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Investing in New Zealand's Natural Assets:

REGULATORY ACTIONS TO UNLOCK NATURE FINANCE

The Aotearoa Circle

The Aotearoa Circle's co-founder, Sir Rob Fenwick, understood time was running out for New Zealand's biodiversity. He felt strongly that nature needed a louder voice if it was to be better protected and restored – hence The Aotearoa Circle's formation. As Sir Rob said six years ago, "We know what we must do – now, we must simply do it."

Fast-forward to now, and despite the incredible efforts of so many, including our public and private sector partners, investment in the ecosystems and landscapes that underpin our economy – referred to in this report as 'natural assets' – is not happening at the pace or scale needed. With Chapman Tripp as lead, we have asked what more we can do to remove the legal and regulatory barriers to investing in these natural assets.

Some challenges to protecting biodiversity are obvious – climate change impacts on nature, urbanisation, plastic pollution. The list goes on. But what has not been so well understood are the regulatory barriers hindering investment in natural assets to ensure the ecosystem services our economy relies on, thrive.

The actions identified in this report address legal and regulatory barriers hindering 'Natural Asset Investments'. The actions are designed to make it easier to unlock other opportunities like biodiversity credits, voluntary nature credits and other outcomes.

It's clear also that while barriers may exist, the will and want to invest is strong.

In developing this report, Chapman Tripp sought insights from a range of stakeholders including a cross-section of our Partners, project developers and landowners.

A survey asking how interested those stakeholders are in investing in, or undertaking, nature-related projects drew a resounding yes - 100%. So, the appetite is there.

This report digs deeper into the barriers and identifies six key legal and regulatory actions that could unlock investment in natural assets, providing a stronger economic and environmental footing for New Zealand.

This report complements broader work The Aotearoa Circle is undertaking with Partners and other key stakeholders. With their support we're developing the **Natural Infrastructure Plan**, including a sound economic business case for natural infrastructure solutions and demonstration of benefits such as greater resilience across our key economic sectors and existing infrastructure assets. This report will be finalised in March 2026 and the actions set out in this report will be an important part of the enabling environment for successful implementation of the Natural Infrastructure Plan.

In the interim, this report features important findings that offer valuable insights for shaping a more enabling policy and regulatory environment that serve two critical needs - restoring our natural resources and enabling long-term economic prosperity. It's an outcome we are proud to champion.

Vicki Watson
CEO, The Aotearoa Circle

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Report overview

This report reveals opportunities to bring vision, coherence and innovation to our regulatory system to better enable private investment in New Zealand's natural assets and infrastructure.

The findings of this report, coupled with the Government's current extensive reform programme and focus on enabling voluntary private sector investment in nature, represent a real opportunity to stimulate much-needed investment in our natural infrastructure and broader ecosystem services.

Protecting nature could save Aotearoa New Zealand more than $270 billion over the next 50 years.[1] However capital from New Zealand investors into projects that support nature is currently scarce.[2] This is an economic issue as much as an environmental one.

Voluntary private sector investment in projects that protect, restore or enhance our natural assets is critical to enabling New Zealand to build a pipeline of resilient natural infrastructure projects and more broadly to support the ecosystem services on which the New Zealand economy relies. In this report, we refer to these as "Natural Asset Investments" – see the explanation on the next page.

Our research and stakeholder surveys identified three key categories of legal and regulatory barriers impacting Natural Asset Investments:

- STRUCTURAL BARRIERS: a lack of policy infrastructure that sends the signals needed to stimulate nature investment in priority areas, such as the lack of a clear framework for voluntary carbon and nature markets.
- INVESTMENT BARRIERS: regulatory settings that limit the attractiveness of Natural Asset Investments to investors, such as tax settings.
- PRACTICAL BARRIERS: regulatory or legal 'irritants' that form an impediment to on the ground delivery of Natural Asset Investments, like planning regulations and limitations of property law.

Work is already underway to address key structural and investment-related challenges, including the Ministry for the Environment's workstream on policy to support voluntary nature markets. Recognising this, the scope of this report focuses on practical 'on the ground' legal and regulatory barriers that stand in the way of implementing effective Natural Asset Investments at scale. These could be the sorts of projects contemplated by The Aotearoa Circle's upcoming 30 Year Natural Infrastructure Plan, but could equally be applied to broader philanthropic or development-related investments in natural assets.
We have surveyed more than 50 stakeholders to identify the issues facing our farmers, landowners, developers, consenting managers, ecologists, iwi, planting experts and others at the frontline of Natural Asset Investments. Our findings reveal that these seemingly small challenges collectively become major roadblocks, significantly increasing operating costs, limiting return on investment, and in some cases, rendering a project non-viable.

This report identifies six key categories of actions that would help to unlock additional private sector investment into Natural Asset Investments and/or enable investment dollars to go further.
These actions comprise tweaks and new approaches in our regulatory settings across resource management and land use planning, property law, the overseas investment regime and the emissions trading scheme, which together could better support the delivery of Natural Asset Investments and/or reduce cost barriers that enable investment dollars to more efficiently achieve positive outcomes for natural assets.

QUICK LINKS **PG**

1. A Nature Positive Aotearoa: Economic Analysis of New Zealand's Nature Opportunity, WWF and EY, October 2024.
2. Scaling up investment into nature-related projects in New Zealand: Findings and Recommendations, EY, December 2024.

WHAT IS A NATURAL ASSET INVESTMENT?

This report deliberately casts a wide net when defining 'Natural Asset Investments'. We have investigated barriers and solutions for any voluntary projects that have the effect of benefiting nature or the environment. This includes 'natural infrastructure' projects as well as 'nature positive' projects (unrelated to development) that have the effect of protecting, restoring or enhancing natural assets (see inset). Such investments could include projects that:

- have a purely philanthropic purpose to enhance natural capital,
- are advanced as part of corporate sustainability or social responsibility commitments to benefit the environment,
- provide for positive environmental outcomes as part of an effects mitigation, offset or compensation proposal prepared by a developer on a voluntary basis to support a development project,
- provide for measurable natural capital improvements that may currently or in the future be monetised through the development of currently nascent biodiversity or "carbon plus" credit markets.

Excluded from this definition are projects or protection actions that are mandatory obligations under environmental laws or regulations.

OUT OF SCOPE

This report does not address regulatory measures requiring private actors to protect, avoid effects on, or enhance existing natural capital. Rather, it focuses on identifying and removing barriers that may inhibit or disincentivise private capital flowing into voluntary Natural Asset Investments of the sorts identified above.

KEY TERMS USED IN THIS REPORT INCLUDE:

Ecosystem services	The world's stocks of natural assets which include geology, soil, air, water and all living things.
Natural assets	Natural or semi-natural structural elements of ecosystems and landscapes that are important to delivering benefits for the environment and people. These are the components of the natural environment that can be used by humans.
Natural infrastructure	Natural infrastructure is considered a specific form of nature-based solution applied to infrastructure challenges. Its describes natural or semi-natural structural elements of ecosystems and landscapes that are important to delivering benefits for the environment and people. Natural infrastructure provides economic prosperity, builds resilience, safeguards our communities, and restores and protects our environment.
Nature positive	Delivers measurable positive outcomes for biodiversity or ecosystem services, relative to business-as-usual.
Carbon Plus	Carbon credits/emissions units that have co-benefits, such as improving water quality, enhancing biodiversity, controlling erosion or other nature-related outcomes, in addition to their primary function of reducing or sequestering greenhouse gas emissions. These credits are associated projects go beyond basic requirements for standard carbon credits by providing additional, verifiable environmental (or sometimes social) advantages, making then potentially more valuable in both voluntary and compliance markets.

ABOUT THIS REPORT

This report followed an extensive feasibility assessment to understand the current landscape and existing legal and regulatory barriers to investment in Nature-related Projects. These barriers are categorised into three types: structural, investment and practical (see page 3).

Our findings are based on:

- Desktop research on current legal and regulatory settings relevant to Nature-related Projects.
- An open survey with 54 respondents, including individuals or businesses involved or interested in Nature-related Projects
- Direct interviews with 12 organisations that are active in Nature-related Projects as proponents, stakeholders or potential funders.

All our survey respondents said they were interested in undertaking Natural Asset Investments but more than half reported that they had abandoned or delayed such investments due to various financial and non-financial barriers.

The Resource Management Act 1991 (RMA) and the wider resource management system was the most cited source of legal and regulatory barriers reported by survey respondents, with more than half noting that the RMA stood in the way of Natural Asset Investments.

73% of survey respondents cited legal or regulatory barriers as a key challenge to getting Natural Asset Investments off the ground.

An equal number of respondents reported challenges associated with funding Natural Asset Investments. Accordingly, while funding nature projects is clearly a key barrier to the realisation of Natural Asset Investments, practical regulatory challenges are also significant.

This report has been prepared by Chapman Tripp's Climate, Sustainability & ESG team with input from resource management, property and other subject matter experts from across the firm. The team has delivered five pro bono projects for The Aotearoa Circle, covering topics such as the sustainable economy, directors' duties in managing nature-related risk, and protecting New Zealand's competitive advantage. You can find more information on our team and their experience here.

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Investing in New Zealand's Natural Assets:

Regulatory actions to unlock nature finance

1. ALIGN NATIONAL AND LOCAL POLICY TO SUPPORT NATURAL ASSET INVESTMENTS

Provide for coherence between the key national priorities under the **Biodiversity Strategy** and local **RMA*** plans, including by enabling spatial plans to identify priority areas for voluntary Natural Asset Investments that are consistent with national priorities.

2. ESTABLISH A MORE ENABLING AND INCENTIVISING CONSENTING SYSTEM FOR NATURAL ASSET INVESTMENTS

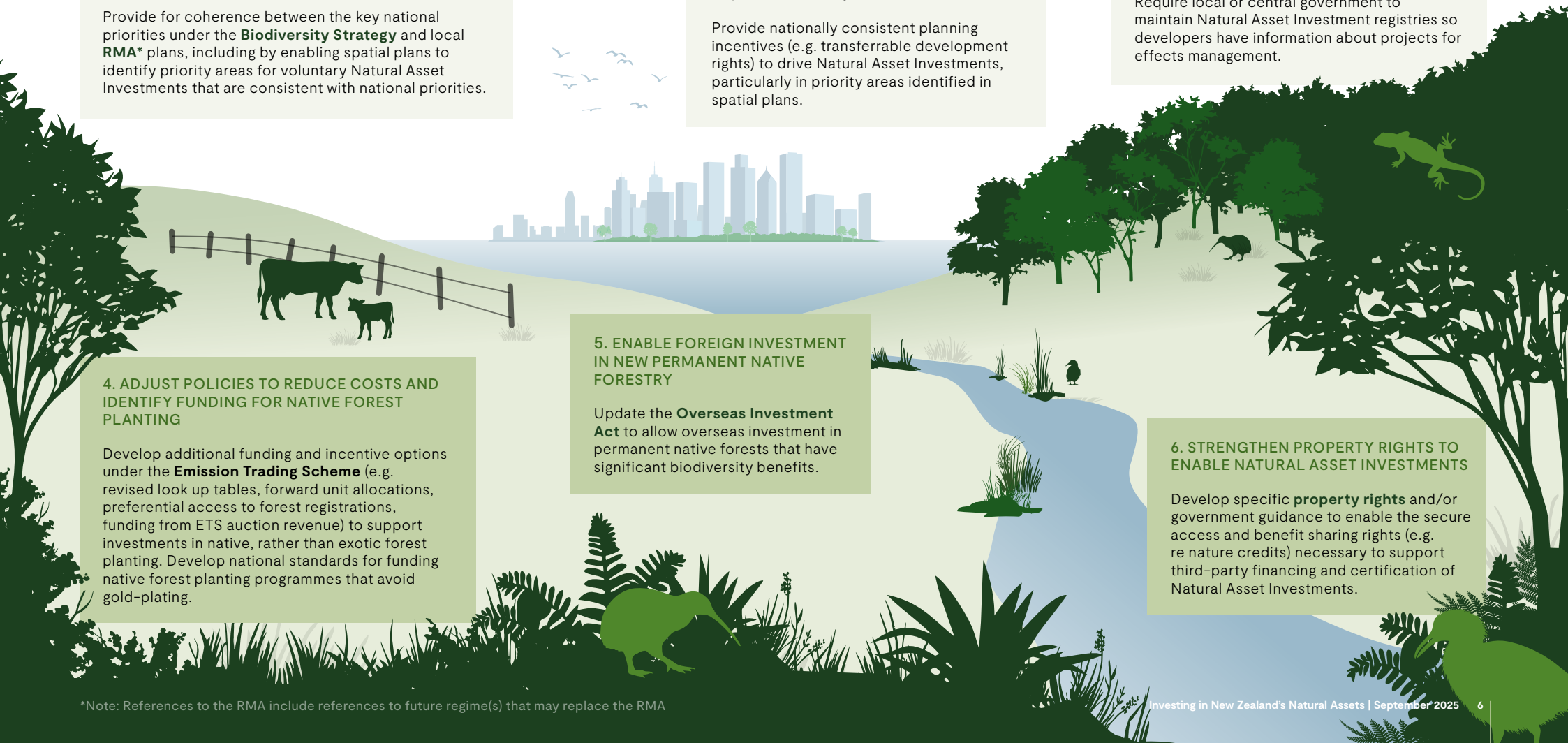
Develop **RMA** national policy statements and national environmental standards that better enable Natural Asset Investments by streamlining consenting requirements for such projects (i.e.reducing consent requirements, delays and costs).

Provide nationally consistent planning incentives (e.g. transferrable development rights) to drive Natural Asset Investments, particularly in priority areas identified in spatial plans.

3. ALLOW APPROPRIATE OFFSETTING AND COMPENSATION OF ENVIRONMENTAL EFFECTS TO DRIVE NATURE INVESTMENT

Amend the **RMA** national direction (including the 'effects management hierarchy' policies) to more readily recognise the option for developers to undertake offsite Natural Asset Investments as an appropriate method for managing the onsite effects of development.

Require local or central government to maintain Natural Asset Investment registries so developers have information about projects for effects management.



4. ADJUST POLICIES TO REDUCE COSTS AND IDENTIFY FUNDING FOR NATIVE FOREST PLANTING

Develop additional funding and incentive options under the **Emission Trading Scheme** (e.g. revised look up tables, forward unit allocations, preferential access to forest registrations, funding from ETS auction revenue) to support investments in native, rather than exotic forest planting. Develop national standards for funding native forest planting programmes that avoid gold-plating.

5. ENABLE FOREIGN INVESTMENT IN NEW PERMANENT NATIVE FORESTRY

Update the **Overseas Investment Act** to allow overseas investment in permanent native forests that have significant biodiversity benefits.

6. STRENGTHEN PROPERTY RIGHTS TO ENABLE NATURAL ASSET INVESTMENTS

Develop specific **property rights** and/or government guidance to enable the secure access and benefit sharing rights (e.g. re nature credits) necessary to support third-party financing and certification of Natural Asset Investments.

*Note: References to the RMA include references to future regime(s) that may replace the RMA

Summary of proposed actions

1. ALIGN NATIONAL AND LOCAL POLICY TO SUPPORT NATURAL ASSET INVESTMENTS

Current legislation, biodiversity policy and local planning documents fail to translate national priorities into local opportunities for meaningful Natural Asset Investments. As a result, investors and project developers cannot readily determine whether a project is aligned to New Zealand's biodiversity objectives. Improved alignment could be achieved by requiring council's RMA* planning documents and spatial plans to consider and identify potential areas for Nature Asset Investments (e.g., based on current or former ecological values) that are consistent with the national Biodiversity Strategy priorities. Planning documents could then consider how to incentivise such investment.

2. ESTABLISH A MORE ENABLING AND INCENTIVISING CONSENTING SYSTEM FOR NATURAL ASSET INVESTMENTS

Current RMA settings (specifically consenting requirements, costs and delays), can hinder the implementation of Natural Asset Investments. Local planning documents also have inconsistent approaches to planning incentives for Natural Asset Investments. This could be addressed by introducing:

- A National Policy Statement and National Environmental Standard to simplify consenting (including by reducing consent requirements, costs and uncertainty) for Natural Asset Investments that achieve positive nature outcomes. Such a regime could expressly include projects that generate commercial returns to support the development of nature markets.
- Standardised planning incentives (e.g., transferable development rights) across all council plans for Natural Asset Investments that are consistent with national Biodiversity Strategy priorities, as translated into council spatial plans (see Action 1).

3. ALLOW APPROPRIATE OFFSETTING AND COMPENSATION OF ENVIRONMENTAL EFFECTS TO DRIVE NATURE INVESTMENT

The RMA's 'effects management hierarchy' (EMH) fails to harness the full potential for developers to fund Natural Asset Investments. The EMH relegates offsite environmental offset and compensation to the last option for developers looking for options to manage the effects of a development, meaning that Natural Asset Investments with material environmental benefits are less likely to be funded. Changes to the EMH (and other RMA processes) could better recognise the role of investments to support offsite projects that achieve nature benefits. The RMA's unnecessarily complex distinctions between effects mitigation, offset and compensation could also be simplified. These measures may enable development as a further source of funding for Natural Asset Investments.

To support developer awareness of such investment options, local or central government could also maintain regional Nature Asset Investments registries to give developers visibility over projects they could fund as a means of managing their development's effects.

4. ADJUST POLICIES TO REDUCE COSTS AND IDENTIFY FUNDING FOR NATIVE FOREST PLANTING

Current policies incentivise exotic pine and increase costs for native planting, limiting biodiversity benefits. Adjustments could support native afforestation and associated "carbon plus" benefits by:

- Funding solutions for high up-front native forests establishment costs (e.g., forward allocation of ETS units for native forests, creation of a ring-fenced ETS auction revenue fund to support native and transition forest planting).
- Exploring additional incentives to invest in native forests (e.g., revising the ETS native forest look up tables, loosening restrictions on new exotic ETS forest registrations where they include investments in permanent native plantings).
- Standardising local funding and planting requirements to avoid 'gold plating' native forest planting expectations.

5. ENABLE FOREIGN INVESTMENT IN NEW PERMANENT NATIVE FORESTRY

There is strong domestic and international interest in funding Natural Asset Investments, but current settings restrict foreign investment in permanent native forests. Updating the Overseas Investment Act to allow such investment where significant biodiversity benefits are demonstrated could help unlock international capital flows for nature.

6. STRENGTHEN PROPERTY RIGHTS TO ENABLE NATURAL ASSET INVESTMENT

Uncertainty with respect to land tenure could deter Natural Asset Investments and make certification under nature credit standards difficult to achieve. Specific property rights and/ or government guidance to enable access, benefit sharing and establish approaches to nature credits would better incentivise third-party investment.

*Note: References to the RMA include references to future regime(s) that may replace the RMA.

→ PART TWO

Six key actions to unlock nature finance

ACTION 1.

Align national and local policy to support Natural Asset Investments

→ PROBLEM DEFINITION

Legislation, policy and planning documents governing Natural Asset Investments are not fully coherent, and sometimes conflict. Survey respondents indicated that the framework for restoring and enhancing natural capital is disjointed and lacks clear direction. New Zealand has a plethora of laws, regulations and policies that constrain or interact with Natural Asset Investments, with more than nine Government departments and agencies having roles in nature-related regulation. However, there is currently no single clear set of targets, priorities or objectives for either public or private sector effort or investment.

The Biodiversity Strategy, set in 2020, determined a strategic direction for the protection, restoration and sustainable use of biodiversity.[3] However, it has not been consistently implemented across relevant legislation. Despite including a vast array of 2025, 2030 and 2050 goals, these do not appear to be reflected or prioritised in the legislation that manages how people and businesses interact with nature. This contrasts with New Zealand's strategic climate change targets, which are expressly confirmed in the Climate Change Response Act 2002 and integrated (to various degrees) in legislation managing land use, transport, urban development and fossil fuels.[4]

This lack of coherence and prioritisation has been recognised by others. The Department of Conservation (DOC) noted that, "central and regional government agencies do not have an agreed set of biodiversity priorities to guide investment", making investment decisions challenging.[5] DOC and key stakeholders, including the Parliamentary Commissioner for the Environment,[6] have pointed to the need for agreed and consistently implemented biodiversity priorities in order to achieve significant efficiencies and nature-related outcomes. A key challenge underpinning the ability to undertake such prioritisation sits with the lack of high quality information and data regarding existing natural assets and ecosystem services and their trends over time. Having such information is crucial for any prioritisation to flow through both the Biodiversity Strategy and New Zealand's planning system.

This lack of alignment represents a missed opportunity for central Government to identify the types of Natural Asset Investments towards which voluntary private capital could be best directed. Investors and project developers cannot readily determine whether a project is aligned with or contributes to New Zealand's biodiversity objectives.

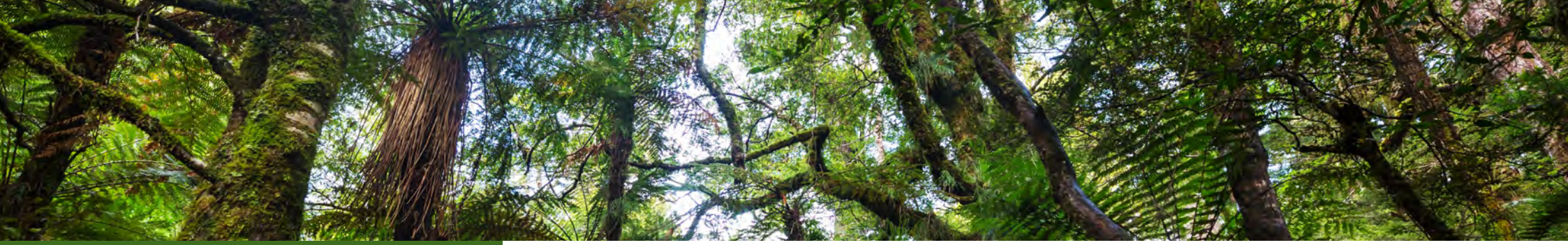
Considerable effort has been made to identify existing biodiversity objectives and goals, with the Government continuing to focus on appropriately prioritising these goals.[7] However, without a legislative and policy regime that implements these priorities across land use planning, conservation, and wildlife protection laws, it is unlikely to result in the enduring investment signals for the private sector that would support Natural Asset Investments.

Establishing and implementing a clear set of nature/biodiversity priorities in key legislation with appropriate subordinate policy coherence would enable investors in Natural Asset Investments to direct capital to those agreed national priorities, creating efficiencies and driving momentum in priority nature investments.

"We need to get in place some more compelling overarching targets so we can tell the story better and make the case for continued/more funding."

– Survey respondent

3. Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy 2020.
4. See for example ss 61, 66 and 74 Resource Management Act 1991, ss 68 and 70 Urban Development Act 2020, and section 61 Fuel Industry Act 2020, s176C Land Transport Act 1998.
5. Department of Conservation Action for nature: *Implementing New Zealand's Biodiversity Strategy 2025-2030: Discussion document* May 2025 pages 14 and 17.
6. Parliamentary Commissioner for the Environment, *Submission on the implementation plan for New Zealand's Biodiversity Strategy*, 30 June 2025.
7. See for example the recent *Action for nature: Implementing New Zealand's Biodiversity Strategy 2025-2030 public consultation*, which closed in June 2025.



What is New Zealand's Biodiversity Strategy?

Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy 2020 is a long-term roadmap intended to drive national, regional and local conservation action between 2020 and 2050. It sets national goals and outcomes for the protection, restoration and sustainable use of biodiversity, particularly indigenous biodiversity.

It was established in part to meet New Zealand's obligations under the United Nations Convention on Biological Diversity. DOC oversees its execution via a series of Implementation Plans.

Submissions for the 2025-2030 Implementation Plan closed in June 2025. The plan is set to be released by the Minister of Conservation after Cabinet approval and will be submitted to the Convention on Biological Diversity later in 2025.

The 2024 progress report on the previous Implementation Plan indicated that only 10% of the actions had been completed, with 72% in progress and 18% either on hold, cancelled or unlikely to be completed.

More information can be found **here.**

→ POTENTIAL SOLUTIONS TO SUPPORT THIS ACTION

Ensure improved information and cross-statute implementation of the Biodiversity Strategy's priorities

As shown on the previous page, the Government is currently reforming a number of the key statutes and policies regulating how New Zealanders interact with nature. This presents an opportunity to embed consistent approaches for achieving biodiversity goals and, relevant to the scope of this report, provide clear investment signals to private capital holders as to the types of Natural Asset Investments that will advance national priorities.

Improved alignment with the Biodiversity Strategy could be achieved by central and regional/local government gathering high quality data and information on New Zealand's existing natural assets and having clear data on their impact trends over time. With this information available and reflected in an appropriately prioritised Implementation Plan for the Biodiversity Strategy, councils could be required to consider those priorities when developing planning documents and spatial plans under the RMA. For example, spatial plans could be used as a tool for investors if councils considered and identified potential areas for Natural Asset Investments that are consistent with the Biodiversity Strategy priorities.

With sufficient information and a prioritised Biodiversity Strategy, spatial plans could identify:

- areas with high ecological values that would benefit from voluntary action via Natural Asset Investments to protect or further enhance existing values; and
- land with high former ecological values or ecological potential, suitable for private Natural Asset Investments.

Incorporating national priorities into regional spatial plans would help investors ensure their capital is directed towards priority areas or projects for investment that achieve nationally coordinated objectives and outcomes that are monitored and reported on at a national level.

With this identification and prioritisation in place via spatial plans, planning documents and rules could also target planning incentives to encourage direct capital flows into Natural Asset Investments that are consistent with national priorities and objectives. Such incentives could, for example, involve transferrable rights for land use or subdivision consents being granted in return for Natural Asset Investments. While many councils currently have such incentives in place (see examples outlined in Action 2), the nature enhancement opportunities they provide are not necessarily aligned with national targets or priorities, and are often the subject of bespoke rules developed by each district or region.

New national planning standards or national environmental standards under the replacement to the RMA (as discussed in Action 2 below) could further simplify and improve the efficiency of this process by standardising the incentives (e.g., rules around transferrable rights, discussed in below) to ensure a more streamlined process with national consistency and alignment.

ACTION 2.

Establish a more enabling and incentivising consenting system for natural asset investments

→ PROBLEM DEFINITION

The current planning system does not clearly enable Natural Asset Investments. In fact, currently RMA consenting requirements can prevent, hinder or delay these projects.

Survey respondents noted that New Zealand's planning laws and policies lack sufficient direction (via strong objectives, policies, and rules) to streamline consenting of Natural Asset Investments. Consequently, project proponents often need to obtain resource consents (even for activities with a clear benefit to nature), where they occur in sensitive environments like water bodies, wetlands and the coastal marine area. Consenting is seen as costly and time-consuming, requiring extensive information, technical assessments and sometimes onerous monitoring and reporting. Respondents flagged that this can result in limited financial and human resources being expended on navigating the consenting process rather than on project implementation.

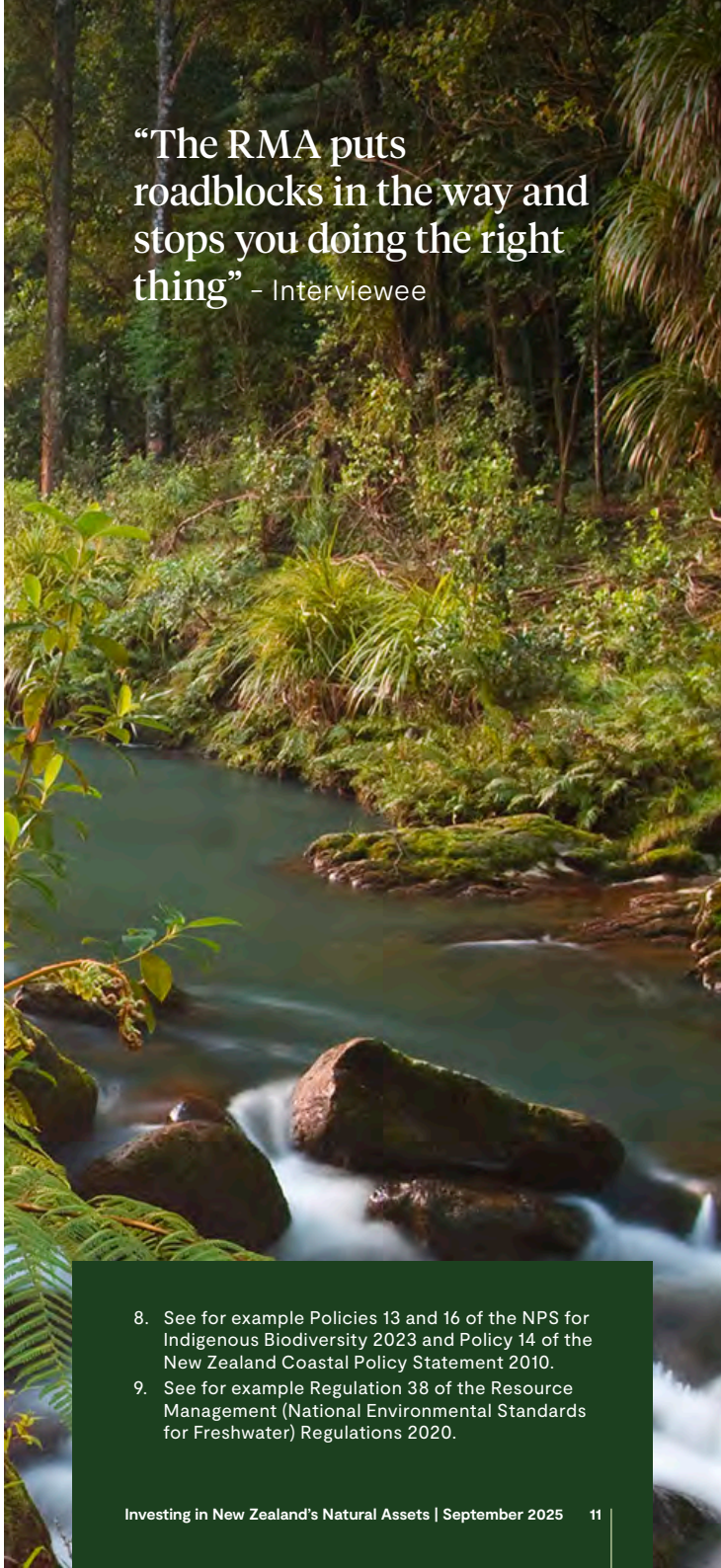
Without direction to simplify consenting or provide greater assistance to Natural Asset Investments, councils apply the same assessment standards to the effects of those proposals as they do for standard commercial developments. Respondents also noted a lack of clear guidance on the benefits and any incentives to undertaking Natural Asset Investments, together with and inconsistent support for such projects in RMA policy documents.

While some National Policy Statements (NPS) and National Environmental Standards (NES) under the RMA include rules or policies that could enable Natural Asset Investments, these provisions often provide relatively weak direction, which can be diluted when incorporated into district and regional planning documents.[8] There are a few examples of directive policies or rules in NPSs and NESs that are enabling of Natural Asset Investments, but they tend to be subject-matter specific (e.g., covering earthworks activities associated with a wetland restoration rather than applying broadly to any type of Natural Asset Investment).[9]

NES rules currently also do not anticipate Natural Asset Investments which are designed to secure commercial returns from restoration activities (e.g., through the generation of nature-related credits). Consequently, there is limited direction for consent decision-makers regarding whether for-profit Natural Asset Investments should be treated differently from Natural Asset Investments that are community-based or philanthropic in nature.

→ CASE STUDY

One respondent sought to undertake a wetland restoration and riparian enhancement project. However, the project involved minor earthworks to re-route a watercourse to its original location and works within ten metres of a wetland, which didn't meet the narrow conditions for a wetland restoration project.
The project consequently required a resource consent. The respondent reported that this consent requirement created uncertainty about whether the consent would be issued, despite the clear nature benefits. It increased expenditure on consent application preparation and processing costs, which lead to programming and budgeting implications, putting the nature outcomes of the project at risk.



8. See for example Policies 13 and 16 of the NPS for Indigenous Biodiversity 2023 and Policy 14 of the New Zealand Coastal Policy Statement 2010.
9. See for example Regulation 38 of the Resource Management (National Environmental Standards for Freshwater) Regulations 2020.

POTENTIAL SOLUTIONS TO SUPPORT THIS ACTION

Develop new NPS and NES under the successor to the RMA to simplify consenting of Natural Asset Investments

New NPS and NES under the successor legislation to the RMA could create nationally applicable policies and rules that are more enabling or encouraging of activities associated with Natural Asset Investments. Potential NPS or NES measures could include:

- specific voluntary nature-related outcomes that councils should seek to encourage via more enabling district and regional plan rules and planning incentives (such as permitted activity status and/or transferrable development/activity rights),
- provision of 'permitted activity' status rules, meaning that activities associated with Natural Asset Investments can be undertaken as of right, without the need to apply for or obtain resource consent,
- where consents are considered necessary (e.g., due to potential effects or public interest), streamlined consenting with pathways for simpler and faster consenting could be provided (e.g., controlled activity, non-notified consents, restricted matters for control or discretion), and
- obligations on councils to waive or heavily discount consent processing fees and charges for Natural Asset Investments that are aligned to national targets or nature benefits identified in spatial plans.

As noted in Action 1, such an NPS or NES could provide favourable or enabling status for projects that are recognised in spatial plans to be aligned to New Zealand's national biodiversity targets under the Biodiversity Strategy.

For any such enabling NPS/NES to be 'future proofed' and inclusive it will need to anticipate the future development of nature markets and avoid an exclusion of Natural Asset Investments that generate commercial returns via such markets.

Standardise national tools and planning provisions to confer valuable planning incentives on Natural Asset Investments

One of the key planning incentives that may usefully encourage Natural Asset Investment is transferrable development or activity rights. Transferrable development rights confer a right to undertake an activity that would otherwise be constrained by a council plan (often in a different part of the district or catchment) in return for the protection, restoration or enhancement of ecosystem services.

By way of example, the Auckland Unitary Plan's transferrable site subdivision rules[10] incentivise the protection of certain indigenous vegetation or wetland areas by providing parties who undertake voluntary protection actions with transferrable rights to subdivide certain land elsewhere in the region. Similar provisions exist in other plans with a range of rights conferred and environmental benefits incentivised.[11]

While such rights have traditionally focussed on subdivision rights, other forms of transferrable rights could relate to the positive outcomes of Natural Asset Investment projects. For example riparian planting projects could confer preferential water take or discharge rights in constrained catchments (subject to appropriate environmental effects considerations). Development of nationally consistent transferrable planning incentive rules and provisions could enable developers of Natural Asset Investment to receive valuable planning/development rights. Such rights could be monetised through transferring to third parties, thereby incentivising Natural Asset Investments.

10. See Auckland Unitary Plan, Chapter E39 Subdivision – Rural, Rules A16-A25.
11. See also Waipa District Plan's Transferable Development Rights (Waipa District Plan Rules 15.4.2.42 – 55).

ACTION 3.

Allow appropriate offsetting and compensation of environmental effects to drive nature investment

→ PROBLEM DEFINITION

The RMA fails to harness the full potential of capital flows from consent applicants who may be in a position to fund more impactful offsite Natural Asset Investments, rather than undertake onsite effects mitigation.

Respondents who have undertaken RMA consenting projects, including large infrastructure developers, expressed a willingness to invest in offsite environmental offsetting and compensation projects with potentially significant ecological benefits as part of securing consents but noted that they have been constrained by RMA policies that have a narrow focus on avoiding (sometimes lower-impact) onsite effects.

Our investigations found that offsite Natural Asset Investments can provide better opportunities for significant benefit to nature. However, some RMA policy documents and plans strictly focus on avoiding effects rather than achieving outcomes, which undermines potential private funding for Natural Asset Investments. Respondents also noted a greater focus on compliance with biodiversity offset and compensation definitions, and procedural compliance with principles and rules, rather than on achieving meaningful nature outcomes.

A consistent source of difficulty and criticism from respondents was the 'Effects Management Hierarchy' (EMH) which has been included in both the RMA's NPS for Indigenous Biodiversity 2023 and the NPS for Freshwater Management 2020. The EMH provides that for certain types of effects, offsite environmental compensation or offsetting cannot be considered by a developer or a consent decision maker unless all possible/practicable options have been exhausted to avoid, minimise or remedy effects on site. Where the EMH applies, offsite environmental compensation (for example via Natural Asset Investments) is a last resort option to manage effects, even if that compensation via a Natural Asset Investment would achieve substantially greater overall environmental outcomes than onsite effects avoidance or minimisation. This operation of the EMH effectively forecloses a potential funding source for Natural Asset Investments that could otherwise look to such investments as a means of managing effects.

Even where the EMH does not constrain a developer's options for effects management, we found that consent decision-makers often struggle with risk and uncertainty when considering effects management via Natural Asset Investments. While some gains from Natural Asset Investments are easily quantified, many are less certain or direct and there are inconsistent approaches to the expected duration of benefits to nature. This uncertainty and a lack of clear data makes some decision-makers reluctant to place considerable weight on investments in offsite Natural Asset Investments. Consequently, developers may prioritise onsite built infrastructure solutions that avoid effects over offsite Natural Asset Investments, which may result in worse biodiversity outcomes as well as higher costs.

Biodiversity offsetting models and frameworks provide one potential tool to overcome this uncertainty, but are not uniform nor expressly acknowledged as an acceptable tool in RMA policy documents and therefore developers are often required to produce reports justifying the use of bespoke tools when developing effects management packages.[12]

Finally, some developers note that there is limited information publicly available to help developers identify suitable Natural Asset Investments that could provide an opportunity to manage the effects of a development. Developers often have to create their own projects, scaled only to address their specific impacts. This discourages larger, more impactful projects and leaves a major funding gap for community-level initiatives.

Ultimately, these factors discourage RMA consent applicants from investing in offsite Natural Asset Investments to manage the effects of a development. As a result, there are indications that New Zealand is missing out on a potentially valuable source of private funding for Natural Asset Investments.

→ CASE STUDY

Contact Energy (Contact) is developing a 100MW grid-scale battery at NZ Steel's Glenbrook site in South Auckland. The location is ideal due to its industrial zoning, low ecological value (as existing farmland), and strong connection to the national grid. The battery will play a key role in strengthening New Zealand's electricity supply and improving grid resilience.

During the consenting process, ecologists identified a small area (less than 40m2) within the project site as a possible 'natural inland wetland' under the RMA's NES for Freshwater rules. Although the area was pasture, it contained two introduced plant species listed as wetland indicators (Soft rush and Creeping bent), which were at risk of triggering a complex and prolonged consenting process.

To compensate for the loss of that area, Contact offered to fund restoration of higher-value wetlands elsewhere – potentially up to $50,000 per year for 20 years. However, the EMH, which prioritises avoidance and limits offsetting or compensation, meant this offer could not be locked in .

While subsequent detailed investigation confirmed the area was not a natural wetland, allowing consent to be granted, this case highlights the challenges of navigating technical definitions and the limited flexibility in current RMA policy to encourage clear net-positive biodiversity outcomes that could be achieved by capital flows into offsite Natural Asset Investments.

More information can be found here.

"The RMA could value the above and beyond in terms of net gain and nature outcomes, because often investment in nature won't occur without the development" - Respondent

12. See for example discussions on models under the Wayby Valley landfill decisions, including *Te Rūnanga o Ngāti Whātua v Auckland Council* [2023] NZEnvC 277, related to authorisations applied for years prior in 2019. See also *Waka Kotahi New Zealand Transport Agency v Manawatū-Whanganui Regional Council* [2020] NZEnvC 192 and Te Tai Tokerau Water Trust, 23 October 2020, Expert Consenting Panel decision, Environmental Protection Authority.

POTENTIAL SOLUTIONS TO SUPPORT THIS ACTION

Reform the RMA and the EMH to enable increased recognition of investments in nature positive Natural Asset Investments

The replacement to the RMA could provide recognition of flexible effects management methods that achieve improved or nature positive outcomes, including through investments in offsite measures such as Natural Asset Investments.

The EMH could be replaced with policies that enable consenting decision-makers to consider the overall environmental/biodiversity outcomes of a proposal, without being constrained by policies requiring all onsite effects to be avoided and minimised to the greatest extent possible before considering off-site options.

Policy documents under the RMA replacement regime could include specific recognition of the ability for developments to choose to offer offsite Natural Asset Investments as an equally acceptable form of effects management (i.e. on par with onsite effects avoidance/minimisation), particularly where such Natural Asset Investments achieve overall environmental benefits and/or no net loss in natural capital. For such a policy to garner developer support, it will likely need to clarify that Natural Asset Investments remain at the election of the developer, and to avoid outcomes where investments that are out of proportion to the effects of the development are expected by consent authorities. Any reform will also need to ensure that appropriate information requirements and regulatory guardrails are in place to ensure that the flexibility to consider offsite Natural Asset Investments will not be used to enable greater overall adverse impacts on natural assets or ecosystem services, but rather aimed at enabling greater voluntary action that achieves overall improved environmental outcomes.

As nature markets continue to emerge, it will also be increasingly important that these sorts of policy documents also anticipate nature markets and consider the role that nature credits could have as an effects management tool to offset or compensate for onsite effects.

Develop a nature-project registry

To support investment in Natural Asset Investments, developers need to have information regarding existing or potential projects seeking investment funding. Policy documents under the RMA replacement regime could require local or central government to maintain regional registries to give developers visibility over projects they could fund as a means of managing their development's effects.

Similar efforts to create registries or banks of available projects or nature credits have been implemented in a number of jurisdictions, including the United Kingdom[13] and Australia[14] Such registries have often developed in tandem with nature credit markets, which the New Zealand Government is currently investigating via a series of pilot projects.[15]

Any New Zealand registry could be open-sourced or subject to registration criteria, but at a minimum would usefully confirm the Natural Asset Investment's scope, anticipated outcomes, necessary funding levels and governance arrangements. Registries could also indicate the extent to which the project is aligned with national biodiversity strategy priorities and/or spatial plans (See Action 1).

13. See the Biodiversity Net Gain Register and credit regime under the Environment Act 2021 (UK). See also the 'Nature Towns and Cities Initiative' created by the National Trust, Natural England, and the National Lottery Heritage Fund which plans to fund a range of nature projects around the UK.
14. See Australia's Nature Repair Market scheme, which establishes a voluntary marketplace whereby project-developers can undertake nature repair projects to produce biodiversity certificates, to enable investors to achieve the biodiversity benefit created under the nature repair project.
15. Press Release, Hon Andrew Hoggard, 'Government backs voluntary nature credits' 12 June 2025.

ACTION 4.

Adjust policies to reduce costs and identify funding for native forest planting

→ PROBLEM DEFINITION

Current policy settings incentivise exotic pine over native afforestation and add costs to indigenous planting projects, leaving biodiversity benefits on the table. The biodiversity and broader benefits of permanent native forests are significant and well understood.[16] Indigenous forests, in particular, help improve New Zealand's adaption and resilience to climate change and other significant weather events and provide positive environmental outcomes such as improving freshwater quality, soil conservation and other ecosystem benefits. Though slow-growing and initially slow to sequester carbon, these forests continue as carbon sinks for hundreds of years.

Feedback indicated that the costs to establish indigenous forests significantly outweigh the near-term potential returns under the Climate Change Response Act's Emissions Trading Scheme (ETS), making investments in native planting harder to justify. Our research identified several key barriers to incentivising indigenous afforestation, most of which are cost-related. For example:

- Indigenous forests have significantly higher establishment and maintenance costs than exotic forests. There is a shortage of seedlings due to limited nurseries, and once sourced, indigenous forests tend to have higher pest and stock management requirements. While radiata pine establishment costs are generally under $2,500 per hectare, some respondents report that establishing a high density native forest can cost upwards of $20,000 per hectare in certain locations.[17] Even at lower densities, native forest planting is still substantially higher cost than pine forest planting. Many regional councils offer funding support for indigenous forests, but the criteria are inconsistent across regions and often impose onerous density standards which reduce the scale of native forest plantings that could otherwise occur.
- The ETS is the most readily available source of revenue for permanent forests. Forests planted after 1989 can secure emissions units for each tonne of carbon dioxide absorbed and sequestered by trees as they grow. However, slow-growing native forests sequester far less carbon than exotics in their first decades – approximately 40 tonnes per hectare compared to 200-400 tonnes for pine. At an emission unit price of ~$56, pine forests can earn $10,000-$20,000 per hectare over ten years, providing a solid return, while natives barely cover 10% of their establishment costs.[18]

These financial barriers limit investment in native afforestation, restricting our ability to realise the biodiversity and broader nature benefits that native (or transition) forests can provide, as well as the potential economic value if those forests were to be used to create voluntary "carbon plus" credits for the international voluntary carbon market.

16. Motu, Facilitating Carbon Offsets from Native Forests, April 2017, and The Aotearoa Circle's Native Forests report.
17. Parliamentary Commissioner for the Environment, Alt-F Reset: Examining the drivers of forestry in New Zealand, April 2025 at page 66.
18. The Conversation, Planting pine or native forest for carbon capture isn't the only choice – NZ can have the best of both, 19 December 2023.

CASE STUDY

Pāmu Landcorp, which holds a nation-wide portfolio of farms, has extensive experience undertaking Natural Asset Investments, including planting native forests. In total Pāmu manage approximately 17,000 hectares of native areas - a mix of mature and regenerating forest.

Pāmu commented on the extent to which high-establishment costs are a significant barrier to native forestry, noting that regional councils often provide co-funding but have differing planting density requirements which must be met before funding support can be obtained. Pāmu explained that Funding Agreements from most regional councils it has worked with require planting at a minimum of 2,500 stems per hectare, equating to planting costs between $20,000–$30,000/hectare.

However, Pāmu has found a low-cost method, known as the Tīmata method, to be successful in establishing forests and can reduce establishment costs to just $8,000-$10,000/hectare. Pāmu notes that widespread adoption of such lower-cost methods would allow council funding to go further, while still achieving positive outcomes. Pāmu believes that funders need to allow for flexibility, as other establishment methods are proven to further reduce costs.

POTENTIAL SOLUTIONS TO SUPPORT THIS ACTION

Establish funding to manage the high up-front establishment costs of indigenous forests

There are several funding options that could ease the burden of upfront native forest establishment costs:

- **Forward allocation of New Zealand Units(NZUs):** Land registered for permanent native forestry under the ETS could receive a single forward allocation of NZUs equivalent to those the forest is expected to earn over a determined period (e.g., 10 years). To avoid undermining the ETS, this allocation could be subject to repayment obligations with appropriate enforcement actions and/or bonding to manage the risk of the forest failing to establish as anticipated. Proceeds of NZU sales could be ring-fenced for native forest establishment and management costs. Consideration would need to be given to policy safeguards, such as annual limits on the volume of forward allocations and strict reporting, verification and enforcement.
- **Ringfenced auction revenue fund to support native plantings:** Consideration could be given to creation of a fund derived from ETS auction revenues to support some forms of Natural Asset Investments that provide for native planting or transition forests.[19] Recipient projects could, for example, be required to be consistent with the pillars of the Government's Climate Change Strategy which include nature-based solutions and climate resilient infrastructure.
- **Revised native forest look up tables:** The ETS provides default lookup tables for native forests that determine sequestration rates and therefore incomes derived from native forest plantings. While ETS participants can develop their own specific tables, foresters that rely on the default look up tables may underestimate the sequestration of their native forests. That reliance may encourage a preference for planning exotic species for carbon forests given their higher rates of sequestration, especially pine.[20] Updating the default look-up tables for natives to more accurately reflect the range of sequestration for different types of native forests and geographic locations, as well as extending the duration of look up tables beyond 50 years, may assist with encouraging more investment in native carbon forests.
- **Loosening restrictions on exotic forest registrations where they include permanent native forest investments:** The Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Bill imposes limits on the registration of new exotic forests on certain land classes. More native forest investments could potentially be encouraged by considering provisions to relaxing these restrictions for exotic forests that include/involve permanent native forest plantings to achieve nature positive outcomes.

While the wider policy impacts of such measures would need to be considered, they could go some way towards levelling the playing field between exotics and native forest incentives.

19. The disestablished Climate Emergency Response Fund similarly acted as a ringfenced fund derived from revenues received by the Government at quarterly NZU auctions.
20. See analysis in The Aotearoa Circle's 2020 report 'Native Forests: Resetting the balance', which similarly recommended updating and extending the native forest look up tables.

Ensure consistency across local funding programmes and planting requirements

The criteria to obtain funding from regional councils to establish native forests can be costly, onerous. The criteria also vary between regions. To ensure consistency across New Zealand, a nationwide planting framework specifying planting density and species should be applied. This framework could be based on environmentally credible, lower-cost methods and referenced in policy and implementation documents under the Biodiversity Strategy.

Implement a more enabling regime for transition forests

The ETS regime could better support the transition from exotic to permanent native forestry by providing a clear pathway. Measures to incentivise transition forestry and avoid financial gaps could include recognising carbon sequestered by transition forests through a specific carbon accounting method, differentiating them from distinctions between exotic/native and standard/ permanent categories.

ACTION 5.

Enable foreign investment in new permanent native forestry

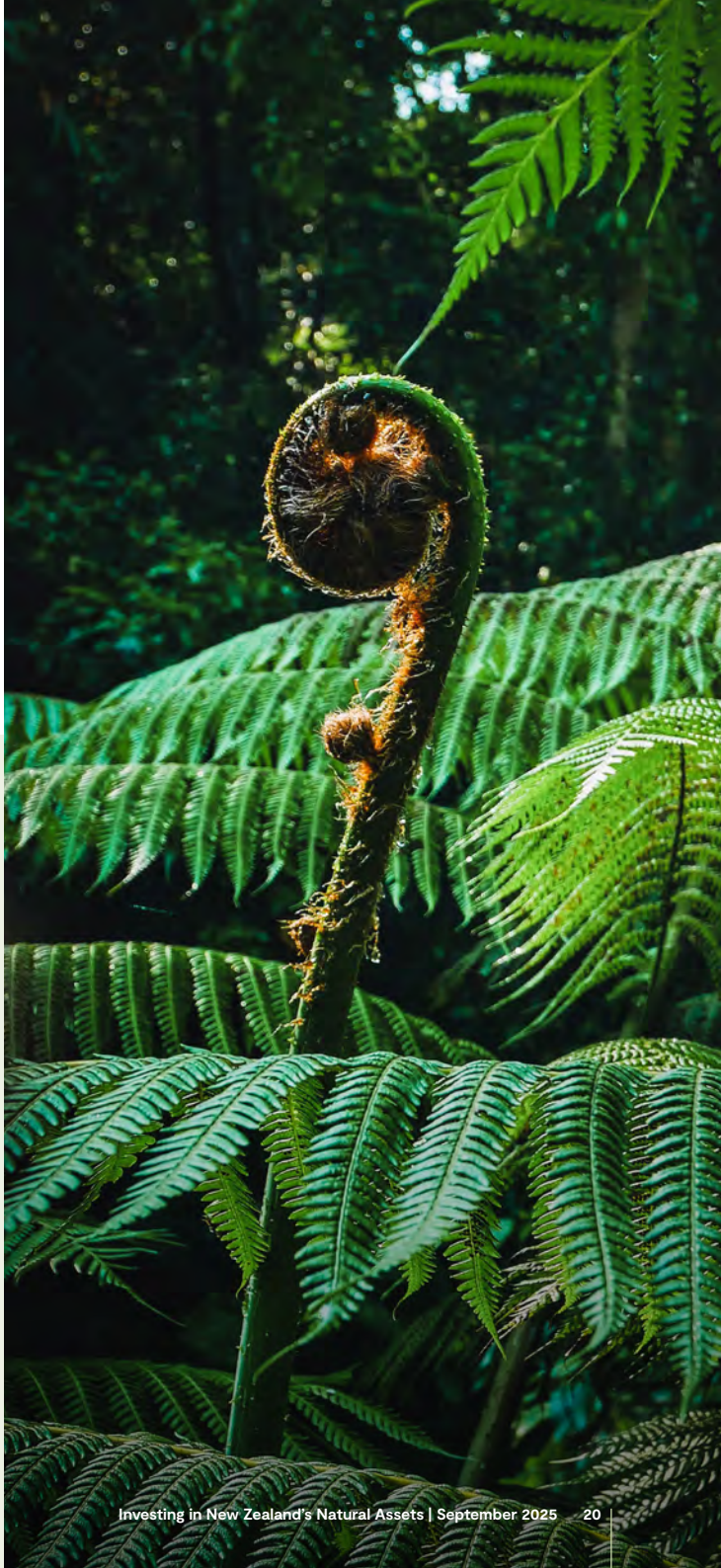
PROBLEM DEFINITION

Our research shows significant interest from both onshore and offshore funders in supporting Natural Asset Investments in New Zealand. Many suitable projects involve new forest plantings, with native forests offering potential biodiversity benefits, environmental regeneration and carbon sequestration. Early anecdotal evidence suggests these “carbon plus” initiatives are attracting interest from international buyers.

However, current limitations on foreign investment in permanent (non-harvest) forestry may restrict the potential value of offshore capital for these projects. As the Overseas Investment Act is updated, revisiting the settings for permanent forestry, particularly native forests, could help unlock investment in this area.

POTENTIAL SOLUTIONS TO SUPPORT THIS ACTION

- Amend the Overseas Investment Act to enable new investment in Nature-related Projects involving permanent/non-harvest native forests where significant benefit to nature can be demonstrated.
- Extend the forestry carve-out from the modified benefit test for farmland under the Overseas Investment Act to include permanent native forestry. This could be limited to specific land use classifications to avoid adverse impacts on productive land, similar to the proposed changes to the ETS.
- Extend the exemption allowing less than 1,000 hectares of forestry right investment per year without consent to exempt taking of rights for permanent/non-harvest native forests on certain land use classifications.
- Rebalance the weighting between economic and environmental benefits in the Overseas Investment Office approval process to recognise projects that primarily provide nature benefits, alongside economic benefits, for new permanent native forestry.



ACTION 6.

Strengthen property rights to enable nature investment

→ PROBLEM DEFINITION

Uncertainty regarding land tenure (i.e. the rights to own, use or access land) or limits on appropriate interests through which interests in land are conferred could deter investment in Natural Asset Investments. For example, landowners may want to retain title to land, while allowing third parties to undertake projects like native planting, with those third parties able to obtain (or share) in economic benefits - such as carbon or nature credits - arising from the project.

Current land tenure options (i.e. freehold title, leases, licences, forestry rights, or easements) are not always suitable for these projects. Forestry rights often contemplate harvesting, while establishing QEII covenants requires land ownership.[21] Additionally, international voluntary carbon market registries, like Gold Standard[22] and Verra,[23] have specific land tenure requirements (e.g., minimum durations of 40+ years) which may either prevent third-party developers without legal tenure from registering credits or trigger additional subdivision consent obligations under the RMA (e.g., where the lease is over part of a site and for a duration of greater than 35 years).[24]

Land tenure issues also arise with coastal land subject to saltwater incursion, which may potentially, over time, become part of the common marine and coastal area.[25] Such uncertainty about future land status and ownership can deter investment in projects like coastal wetland restoration, as landowners may not be assured of deriving economic benefit from their investments should the land's status change in future.

→ POTENTIAL SOLUTIONS TO SUPPORT THIS ACTION

Use property rights to incentivise non-landowner investment.

Create or adapt a specific property right to support and incentivise investment in Natural Asset Investments by non-landowners. This right (e.g., easement or registered licence) would provide the type and duration of security of tenure recognised by leading international carbon and nature market registries, ensuring permanence of planting/sequestration activities, and net environmental benefits. It could also allow grantees to register relevant areas as QEII covenant areas.

Protect economic rights for former coastal landowners

For coastal land that may become part of the coastal marine area, legislative recognition or government guidance should confirm that former landowners retain exclusive rights to the economic benefits and nature derivatives from Natural Asset Investments undertaken before the change in status.

21. QEII National Trust website, "How to protect your land".
22. Gold Standard, Gold Standard for the Global Goals: Land use and forests activity requirements, v1.2.1 at Sections 2.1.9(c)(ii) and 2.1.13(c).
23. Verra, SD VISta Nature Framework, v1.0, Section 6.1.2, and SD VISta Standard, v1.0, Section 2.4.2.
24. RMA, sections 11 and 218(1)(iii).
25. Property owners cannot retain title over land once it has been deemed to become part of the common marine and coastal area pursuant to the Marine and Coastal Area (Takutai Moana) Act 2011.

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