

Voluntary nature and carbon markets: Government support and what it means in practice

The Government has recently announced a framework to support the growth of voluntary nature and carbon markets in New Zealand. This follows a series of policy signals aimed at attracting private capital into climate and environmental projects, alongside the existing New Zealand Emissions Trading Scheme (ETS).

While voluntary markets are not new, the Government's endorsement is a clear indication that they are expected to play a more prominent role going forward.

What are voluntary nature and carbon markets?

Voluntary nature/biodiversity and carbon markets operate alongside, but separate from, the ETS.

The ETS is a regulated system, where participants are required to surrender New Zealand Units (NZUs) to account for emissions, while voluntary markets are not mandated by law. Instead, organisations choose to purchase credits from project developers or landowners who are running verified projects to meet internal climate targets or demonstrate environmental outcomes.

In practice, voluntary markets are not a single system. They are a loose network of project developers, landowners, standard-setting bodies, verifiers, brokers

and buyers. In simple terms, a landowner or project developer undertakes an activity that removes emissions or restores nature, the activity is measured and verified under a recognised methodology or standard (often international), and credits are issued and sold to buyers seeking to support those outcomes. Unlike the ETS, there is no central registry or regulator. The consequence is that the credibility of a project depends on the quality of the standard and verification process.

Interaction with the ETS

The ETS remains New Zealand's primary compliance mechanism and NZUs are primarily earned through carbon sequestration using trees. This concentrates incentives on forestry and limits the ability to monetise other types of environmental / carbon sequestration projects.

Voluntary markets operate outside that framework and can support projects that sequester carbon using other non-forestry techniques, and have other environmentally positive outcomes such as native restoration and biodiversity protection that would not generate NZUs or where participation in the ETS is not commercially attractive.

The Government's approach

The recent announcement introduces a framework aimed at increasing trust and participation in voluntary markets. However, the Government is not introducing a regulated market. Instead, it is creating a credibility overlay on top of a decentralised system.

At a high level, the new framework has three core elements:

- **Recognition of international standards:** Schemes accredited by recognised international bodies will be automatically recognised in New Zealand.

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- **A domestic endorsement pathway:** New Zealand-based schemes can opt into an approval process, where they are assessed against integrity principles aligned with international benchmarks. If a scheme meets those criteria, they may then be endorsed by the Government.
- **Government assurance role:** The Government will not certify projects or guarantee outcomes. Instead, it will endorse high-quality standards and certification frameworks, signalling which schemes meet acceptable integrity criteria.

The intention is not to directly regulate these markets, but to provide enough structure to make them investable and credible through an assurance role described by Associate Minister Hoggard as a "warrant of fitness", while leaving transactions to private participants. Buyers will continue to be responsible for due diligence and risk allocation.

The policy direction reflects the reality that public funding for projects alone is unlikely to meet climate and biodiversity goals at scale. Voluntary markets are intended to attract private investment into projects that would not otherwise proceed and to support a wider range of environmental outcomes than the ETS currently incentivises. Globally, voluntary markets are expected to scale significantly over the coming decades, as companies look beyond regulated systems for credible ways to meet climate and sustainability commitments.

This approach is intended to position New Zealand as a credible source of high-integrity environmental credits, by combining recognised international standards with a locally tailored endorsement framework.

What this means in practice

The Government's announcement signals that voluntary markets are likely to become a more established part of New Zealand's climate and land use framework.

In our view, they are likely to grow in importance, particularly as an alternative to ETS participation where forestry is not the preferred land use or where projects do not meet ETS criteria.

A recent example of the growing importance and uptake of voluntary biodiversity markets is the naming of Sanctuary Mountain Maungatautari as the world's top-selling biodiversity credit project¹ in May 2026. Ekos' BioCredita programme issued and sold the credits, which accounted for 43% of the global biodiversity credits sold globally in May. Nearly all of the buyers of the credits were New Zealand organisations.

Voluntary markets will remain commercially and legally complex, and outcomes will depend heavily on the credibility of the chosen standards and project structures.

We are working with a number of clients on voluntary schemes and will be watching developments in this space with keen interest. We will provide further updates when relevant.

Want to know more?

If you have any questions about voluntary nature and carbon markets, New Zealand's climate and land use framework or the ETS, please contact our specialist [Environment & Planning](#) and [Forestry](#) teams as applicable.

¹ <https://bloomlabs.earth/>