

CARBON REMOVALS PARTNERSHIP PILOT

Department: Zero Carbon

EXECUTIVE SUMMARY

- 1 This report recommends proceeding with a pilot of native revegetation on Dunedin City Council (DCC) managed land, funded by partners from the Zero Carbon Alliance.
- 2 DCC manages land with intentions to restore with indigenous vegetation (such as native trees), however has constraints on the ability to directly fund planting and restoration projects at scale.
- 3 Partner organisations such as the University of Otago Ōtākou Whakaihu Waka have committed funding for high-quality local carbon removals, however often face constraints in securing land for projects.
- 4 Staff propose a pilot to allow partner organisations to fund and undertake restoration work on DCC land in line with reserve management plans where applicable, and share the associated carbon credits generated with DCC.
- 5 The proposed pilot involves restoration projects of approximately 10 hectares at each of Hikaroroa/Mt Watkin Reserve and Hereweka-Harbour Cone, to proceed by the winter of 2027. Following detailed planning, should either of these sites be unsuitable other sites will be selected.
- 6 If Council approve this proposed pilot, results of the pilot will inform options for future restoration of DCC land to support carbon removals, biodiversity, erosion control, recreation, and amenity values.

RECOMMENDATIONS

That the Council:

- a) **Approves** the establishment of a native revegetation partnership pilot on DCC-managed land and authorises staff to negotiate and enter into agreements with participating Zero Carbon Alliance partners.
- b) **Notes** that staff will provide an update to Council following the establishment phase of the pilot.

BACKGROUND

- 7 In September 2023, Council adopted the Zero Carbon Plan, which established a pathway for achieving the city's emissions targets, building on existing trends.
- 8 The Zero Carbon Plan includes an action area for the DCC to "support growth of sequestration that aligns with mana whenua and community values". This action is assessed as likely to have a high emissions reduction potential.

- 9 In June 2025, staff provided Council with a sequestration update, and advised staff would continue to explore or progress the following work:

- a) Planning and providing information
- b) Insetting on DCC land (planting/restoring habitat on DCC land rather than paying for carbon removals elsewhere)
- c) Supporting development of a Dunedin carbon removals platform (exploration underway as part of the Zero Carbon Alliance work programme).
- d) Advancing opportunities through DCHL (exploration underway under the DCHL Carbon Roadmap).

- 10 Council noted the sequestration update, including information on work to date, key considerations for Council, potential roles for the DCC, and next steps. The following resolution was passed by Council at its meeting held on 24 June 2025:

Moved (Mayor Jules Radich/Cr Kevin Gilbert):

That the Council:

- a) **Notes** the Carbon Removals (Sequestration) update, including information about:
 - i) work to date
 - ii) key considerations for Council with respect to carbon removals
 - iii) potential roles for the DCC to support growth in Dunedin's carbon removals
 - iv) next steps.

Division

The Council voted by division

For: Crs Bill Acklin, Sophie Barker, David Benson-Pope, Christine Garey, Kevin Gilbert, Carmen Houlahan, Marie Laufiso, Mandy Mayhem, Steve Walker, Brent Weatherall and Mayor Jules Radich (11).

Against: Crs Cherry Lucas, Lee Vandervis and Andrew Whiley (3).

Abstained: Nil

The division was declared CARRIED by 11 votes to 3

Motion carried (CNL/2025/001)

- 11 The pilot proposed in this report helps progress insetting on DCC land, and the results of the pilot can inform the development of a Dunedin carbon removals platform.
- 12 The DCC's Emissions Management and Reduction Plan 2025/26-2029/30 includes the following targets for DCC's organisational emissions:
 - a) a short-term target of 46.2% reduction from a 2018/19 baseline by 2029/30; and

- b) a commitment to achieving net zero DCC organisational emissions as quickly as practicable within agreed annual budgets, but no later than 2050.
- 13 DCC's Emissions Management and Reduction Plan 2025/26-2029/30 was noted by Council in September 2025. The following resolution was passed by Council at its meeting held on 23 September 2025:

Moved (Mayor Jules Radich/Cr Cherry Lucas):

That the Council:

- a) **Notes** the Zero Carbon implementation plan 2025/26
- b) **Notes** the DCC's Emissions Management and Reduction Plan 2025/26 – 2029/30

Motion carried (CNL/2025/002) with Cr Lee Vandervis recording his vote against

DISCUSSION

- 14 DCC has committed to reducing its organisational greenhouse gas footprint to net zero no later than 2050. Under best practice guidance for emissions management, reducing gross emissions should be prioritised, however there is likely to remain a portion of emissions which require offsetting as they are impossible or impractical to avoid. This paper proposes options for a long-term supply of carbon offsets from nature-based solutions in Ōtepoti Dunedin.
- 15 The Zero Carbon Policy directs staff to reduce greenhouse gas emissions both at a city-wide scale and for the organisation, with a priority for city-wide reduction wherever a conflict exists. For a reforestation project to deliver emissions removals at both of these scales: it needs to be the responsibility of Council (for the organisation to claim as a carbon credit); and must occur within the city boundaries of Dunedin (to fall within the city's emissions footprint).
- 16 To offset DCC organisational emissions, DCC requires a supply of robust carbon credits with a verified origin. These could be purchased on the international voluntary carbon market, however there are reputational and financial risks associated with purchasing offsets. Also, the co-benefits of carbon removal projects outside of Dunedin (such as enhanced recreation values) are unlikely to be felt by local Dunedin communities.
- 17 Market research has indicated there is limited supply of suitable carbon credits from New Zealand-based projects, especially from native forests that would meet community and mana whenua aspirations and align with Council's strategic framework.
- 18 Communities have expressed support for strengthening and expanding native habitat corridors in Ōtepoti Dunedin. While DCC owns land intended for native forest and ecosystem protection and restoration, funding constraints limit the implementation of these initiatives.
- 19 This report proposes to form an agreement with willing Zero Carbon Alliance partners to revegetate DCC land, maintain the project area, and share carbon credits generated with DCC by the project. A similar agreement exists between Wellington City Council and Victoria University of Wellington for restoration in the Wellington Outer Green Belt.
- 20 Taking a stake in the production of carbon credits for use in offsetting enables greater certainty for DCC and partner developers over long-term availability and cost of carbon credits required to meet emissions targets.

- 21 Carbon offsetting has a higher quality standard for the units surrendered than compliance-based schemes. Guidance from the Ministry for the Environment, Science Based Targets initiative, Greenhouse Gas Protocol for Cities, and Integrity Council for the Voluntary Carbon Market have been applied to the proposed pilot to ensure genuine carbon removals are occurring. Maintaining these standards is important to avoid the perception of greenwashing and ensure any future claims made by DCC about its net-zero organisation status are robust.
- 22 Transparency over progress toward emissions targets is a requirement of the Office of the Auditor General to ensure Councils are accurately presenting their position. As DCC continues to make progress toward its targets through gross emissions reduction, some offsetting will be required to balance the 'hard-to-abate' emissions from DCC activities.
- 23 The pilot projects will inform future projects that may support DCC and Zero Carbon Alliance partner organisations to source more high-quality, locally sourced carbon credits, supporting local employment and investment in the environment of Ōtepoti Dunedin.
- 24 Lessons from the pilot will inform approaches to further revegetation on DCC land. Opportunities for further revegetation funded by DCC or through partnership may be considered as an additional option for land management within the DCC land portfolio.
- 25 Should the recommended option be approved, Council will authorise staff to negotiate partnership agreements, allow restoration and planting works consistent with management plans for the pilot areas to commence, and report back on findings from the pilot.
- 26 DCC owned land has been assessed for suitability for restoration to native forest, as well as community and mana whenua interest in native revegetation. Based on this assessment, two sites are proposed for this pilot. Priority sites are within Hikaroroa/Mt Watkin Reserve and Hereweka-Harbour Cone. If these sites are unsuitable for the pilot following detailed site planning, alternative sites will be chosen.

Proposed Pilot Sites

- 27 The proposed pilot sites at Hikaroroa/Mt Watkin Reserve and Hereweka-Harbour Cone are approximately 10 hectares each. The final project area will be determined by the detailed restoration plan in consultation with mana whenua, local conservation groups and funding partners. Precise boundaries may be dictated by logical geographic features, existing and potential fence lines, and budget availability.
- 28 The Hereweka-Harbour Cone site is proposed to follow a standard planting revegetation process to support erosion control and expand the existing volunteer-planted areas.
- 29 The Hikaroroa/Mt Watkin Reserve site is proposed to use Assisted Natural Revegetation to enhance an area of existing revegetation through pest control, fencing, and planting larger species among gorse and kānuka where appropriate.
- 30 The proposed project and potential involvement of the University of Otago as a partner could support research such as how carbon removal is best accounted for in diverse regenerating native forests. A backstop accounting method is to use the default values of the Emissions Trading Scheme, should a superior accounting method not be available when carbon credits are ready to be claimed from the project.

Engagement with mana whenua

- 31 Staff have met separately with the Ōtākou External Issues Komiti and representatives from Kāti Huirapa Komiti Kaupapa Taiao in April 2026. As the proposal has developed further both groups have been kept updated. Both groups have been supportive in principle of environmental restoration and carbon removals to support reaching net-zero locally.
- 32 Both proposed pilot sites are significant to mana whenua and are acknowledged as Wāhi Tūpuna sites in the DCC Second Generation District Plan.
- 33 If Council approve the pilot, further engagement together with Zero Carbon Alliance partner/s will enable mana whenua representatives to contribute to a more complete proposal and plan with the resourcing of DCC and partners to proceed.

Engagement with Hereweka Harbour Cone Trust and Hikaroroa/Mt Watkin Conservation Group

- 34 Staff met with representatives of Hereweka Harbour Cone Trust and visited Hikaroroa/Mt Watkin Reserve with representatives of the conservation group in July 2026. Both groups were supportive of initiatives to increase the resources for environmental restoration and may be able to offer contracted services to support the project if approved.

KEY CONSIDERATIONS**Fit with strategic framework**

- 35 The recommended option contributes to Council's strategic objectives, in particular the Environment strategy, Parks and Recreation, Economic Development, and upholding the pillars of sustainability and Treaty of Waitangi. The proposed pilot contributes to ecological restoration objectives within the Management Plans of Hereweka-Harbour Cone and Hikaroroa/Mt Watkin Reserve.

Māori Impact Statement

- 36 Mana whenua have been briefed on the proposal and staff will continue to work constructively to support mana whenua aspirations for environmental restoration.

Legislative reforms

- 37 The recommended option supports Council to deliver on the purposes of Local Government currently and under proposed changes, through promoting the social, environmental, and cultural well-being of communities. The pilot and any further sites provide local employment and nature-based solutions to protect communities from natural hazards such as landslides in addition to the primary objective of climate change mitigation.
- 38 The recommended option provides additional community and recreation facilities in the form of restored forest on public land without additional funding requirements.

Sustainability, climate mitigation (Zero Carbon), adaptation and resilience

- 39 The proposal contributes to the long-term community aims for environmental restoration of sites for recreation and biodiversity. It also supports local businesses to supply the labour and plants required.

- 40 The proposal reduces both city-wide and DCC emissions in a small, but sustained way at the proposed pilot scale. If the pilot is successful and the approach used more broadly, there is potential for a significant impact on DCC and city-wide emissions.
- 41 The proposal contributes to greater resilience to existing and climate exacerbated natural hazards and environmental pressures. Restored forest landscapes will be more resilient to landslips and prevent sediment erosion in catchments. Increasing forest cover and habitat connectivity will protect native flora and fauna from loss.

OPTIONS

- 42 This report includes three options for Council to consider:
 - a) **Option One - Recommended option - Partnership pilot:** progress with two pilot sites to allow partners to fund and undertake planting and restoration work on DCC managed land for a future shared carbon credit return. Proposed pilot sites Hikaroroa/Mt Watkin Reserve and Hereweka-Harbour Cone.
 - b) **Option Two – DCC pilot:** Progress with two pilot sites, but DCC fully fund the project.
 - c) **Option Three – Status Quo –** do not proceed with either option one or two.

Assumptions

- 43 The pilot is being proposed on the assumption that revegetation and replanted species will successfully grow and be eligible for carbon credits through the New Zealand Emissions Trading Scheme or an alternative scheme by agreement of both parties.

Financial Comparison

- 44 The recommended option can be delivered within the existing operational budget for the Zero Carbon team for FY 26/27. The Capex and majority of Opex required would be provided by the delivery partners for the duration of the project. Specific cost contributions and allocation of carbon credits will be negotiated as part of the detailed planning process.
- 45 The Alternative option two would require an indicative capex of approximately \$300,000 per site and opex up to \$12,000 per year in addition to budgeted staffing levels. There is potential to scale the area restored if more or less budget were allocated.
- 46 If option two is preferred, budgets will be prepared as part of detailed site planning, and presented back to Council for endorsement.

Other Decision Criteria

In addition to financial considerations above, the table below compares options against additional decision criteria:

	Long-term value for money	Service Level Impact	Statutory Compliance Drivers	Capacity and readiness	Timebound? (e.g. by reform) Y/N
Option One - Partnership					Y
Option Two – DCC funded					Y
Option Three – Status Quo					

Key

 Favourable  Neutral / mixed  Unfavourable  Not applicable

Option One – Recommended Option – Partnership Revegetation Pilot

- 47 This option is to progress with two pilot sites to allow partners to fund and undertake planting and restoration work on DCC managed land for a future shared carbon credit return.

Option Assessment

- 48 At present DCC has not secured a supply of carbon credits for use in meeting long-term organisational net zero emissions targets. This option trials an opportunity to allow third party investment in revegetation on council land for both parties to receive a share of the carbon credits generated.
- 49 Zero Carbon Alliance partners, such as the University of Otago are seeking opportunities to fund revegetation locally. By working in partnership, local resources can be directed to high quality carbon removals which support Dunedin's environment, employment in Dunedin, and wellbeing of residents and tourists who enjoy Dunedin's natural environment.

Advantages

- More progress occurs with revegetation on Council land to support mana whenua and community aims without increasing the need for DCC resources.
- Delivers real carbon removal benefits while trialling an option for broader use in achieving Council's goals.
- Taking a stake in the production of carbon credits for use in offsetting enables greater certainty for DCC and partner developers over long-term availability and cost of carbon credits.
- Takes an opportunity for further collaboration with the University of Otago.

Disadvantages

- DCC shares the carbon credits generated from the project

Risks

- Any revegetation project involves risks including but not limited to those associated with natural hazards, such as landslides, or pest flora and fauna damaging planted species. Such risks will be mitigated as much as practicable through appropriate project planning, and ongoing maintenance. The pilots seek to reduce risks associated with erosion and landslides at the proposed sites, and reduce existing predator issues over the pilot area at Hikaroroa/Mt Watkin Reserve.

Opportunities

- Supports major Dunedin organisations to meet their emissions targets in line with the purpose of the Zero Carbon Alliance.
- Trials a novel approach to partnership for native forest restoration and carbon removals for further use in supporting Ōtepoti Dunedin's carbon reduction goals and national emissions targets.
- Pilot sites seek to help mitigate existing risks such as erosion at Hikaroroa/Mt Watkin Reserve and Hereweka-Harbour Cone.

Option Two – Alternative Option - Council Only Revegetation Pilot

- 50 Council allocates capital and operational resources to revegetate the pilot sites and claim carbon credits from these sites when appropriate.

Option Assessment

- 51 Council gains a supply of carbon credits and trials delivering an in-house revegetation programme, but the mutual support providing land and funding is not delivered and all costs of the pilot are borne by council.

Advantages

- Environmental restoration still occurs, delivering on community and mana whenua aspirations

Disadvantages

- Does not support collaboration between Zero Carbon Alliance Members.
- Requires direct ratepayer funding

Risks

- Potentially lower overall environmental restoration due to constrained budgets.
- Any revegetation project involves risks including but not limited to those associated with natural hazards, such as landslides, or pest flora and fauna damaging planted species. Such risks will be mitigated as much as practicable through appropriate project planning, and ongoing maintenance. The pilots seek to reduce risks associated with erosion and landslides at the proposed sites.

Opportunities

- Pilot sites seek to help mitigate existing risks such as erosion at Hikaroroa/Mt Watkin Reserve and Hereweka-Harbour Cone, and support aspirations of mana whenua to restore these important maunga.

Option Three – Status Quo

- 52 Staff continue to investigate options for Council to meet its organisational and city-wide emissions reduction and offsetting requirements, without committing to action on the pilot sites.

Option Assessment*Advantages*

- None identified

Disadvantages

- Misses an opportunity to restore areas of native forest.
- Does not support collaboration between Zero Carbon Alliance Members

Risks

- Does not make progress toward solutions for ‘hard-to-abate’ emissions in DCC’s organisational emissions footprint.

Opportunities

- None identified

NEXT STEPS

- 53 If Council approve the recommended option in this report, staff will develop a planting plan in partnership with Zero Carbon Alliance partner/s, mana whenua, and relevant interested parties at each of the proposed sites (primarily the Hikaroroa/Mt Watkin Conservation Group, and the Hereweka Harbour Cone Trust), with the intention to proceed with the pilot by the winter of 2027.
- 54 Implementation of the project is subject to Zero Carbon Alliance partner/s securing internal approvals to fund restoration of the pilot sites.

- 55 Staff will then provide an update to Council following the establishment phase of the pilot (i.e., once predator control such as fencing, and native planting has been completed).

Signatories

Author:	Rory McLean - Senior Policy Analyst - Zero Carbon
Authoriser:	Scott MacLean - General Manager, City Services

Attachments

There are no attachments for this report.

OTHER CONSIDERATIONS

Fit with purpose of Local Government

This decision promotes the social well-being of communities in the present and for the future.
This decision promotes the environmental well-being of communities in the present and for the future.
This decision promotes the cultural well-being of communities in the present and for the future.

LTP / Financial Strategy /Infrastructure Strategy/ Water Services Strategy

The recommended option improves the levels of service related to the proposed sites. Proceeding with the recommended option to use investment from partner organisations also means the work can proceed within existing Zero Carbon operational budgets.

Financial considerations

The recommended option can be delivered within current budget, providing operational oversight to partner-delivered works.

The alternative option requires currently unbudgeted capex and opex.

Both options reduce future liability for emissions costs by generating carbon credits.

The status quo maintains current exposure to volatile emissions pricing.

Significance

The decision is considered as low in terms of the Council's Significance and Engagement Policy. The proposed pilot areas influence management of a small area of public land, however the outcomes sought are consistent with those in the management plans for both areas. Relevant stakeholder engagement will continue to ensure the project delivers on its purpose of delivering mana whenua and community aspirations.

Engagement – external

External engagement has been undertaken with:

- Mana whenua from kā rūnaka: Ōtākou and Puketeraki
- Zero Carbon Alliance Partners
- Conservation groups: Hereweka Harbour Cone Trust, Hikaroroa Mt Watkin Conservation Group
- Te Uru Rākau- NZ Forest Service, Ministry of Primary Industries

Engagement - internal

Zero Carbon staff have engaged with Parks and Recreation Services, Property, 3 Waters, and Advisory Services.

Risks: Legal / Health and Safety etc.

The proposal primarily mitigates risks of erosion, and reduces council's exposure to reputational risk by providing an option to meet emissions targets.

Conflict of Interest

None identified.

OTHER CONSIDERATIONS

Community Boards

The pilot is proposed to take place within the community board areas of the Otago Peninsula and the Waikouaiti Coast. Should there be interest, results will be shared with the Community Boards. If the pilots are successful, community boards and other stakeholders may present further land parcels in their areas for revegetation through the programme.