Brynderwyns Hills Alternative Project – Indicative Compensation Approach

Introduction

This note sets out NZTA's proposed approach to compensation for the above project.

The purpose of this note is to inform a discussion between NZTA and DOC to reach alignment on the approach to and scale of the compensation package for the Project.

Two forms of compensation are proposed:

- Indigenous Vegetation (effects that can't be mitigated)
- Hochstetter's Frog translocation uncertainty.

This compensation is in addition to the proposed mitigation that will be conditioned appropriately for each of these topics.

Indigenous Vegetation

The objective of the compensation payment is to avert forest loss which would otherwise occur elsewhere, outside of the Project area (in a defined geographic area e.g. Northland), preferentially prioritising threatened forest types for legal protection.

This package includes considering a potential amount and a process for delivering this compensation, with specific conditions to be developed once the framework and principles are agreed.

Recommended compensation framework

The recommended compensation framework is summarised as follows:

Ecological compensation will be provided for the loss of any area within:

(a) mature forest kānuka, podocarp, broadleaved trees (V4_64, V4_66) approximately 1.3 km north of Pukekararo; and

(b) mature forest dominated by taraire, kohekohe, podocarp, broadleaved trees on the Brynderwyn hills (V2_35, V_24, V2_27, V2_34, V2_7, V2_3, V2_4).

Based on the Indicative Design, this equates to 15Ha requiring compensation. Compensation is proposed to be set at $305,000 per Ha (so will ultimately be dependent on the area impacted and will also incentives minimising this impact) which is the equivalent of $4,600.000 for the Indicative Consent Design by way of an example.

Total compensation amount will be deposited into a trust prior to construction and after Detailed Design has confirmed the extent of loss as per the above..

Funds to be used by organisations with appropriate legal authority to legally protect suitable areas. These organisations include; Department of Conservation (including Ngā Whenua Rāhui), QEII National Trust and potentially District Councils.

Funds will be distributed over 35 years to be used by eligible organisations to increase the extent of indigenous forest protected in perpetuity within the North Island, with a focus on threatened forest ecosystems within the eastern Northland Ecological Districts and the Kaipara Harbour catchment.

Funds may contribute all costs associated with legal protection and initial enhancement including:

- Consultation with private landowners,
- Baseline ecological assessments,
- Assess potential ongoing revenue sources for private landowners such as Biodiversity credits,
- Land surveying and legal protection,

- Development of a conservation action plan for long term conservation management, and
- Establishment costs for conservation management including exclusion of stock or feral ungulates, contribution to initial animal and environmental weed control to a low level.

Discussion

The objective of the compensation, to avert forest loss, is considered to be appropriate and defensible.

The compensation is, however, dependent on several assumptions that need to be considered when assessing the adequacy of the compensation to address the loss.

These are:

- Use of the BOAM to determine the compensation amount is a robust method. The amount is similar to the actual cost if these areas were offset (minus project management costs). The BOAM ratio of 3:1 demonstrates the precautionary principle has been adopted.
- Legal protection will avert habitat loss. This conclusion assumes that areas which are currently unprotected will not be protected by any other means in the future. Therefore, without legal protection , the biodiversity contained may degrade and eventually be lost. Although most forest on private land is unprotected, this assumption may not hold true in all cases. For example, landowners may choose to fence and protect biodiversity, but not legally protect a natural area. Landowners also are continuing to legally protect areas, for example the total area of QEII covenants increases annually. To ensure circumstances such as this are accounted for, the compensation package needs to protect more land and biodiversity than will be lost as a result of the Project.
- Legal and physical protection of remnants of indigenous vegetation on farms in partnership with private landowners will avert future loss. This assumption is generally true. Legal protection and exclusion of stock is usually sufficient to promote rapid vegetation recovery and arrest future habitat loss, especially for forests that have been grazed for the period of European agriculture. Loss will only occur due to stochastic and rare events such as wildfire.
- Partnering with, for example, the QEII Trust does provide ongoing monitoring of covenants, such as to ensure fences are secure. QEII's own surveys have found that only 25% of landowners actively manage the biodiversity within

the covenant, though some management also may occur from other agencies.

- Balancing the above factors, the 'like for like' principle would not require every reserve to be managed to 'healthy and functioning state' but rather the total reserve area protected to be similar to the areas lost as a result of the Project.

Compensation amount

The value of the compensation was determined by calculating the cost of restoring an equivalent forest type over 35 years for an equal area of forest, 3:1. This calculation was based on the ratio for forests that can be offset. This calculation included an average land cost (for beef and sheep farms), land preparation, fencing to exclude stock, and planting and post-planting weed and animal pest management. The restoration objective was to restore kohekohe, taraire, podocarp broadleaved forest which occurs on the southern approach to the Brynderwyn Range. Whilst restoring this forest type is similar to other offset types, following canopy closure it would require on going possum control as many of the species within this forest are possum palatable.

For the Indicative Consent design this approach equates to 45Ha (15Ha of loss and applying ratio of 3:1 from BOAM modelling) at a cost of $146,000 per Ha. Then converting this back to a rate per Ha of actual loss area results in a cost per Ha of $440,000 or a total of $6,600,000 for the Indicative Consent design. This number was then reduced by $2,000,000 to reflect the QEII approach also set out above, giving a total compensation amount of $4,600,000, which relates to a total compensation rate of $305,000 per Ha of impacted high value vegetation in the area outlined above.

Hochstetter's Frog

The objective of the compensation payment for the Hochstetter's frog is to 1) address the uncertainty raised on the success of the proposed translocation process; and 2) address any demonstrated failure of that process. Whilst NZTA's proposition is that this translocation will be successful due to the Frog Management Framework proposed, it is acknowledged that it is untested at this scale and other parties do not share this confidence. The compensation package therefore provides a backstop if the translocation is unsuccessful.

Recommended compensation framework

The recommended compensation framework will be captured by conditions eventually, however at this stage the principle of the approach is the important aspect. The intent is to release any compensation amount once it has been determined to be needed to the appropriate parties to undertake the compensation works identified.

Fundamentally, a compensation package has been provided that scales depending on the relative success of the translocation process. If the translocation process is 100% successful, no compensation would be paid; and if the translocation process is completely unsuccessful, the full compensation amount would be payable.

The compensation amount will be calculated as follows:

(a) All sites where frogs are released will be identified as well as the proportion of total translocated frogs at each site.

(b) A translocation site will be determined to be successful if:
   a. There is successful breeding of translocated frogs; and
   b. There is confidence that the population is of the same order as it was at the time of translocation.

(c) After 5 years and no later than 10 years after translocation, compensation will be quantified by multiplying the unsuccessful site proportions by the total compensation amount.

For example, if 100 frogs were translocated and site x received 30 frogs but was found to be unsuccessful, then 30% of the total compensation package would be payable (total compensation * 30/100).

Further definition of the parameters required to determine successful translocation will be included in the Frog Management Plan.

The intent of compensation would be to protect and enhance existing Hochstetter's frog habitat. Measures that this compensation could be put towards include:

(a) legal protection, restoration and enhancement of frog habitat and connectivity, including retirement of vulnerable plantation forest;

(b) stock exclusion, sediment and water-quality management, sustained pest control and predator-exclusion fencing where justified;
(c) protection and enhancement of Brynderwyn Hills or wider Northland-clade populations through managed conservation areas or other measures additional to salvage-relocation and adaptive management;
(d) coordinated conservation programmes benefiting the Northland clade or other high-priority biodiversity values;
(e) long-term funding, protection or management directed to defined conservation priorities at an appropriate ecological-district or regional scale where equivalent frog-focused replacement cannot be demonstrated; and
(f) research into additional monitoring, marking, tracking, genomic investigation or research where it demonstrates compensatory outcomes or materially improves knowledge of Hochstetter's frog.

Compensation Amount

The cost of the compensation was determined by calculating the cost of protecting approximately 22,000 frogs (based on central forecast in NZTA assessment) at existing population sites. This cost includes pest management (including fencing) as well as the legal protection of these sites. This compensation has been costed at $5,000,000. A 140Ha site area has been assumed, giving a cost be Ha of approximately $35,000.

It is noted that this compensation cost is in addition to the estimated $25M that will be spent on the proposed mitigation package, including the habitat enhancement, salvage, translocation, pest management and genetic testing.

08.10.2026 Frog Compensation Calculation from NZTA to accompany 07.10.2026 Indicative Compensation Approach

Principle

To provide compensation to a level that would strengthen habitat and survival of existing frog population commensurate with number of frogs that are translocated

Calculation

1. Area of 140Ha identified for enhancement
2. Costed enhanced protection of this area as follows:

a. Increased pest management $3,000,000

b. Allowance for fencing $1,000,000

c. Monitoring $ 500,000

d. Legal protections $ 500,000

NZTA is open to considering DOC's views, particularly the methodology and value it considers appropriate and commensurate to the effects.