/ecosystem projects
- Landowners earn income by protecting/restoring nature
- NZ lags peers in biodiversity incentives

Global Voluntary Market Potential

- The World Economic Forum estimated the voluntary nature market in 2023 to be worth around $8 million, and that demand for voluntary biodiversity credits could reach $2 billion in 2030, and $69 billion by 2050.
- The voluntary carbon market reached a value of $2.1 billion in 2021. This is due to increased corporate commitments to net-zero targets and growing investor interest in carbon markets.
- Markets are fragmented as regulations and standards vary across regions. The long-term trajectory points towards higher-quality, more expensive credits. Greater market interest in climate and biodiversity products with co-benefits.

Opportunities

- Supporting NZ's voluntary markets could help unlock potential private investment for conservation in NZ, and reduce the funding gap for biodiversity (from domestic and international investors).
- Support businesses to go over & above what's required in regulation (carbon offsets/ETS), and potentially create a new income opportunity for landowners and community groups.
- Could help meet NZ's climate commitments / Nationally Determined Contributions (NDC) - no Govt decision yet on role of voluntary carbon market.
- Use market mechanisms to deliver Government objectives for public/private s 9(2)(f)(iv) [redacted] partnerships on Crown Land.

Challenges & Risks

- Demand uncertain; private investment still small vs public funding.
- Voluntary carbon markets struggled for scale → caution for nature market.
- Buyer scepticism due to past and ongoing integrity issues.
- International markets strongly discourage double counting and attitudes towards double claiming are still being refined (see slide 5 for definitions). NZ's policy on the relationship between the VCM and NDC is still under development, and could have an impact on the economic proposition (i.e., demand for nature market activities in NZ).

Key takeaway: Voluntary markets may become large, but NZ and global markets are nascent. With credible frameworks, landowners could potentially unlock new income streams while positioning NZ in a rapidly growing market.

International carbon and nature market standards will shape developments here

NZ's voluntary market is still emerging and will be shaped by international integrity standards, buyer expectations, and price trends. Even as it grows, global developments will drive direction, making it challenging for NZ projects and buyers to keep pace.

Anecdotally we have heard that market credibility and integrity determine demand

- The international market offers the highest value and demand for voluntary biodiversity and carbon credits.
- Many NZ buyers purchase cheaper carbon credits overseas.
- Supply of domestic credits is low and there is demand for more.
- NZ project developers are targeting international markets for better prices, stronger demand, and greater investment interest...
- **..but global buyer expectations are tightening—requiring a very high level of integrity**
- This shift will significantly affect NZ projects aiming to sell internationally and influence how NZ meets its Nationally Determined Contribution (NDC).

Integrity principles are central to a VNCM market

Buyers and project developers are guided by international standards that shape credit integrity and credibility. To enter markets, projects typically have to demonstrate that credits:

- are additional to business as usual
- are durable and have permanence
- have real, measurable and verifiable outcomes and risk mitigation
- are accessible
- are transparent
- are respectful of rights
- use appropriate terminology to support accurate claims
- no double counting (carbon)

MfE is actively developing integrity principles for the NZ market.

What does this mean for DOC?

From a conservation perspective, having robust integrity standards are essential for ensuring that projects deliver real environmental enhancements, are credible, and give NZ credits integrity.

From a DOC perspective, s 9(2)(f)(iv) [redacted]

Voluntary Carbon Market (VCM) Complexity & Trade-offs with inclusion of Crown Land

Key takeaway: s 9(2)(f)(iv) [redacted] they involve trade-offs between meeting New Zealand's climate targets under the Paris Agreement and enabling international market access.

VCM settings affect NZ's climate targets & international commitments

Context

- Carbon markets are inherently complex and are tied to Paris Climate Agreements, offsetting markets, and country Nationally Determined Contribution (NDCs).
- New forests count toward NZ's domestic climate targets and international climate commitments. This means that any new VCM afforestation project automatically counts towards the NDC.

Issue

- If another country wants to use NZ based VCM projects and make claims to offset their emissions, this would be seen as **double counting** unless a corresponding adjustment to reduce NZ's NDC is made to take into account these actions. **Double claiming** is also a potential issue because it may impact market demand – further information is needed on investor preferences.
- VCM guidance is in development to address concerns with the size of the market and set clear integrity rules. s 9(2)(f)(iv) [redacted]
- **The Government has not yet taken decisions on how VCM projects on Crown Land should contribute to NZ's NDC** e.g. whether carbon projects on Crown land can contribute to other countries' NDCs (over ours).

Questions and trade-offs to consider

- s 9(2)(f)(iv) [redacted]
  - s 9(2)(f)(iv) [redacted]
  - Exotic afforestation is not currently allowed on Crown land. Native afforestation is expensive, and often not economically viable. [redacted] s 9(2)(f)(iv) [redacted]
  - s 9(2)(f)(iv) [redacted]

Double claiming occurs when:

- a country counts an emissions reduction towards its NDC under the Paris Agreement, and
- a company simultaneously uses that same emissions reduction to claim progress towards its carbon neutrality goals.

Double counting occurs when:

- two countries account for the same emission reduction toward their respective NDCs, clearly violating the integrity and accounting principles of the Paris Agreement
- a 'corresponding adjustment' is required if countries permit the sale of carbon credits to other countries, reducing the NDC of the sale country.

Voluntary Nature Credit Market Consultation – Key Findings

In 2023, MfE and DOC consulted on whether biodiversity credits could incentivise the protection and restoration of native wildlife

Support & Interest

- Broad support for market – opportunity to attract biodiversity investment
- Some concerns with market approaches – preferring public funding
- Investor confidence hinges on transparency and assurance

Market Design

- Broad ecological scope preferred (terrestrial, freshwater, marine)
- Most support inclusion of all land types (public, private, whenua Māori)
- Concern with including public land, which already receives taxpayer funding
- Majority opposed to including offsets for development (i.e. compensation for environmental damage)
- Many supported alignment with international systems and frameworks

Role of Government

- Government's role seen as essential for credibility – including being involved in operation, verification, monitoring and reporting
- Mixed views on whether Government should have a role in project provision and investment – many argued funding biodiversity on public land should remain a government responsibility
- Nearly half supported government focusing market investment on national conservation priorities

Iwi & Māori Perspectives

- Mixed support for the market – emphasis on need for a robust and transparent system
- Te Tiriti o Waitangi rights must be protected – including Treaty Settlements
- Partnership in design is critical

Overall takeaway: Strong recognition that biodiversity credits could attract much needed investment. However, support is conditional on the system being **credible**, **transparent**, and **culturally grounded** – pointing to government involvement.

Government’s Proposed Role

Government is positioning itself as a **light-touch enabler** of the Voluntary Nature Credit Markets (VNCM), focusing on standards, assurance, and transparency, while leaving market leadership to private actors.

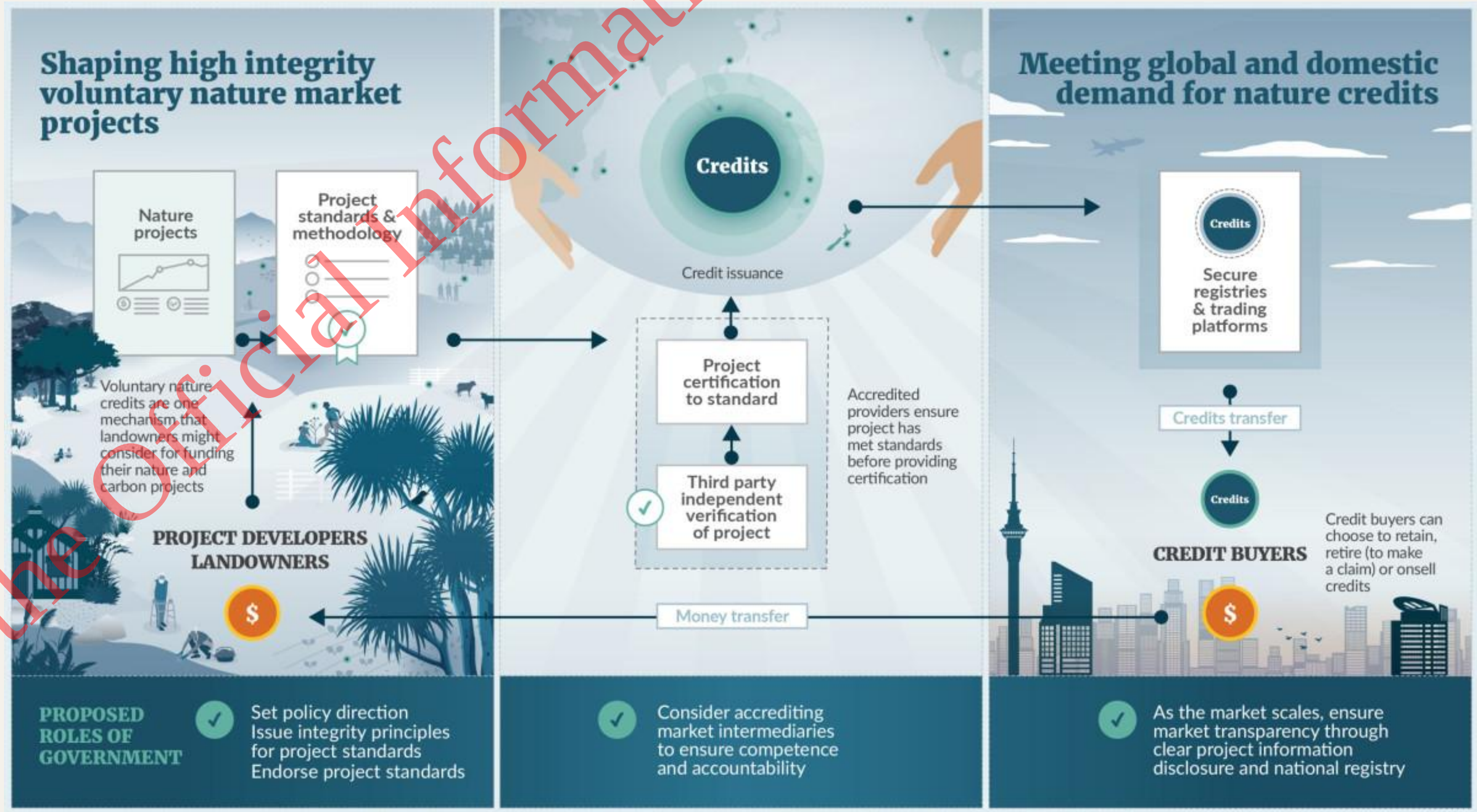
Cabinet Decision (June 2025)

- agreed with Minister Hoggard’s proposal that VNCM should be market-led, unregulated
- agreed in-principle to key elements of government’s role
    - Setting direction
    - Supporting setting standards
    - Supporting assurance
    - Promoting transparency
- subject to a report back in **March 2026** and testing during the pilot programme.
- Minister of Conservation is one of the delegated Ministers to report back on the design of the market.

Outstanding Questions

s 9(2)(f)(iv)

[redacted]



This diagram shows how high integrity voluntary nature credits market would look in New Zealand.

Alignment Between Government Work Programmes

Several government work programmes are driving development of carbon and nature markets in NZ, these have differing objectives, timeframes, and agency involvement. These work programmes sit within broader Government strategies to **meet NZ's climate commitments** and **biodiversity goals**.

NZ's climate targets and commitments

- Domestic target: Net zero GHG emissions (excluding biogenic methane) by 2050
- Nationally determined contribution (NDC): Reduce net emissions 50% below 2005 levels by 2030 under Paris Agreement

NZ's biodiversity strategy

Innovative funding sources are required to meet the outcomes in the Biodiversity strategy. Critical Action D in the 2026 implementation plan (led by MfE) - "Increase private sector investment in biodiversity by ensuring the integrity of markets and systems that support demand, confidence, and the supply of nature projects including on private and Māori land."

Nature & Carbon Finance

NZ ETS
(Government's primary tool for reducing domestic emissions)

NZ Voluntary Carbon Market (VCM)
(Government guidance required on how the market contributes to NZ's NDC)

NZ Voluntary Nature Credit Market (VNCM)

Carbon Removals Framework

Joint work programme with MfE and MPI to recognise broader carbon removal activities (e.g. peatlands rewetting) in the ETS or NZ domestic voluntary carbon market. This includes a specific programme on peatland rewetting and on-farm sequestration.

Objectives: Fill key knowledge gaps to assess whether to include peatland rewetting in NZ's NDC and ETS.

Timeframes: Officials will report back to joint Ministers in March 2026.

Afforestation on Crown Land

Joint programme with MfE, MPI, and LINZ to make more Crown land available for public/private s 9(2)(f)(iv) [redacted] partnerships to secure a mix of commercial and public benefits, financed through the ETS or voluntary markets.

Objectives: Better utilise land of low farming and conservation value; grow the forestry sector; and secure additional net emissions reductions.

Timeframes: s 9(2)(f)(iv) [redacted] Native afforestation could be pursued on DOC land now.

DOC's Role: Opportunities, Challenges and Risks

Potential roles for DOC in the Voluntary Nature Credit Market

DOC could play a range of roles supporting and shaping the VNCM to strengthen conservation outcomes and reinforce market credibility. Some roles are subject to Ministerial/Cabinet decision-making.

Supporting / Minimal Role ⟷ **Participant / Larger Role**

DOC

Market Advisor

- Set **conservation priorities** for nature market activities to improve conservation outcomes
- Guide **best-practice** interventions and credit purchases
- Share data, tools, and tailored market products

s 9(2)(f)(iv)

[redacted]

s 9(2)(f)(iv)

[redacted]

s 9(2)(f)(iv)

[redacted]

Market Service Provider*

- Provide market services that leverage DOC's conservation expertise (e.g. selling validation and verification services for projects/outcomes — a critical function for market credibility).
- Strengthen the market by expanding services/funding for the QEII Trust and Ngā Whenua Rāhui – enabling them to protect VNCM conservation projects across all land types, ensuring broad coverage and long-term impact.

*these roles likely require Cabinet agreement, depending on scope.

Market Advisor

Set conservation priorities, guide best practice interventions, provide data, tools and products to drive better conservation outcomes.

Opportunity

- DOC could influence and guide the market to focus on conservation priorities to deliver better outcomes using existing tools like BioInvest for any land type (i.e. public and private land).
- Shift focus beyond carbon-focused projects to projects with broader range of co-benefits.
- We are already doing elements of the 'market advisor role' such as helping shape the market settings with MfE and setting conservation priorities nationally.

Challenges & Risks

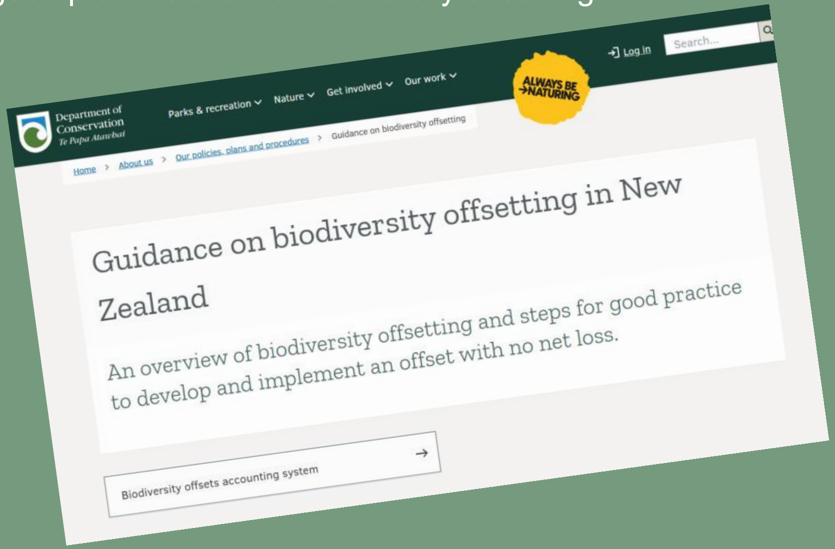
- Resource constraints for DOC to play new/expanded role. How would we fund this?
- Direction/guidance may conflict with the values or priorities of key groups (e.g. Māori/Iwi) for the market, affecting participation.

Mitigations

- Invest in strengthening advisory capacity.
- Tie advisory guidance to Government's biodiversity strategy.
- Engage with key stakeholders and partners on direction and guidance for the market.
- Consider opportunities to recover costs for services to market participants.

EXAMPLE: DOC provides guidance on biodiversity offsetting – DOC could develop similar guidance for VNCM projects

First published in 2014, the guidance is designed for policy makers, planners, developers and decision-makers who need to gain an understanding of the concepts and current good practice around biodiversity offsetting.



s 9(2)(f)(iv)

[redacted]

Market Service Provider

Enhance market credibility by offering services, such as validation/verification and/or expanding services/funding for QEII & Ngā Whenua Rāhui.

Opportunity

- Project validation and verification are essential for market credibility, but costly under international standards. DOC could leverage its expertise to offer validation/verification services, creating revenue and filling a market need. This may be at odds with the objectives of supporting the VNCM to be market led.
- DOC funding of QEII Trust and Ngā Whenua Rāhui supports durable biodiversity protection on private land, aligning with market requirements. Government could expand this service.

Challenges & Risks

- Risk of crowding out other providers.
- Investment return highly dependent on market demand and credibility.
- For QEII & Ngā Whenua Rāhui - fiscal constraints mean funding private land protections must be weighed against other DOC priorities.
- DOC funding and capacity constraints (savings and cost pressure management).

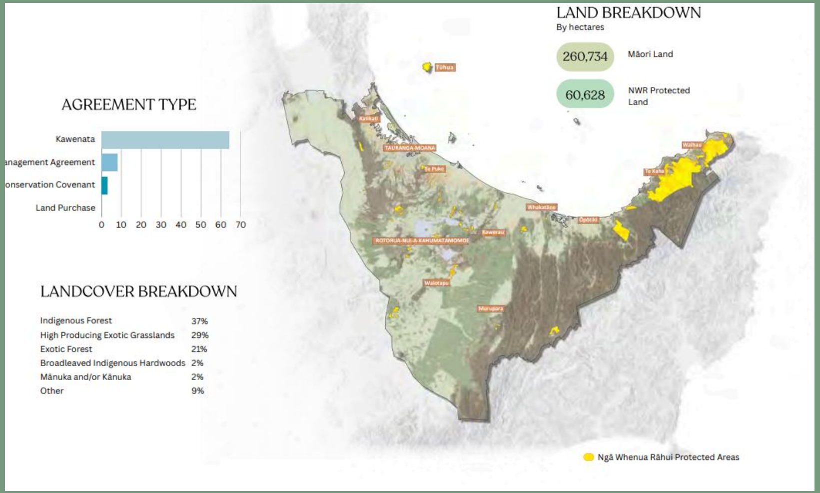
Mitigations

- Define the market problem clearly, understand demand, and build a robust business case before launching services.
- Consider new government funding for QEII & Ngā Whenua Rāhui to support market growth, rather than relying on DOC baseline.

EXAMPLE: Ngā Whenua Rāhui

The Ngā Whenua Rāhui fund provides a formal conservation agreement which provides protection for Māori landowners through a 25 year renewable kawenata.

There is significant interest from Māori land owners in utilising the VNCM to fund conservation work on their land. Kawanata and convenants would help projects meet the *durability* and *permanence* principles in market standards.



s 9(2)(f)(iv)

[redacted]

s 9(2)(f)(iv)

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s 9(2)(f)(iv)

[redacted]

Proposals, stakeholders, and related opportunities

These are a few of the proposals and opportunities that we are engaged in – s 9(2)(f)(iv) [redacted] managing tension between different objectives, and marked demand.

Zero Invasive Predators (ZIP) Carbon proposal

- Aims to sequester carbon and sell carbon credits by removing predators and managing browsers (including ungulates; deer, chamois and tahr)

s 9(2)(b)(ii) [redacted]

- ZIP needs to provide a carbon link with management actions.
- s 9(2)(f)(iv) [redacted]
- s 9(2)(f)(iv) [redacted]
- Likely dependent on international market to be financially viable – double claiming issues would be relevant.

5 Iwi Afforestation – PCL

- The Five-Iwi Afforestation Programme (**5IAP**) was intended to compensate five Iwi, whose Treaty settlements included Crown-licensed forest before the ETS was introduced.
- The 2009 5IAP offer included 35,000 ha of Crown land being made available.
- s 9(2)(f)(iv) [redacted]

Implications

- s 9(2)(f)(iv) [redacted]
- Iwi may be interested in nature/carbon market opportunities with any Crown Land offered.

CORSIA compliance

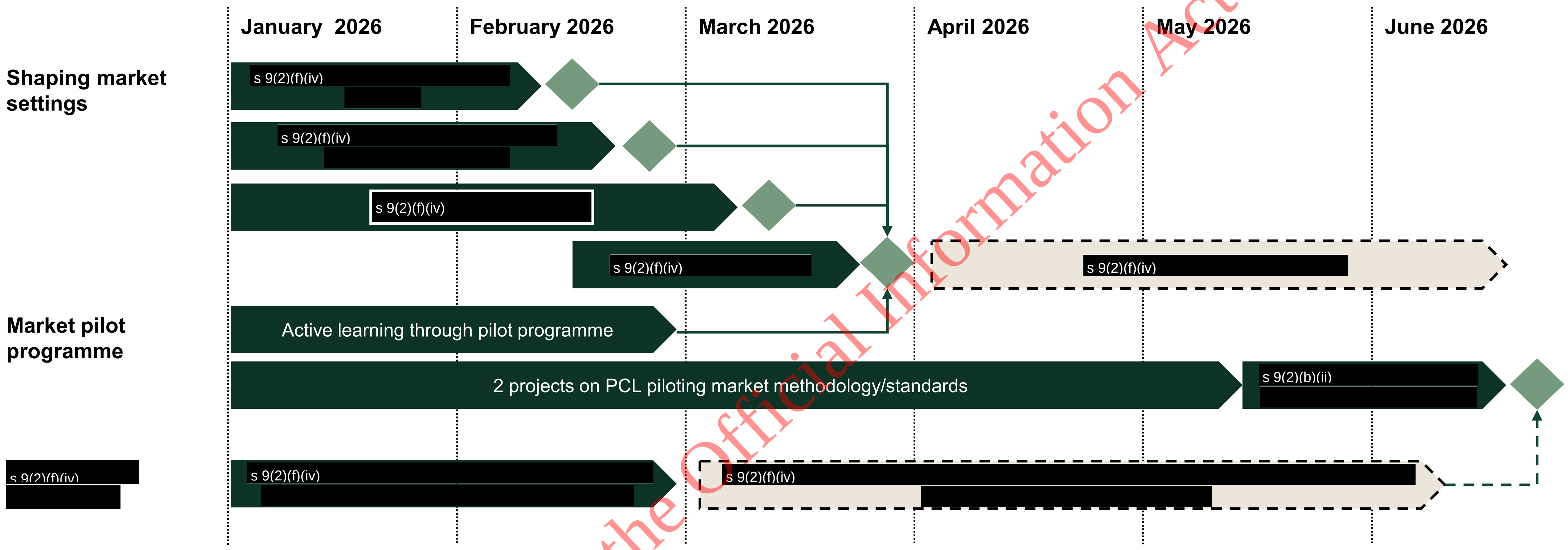
- The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is a carbon compliance scheme for airlines.
- It requires specific Emission Units that are different to the VCM. There is no supply of these offset Emission Units in New Zealand.
- Any supply of Emission Units from New Zealand to an airline would require a corresponding adjustment to NZ's NDC
- s 9(2)(f)(iv) [redacted]
- CORSIA compliance would require a corresponding adjustment to NZ's NDC.

Next steps

- Develop advice on VNCM market integrity principles with MfE (January 2026)
- Upcoming decisions on Afforestation on Crown Land (s 9(2)(f)(iv) [redacted])
- s 9(2)(f)(iv) [redacted]
- ZIP Carbon proposal briefing (February 2026)

VNCM work programme 6-month timeline

Task Duration
Milestone
Task pending decisions



Briefing & Cabinet paper delegations

*Given importance of the s 9(2)(f)(iv) [redacted], we have agreed with MfE that this should be a joint briefing to the Associate Minister for the Environment and Minister of Conservation.

**We are still working with MfE on the scope of this advice and whether it's MfE led advice or potentially a joint briefing.

***The Minister of Conservation has delegated responsibility for this Cabinet report back, alongside the Associate Minister for the Environment and Minister of Climate Change.

Key factors to note

- s 9(2)(f)(iv) [redacted]
-