

Submission

On

Voluntary Markets policies and processes

Submission to:
Ministry for the Environment
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New Zealand Forest Owners Association

The New Zealand Forest Owners Association Incorporated (FOA) is the representative membership body for the commercial plantation forest growing industry. FOA members are responsible for the management of approximately 1.2 million hectares of Aotearoa New Zealand's plantation forests and over 70% of the annual harvest.

In 2024, the forest growing sector was worth \$5.75 billion in export value, and it is anticipated that total export returns for forest products will reach \$7.33 billion by 2027¹. The sector has a 12% share of rural land use and a high proportion of Māori landowners (48%). The sector contributes 1.6% of New Zealand's GDP and employs approximately 42,000 people in wood production, processing, and the wider commercial sector. Commercial forests sequester approximately half of New Zealand's carbon dioxide emissions.

General comments

1. Overarching Position: New Zealand Must Build the Second Half of the Bridge

The Forest Owners Association welcomes the opportunity to comment on the government's proposed approach to voluntary market standards, carbon market guidance, and the draft principles for voluntary nature markets.

Globally, the private sector—supported by frameworks such as Taskforce on Nature-related Financial Disclosures (TNFD), International Sustainability Standards Board (ISSB), and the Nature Measurement Protocol—is building one half of the bridge needed for credible, scalable nature and carbon markets. International Sustainable Forestry Coalition (ISFC)'s current project with TNFD and the Capitals Coalition is part of this global push to provide consistent, coherent, and comparable nature and carbon products that institutional investors can rely on.

However, the other half of the bridge must be built by governments. Without consistent and coherent regulatory settings, the nature and carbon products produced by New Zealand landowners can only be purchased by philanthropic actors or small-scale "green" funds. These sources of capital do not scale.

The scale sits in a range of sources e.g. pension funds, superannuation, and insurers—and for that capital to flow, it must be able to:

- evaluate risk and return,
- rely on methods that are defensible and consistent, and

¹ https://www.nzfoa.org.nz/images/FOA_Facts_and_Figures_2023-2024_-_Web_file.pdf

- operate across borders with minimum friction.

New Zealand has an opportunity to be part of a global move toward interoperable voluntary markets. But that requires moving beyond domestic isolation and anchoring its guidance to global standards and shared principles, not bespoke rules.

2. Government Endorsement of Voluntary Market Standards and Methodologies

Our Position:

The Ministry for the Environment (MfE) should adopt a principles-based endorsement model anchored in global frameworks (TNFD, ISSB, Integrity Council, SBTN, etc.) and actively avoid developing isolated New Zealand-specific criteria that fragment the market.

Key Points:

(a) Endorsement should recognise multiple credible standards, not single preferred ones

Markets are evolving rapidly. Investors need assurance that if a methodology meets independently recognised international integrity standards, it is eligible in New Zealand.

Government endorsement should therefore be:

- Plural: recognise TNFD-aligned, ICVCM-aligned, and SBTN-aligned standards.
- Adaptive: updated regularly as international integrity frameworks converge.

The goal of Government should be to enable and protect New Zealand participants to develop high quality projects.

(b) New Zealand should explicitly allow methodologies that use credible proxies

There is a persistent myth that nature outcomes cannot be compared across regions. While perfect comparability is impossible, credible proxies can deliver decisions that are dependable and defensible. Government endorsement should make space for scientifically sound proxy methodologies—many of which TNFD and the Capitals Coalition are helping develop.

(c) Avoid restrictive exclusions that undermine forestry contributions

Several international regimes are imposing poorly evidenced rules (e.g., that biodiversity cannot exist in plantations). The NZFOA strongly opposes such exclusions. Managed production forests can and do generate biodiversity and ecosystem service benefits when verified properly.

Government endorsement should be based on outcomes, not labels.

(d) NZ must align with emerging global integrity frameworks

A New Zealand endorsement framework should aim for interoperability with emerging systems in the UK, EU, Australia, Japan, and South Africa—so New Zealand landowners can access global demand and investment.

3. Updated Voluntary Carbon Market Guidance

NZFOA Position:

MfE's updated guidance should enable New Zealand carbon projects to operate within a globally coherent voluntary market, while being complementary—but not duplicative—to the New Zealand Emissions Trading Scheme (ETS).

Recommendations:

(a) Recognise that VCM and ETS have distinct purposes

Voluntary market activities often reflect a broader range of outcomes—biodiversity, water, recreation, clean air—as well as carbon. These should not be constrained by current domestic ETS-style thinking.

(b) Enable stacking of ecosystem service outcomes

New Zealand should clearly enable stacking where services are separately measured and double counting is prevented. Many jurisdictions currently ban stacking, which suppresses value and disincentivises landscape-scale planning.

Guidance should state that:

- stacking is allowed,
- additionality rules must be transparent, and
- Monitoring, Reporting, and Verification must clearly separate carbon from other ecosystem outcomes.

(c) Reward both uplift and the maintenance of high baselines

Australia currently rewards only “change”, which penalises land managers who have maintained high nature values over decades. New Zealand should avoid this perverse incentive.

Voluntary market guidance should explicitly recognise:

- maintenance credits (for high ecological baselines), and
- uplift credits (for improvement over time), priced differently but equally legitimate.

(d) Ensure the guidance is aligned with TNFD and ISSB nature-related disclosures

Investors require consistency. If New Zealand’s voluntary market guidance diverges from global disclosure frameworks, it becomes harder for institutional capital to allocate here.

(e) Avoid insulating New Zealand from global market evolution

We caution against highly prescriptive rules (e.g., restricting credit types or banning certain land classes). Global consistency, not national idiosyncrasy, will determine whether New Zealand attracts large-scale nature finance.

4. Draft Voluntary Market Principles

Our Position:

The draft principles are a start, but they must be broadened and better aligned with emerging international consensus. They should serve as a foundation for global interoperability, not a purely domestic set of rules.

Below is a revised set of principles the NZFOA recommends New Zealand adopt or incorporate:

1. Eligibility based on outcomes, not land cover classifications

Plantation forests and production landscapes must be considered eligible when MRV demonstrates genuine ecosystem benefits.

2. Allow stacking with safeguards

Prohibit only double counting, not the pursuit of multiple outcomes on the same land – if a project can produce clean air, water and enhanced biodiversity outcomes they should be able to claim those benefits in turn.

3. Reward both maintenance and uplift

Both are critical to long-term nature stewardship, particularly given the pressures on the conservation of indigenous species (as an example). Often in conservation efforts maintaining populations and goals of no net loss still require considerable effort given the pressures of extreme weather events and habitat decline for vulnerable and endangered species; and ecosystems.

4. Use a core set of global indicators and acceptable proxies

New Zealand should rely on TNFD-aligned metrics and proxy hierarchies – while some of these are still in development, we need to develop enabling and iterative frameworks that allow us to continue to adapt to global developments. Our connection to global indicators does not mean we ignore local New Zealand context, rather we ensure that indicators and proxies that are domestically appropriate can be related to global analogues.

5. Permanence and liability rules appropriate to the service

Biodiversity, water, soil, and carbon have different risk profiles and must be treated differently. The current debate around the permanence of nature benefits illustrates the importance of appropriate risking and insurance around projects. It is important that we do not allow the perfect to be the enemy of the good – projects need to have integrity but natural systems are inherently unpredictable, and that lack of predictability needs to be appropriately risked and managed as part of projects, but should not de facto form a barrier to nature market investment and participation.

6. Registry interoperability

While this is still a developing area, we encourage the New Zealand government to support the adoption of internationally compatible registry systems with unique IDs to prevent double issuance and streamline cross-border transactions.

7. Social safeguards and cultural values

Free, prior and informed consent (FPIC), community benefit sharing, and recognition of cultural ecosystem services should be explicit, particularly with considerations around intellectual property and data sovereignty for indigenous communities.

8. Enable blended finance to crowd in institutional capital

New Zealand needs to recognise the role of different kinds of finance in these markets. For instance, public and/or philanthropic capital can invest and de-risk early projects, unlocking more conservative private investment sources like pension and superannuation investment as market participation and understanding matures.

9. Align disclosures with TNFD/ISSB

This should be stated as a principle of integrity and comparability, but the development of disclosures frameworks needs to be led and deeply engaged with the private sector to ensure disclosures are achievable and do not exclude the range of participants.

10. Provide transition pathways for existing projects

Existing investments should not be stranded by new rules.

5. International Coherence: New Zealand Should Lead

New Zealand has a real opportunity to help steer global principles. Our international partners plan to use the NPI Summit in Japan (July 2026) and a prospective Australian Nature Summit (October 2026) to convene a set of governments to agree on a shared statement of Nature Market Principles.

We believe New Zealand should be among the participants.

Doing so would demonstrate leadership, increase confidence for institutional investors, and cement New Zealand as a jurisdiction committed to global integrity and interoperability.

6. Conclusion

New Zealand's participation in voluntary nature and carbon markets has great potential. But to scale, they require regulatory coherence, international alignment, and principles that support—not restrict—landscape-level investment.

By endorsing global standards, updating voluntary market guidance to enable stacking and baseline maintenance, and aligning voluntary market principles with international frameworks, New Zealand can position itself as a leader in credible, investable nature markets.

NZFOA stands ready to support the Government in developing practical, internationally aligned rules and to work alongside global partners to ensure New Zealand landowners can participate fully and competitively in global nature markets.

Forestry practitioners hold the operational, practical, day-to-day knowledge on how to scale natural capital enhancement. Forest managers already support a broad suite of projects, New Zealand wide across wide ranging biophysical settings, projects which generate enhanced soil, water, carbon and biodiversity benefits. The sector would like to be involved wherever practical in the design of voluntary frameworks via workshops, pilot studies and on-the-ground testing.

We do not object to our submission being made public. We welcome the opportunity for further discussion and engagement.



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