



30 May 2013

Members  
Local Government and Environment Committee

### **Inquiry into whether government should restrict or permit private business profiting from conservation activities**

The Local Government and Environment Committee has been asked to conduct an inquiry into: "Should government restrict or permit private business from profiting from conservation activity?" This paper has been prepared to assist the Committee with its examination. The paper identifies issues and provides possible lines of inquiry for the Committee to consider. The Committee may also wish to raise these matters with the witnesses who have been asked to appear before the Committee to give evidence on this inquiry.

#### ***Background information***

This topic will determine whether private businesses should be allowed to profit from associated environmental activities, such as tourism, what limits should be placed on businesses to undertake these activities, and what responsibilities they should have in relation to the environment they are using.

#### ***The conservation estate***

The conservation estate includes natural land and water environments, iconic heritage sites and buildings. New Zealand's biodiversity is unique. Around 90 per cent of our birds and insects, 80 per cent of our plants and all of our reptiles, frogs and bats are found nowhere else in the world. Despite a significant proportion of the country being public conservation land (about thirty per cent of New Zealand's land area), New Zealand has one of the highest proportions of threatened species (37 per cent of bird species) and one of the highest extinction rates in the world (34 per cent of endemic land and freshwater bird species). The decline in biodiversity is a problem, as extinction has flow-on effects through the ecosystem, for example, many native birds are important seed dispersers and pollinators of native plants.

Unlike most other parts of the world, New Zealand's flora and fauna lack natural defences against attack from introduced predators and pests as they evolved in isolation for over 80 million years. Conservation in New Zealand is therefore heavily weighted towards the trapping and poisoning of these introduced pests. While biodiversity protection and recovery is being achieved in areas under intensive management, the overall trend outside of these areas is that biodiversity is declining and ecosystem services are being reduced. Less than 25 per cent of the conservation estate receives interventions on key threats, with around eight per cent receiving possum, rat and stoat control.

## *Governing legislation*

The Conservation Act 1987 (the Act) was established to promote the conservation of New Zealand's natural and historic resources. The Act established the Department of Conservation (DOC). Other key statutes are the National Parks Act 1980 and the Reserves Act 1977.

## *Role and responsibilities of the Department of Conservation*

DOC is the leading central government agency responsible for the conservation of New Zealand's natural and historic heritage. DOC's key functions as set out in the Conservation Act are to:

- manage land and other natural and historic resources
- preserve as far as practicable all indigenous freshwater fisheries, protect recreational fisheries and freshwater habitats
- advocate conservation of natural and historic resources
- promote the benefits of conservation (including Antarctica and internationally)
- provide conservation information
- foster recreation and allow tourism, to the extent that use is not inconsistent with the conservation of any natural or historic resource.

DOC encourages outdoor participation and recreation on conservation land, as it increases the number of people who value conservation. Tourism based on conservation land is a key source of jobs and income for many New Zealanders (worth an estimated \$20 billion annually to New Zealand, and accounting for one in ten jobs).

DOC is unable to meet the full cost of conservation; there is a large gap between what DOC would like to do, and what it can afford to do at present. Effective pest control only occurs on one-eighth of conservation land. Against the wider context of economic recession and low growth, all government agencies have been asked to do more with less. DOC funding has been reduced by \$20 million from Budgets 2009/2011. Increasing DOC revenue from other sources can potentially compensate for this reduction.

Revenue increases for DOC are being sought through investment in visitor centres, improved customer service, and online services – such as ticket sales. DOC is shifting from supply-based asset management to being a demand-driven organisation; it looks at the destinations people want to visit and the activities people want to do and it actively builds infrastructure to support that. For example, the development of mountain bike trails on conservation land in response to demand from people for the opportunity to use their mountain bike's there.

## ***The conservation estate and the private sector***

### *Concessions and permits: current practice and extent*

On conservation land, a concession is required to set up and run a commercial business or non-profit activity (including tertiary education activities), occupy land or build structures.<sup>1</sup> In marine reserves, fishing and activities that disturb living or non-living resources are

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<sup>1</sup> For more information on the number, types and locations of concessions, see the appendix.

prohibited but other recreational activities such as diving, swimming and snorkelling are permitted.

Decision-making about concessions is intended to be efficient and cost-effective, while taking into account conservation risks and stakeholder interests. The fee charged for concessions includes a recovery of costs, any necessary compensation for lost conservation value, and a market rental element. In 2011/12 revenue from concessions was just over \$14.3 million – but this income has been flat for several years.

Mining on conservation land requires a mining permit (from the Minister of Energy), an access agreement (from the Minister of Conservation) and resource consents (under the Resource Management Act). Conservation land listed in Schedule 4 of the Crown Minerals Act (about forty per cent of conservation land) is excluded from any form of mining.

The Government currently permits business to profit from activities on conservation land, where business has obtained the necessary concessions or permits. Many commercial operations on conservation land involve small or medium sized enterprises. These businesses are often involved in facilitating recreational use of conservation land. One example of this is a stall at Cathedral Cove, in Coromandel, which sells food and drink, rents snorkels, and tidies up the rubbish off the beach at the end of the day. Benefits to others from successful business on conservation land can include employment, tax revenue and improved conservation management.

### *Current Government policy*

The Government's driving goals in 2011/12 were to lift New Zealand's rate of economic growth and to ensure this growth is sustainable and the gains are distributed widely. For the 2011/12 year, the Minister of Conservation determined that DOC would contribute to the Government's six drivers of growth by focusing on three particular areas: tourism, recreation opportunities and generating revenue.

As part of a strategic shift from "allowing" commercial activity on public conservation land to "enabling it", where such activity is consistent with achieving conservation outcomes, DOC established a commercial business unit in 2010. One major goal of the commercial business unit is to change conservation from being seen as a cost and barrier to economic development, to being seen as an engine of economic development through contribution to natural resources. The commercial business unit aims to:

- increase revenue
- increase strategic partnerships
- stimulate appropriate business opportunities on public conservation land.

### *Risks and opportunities*

There are three broad options for managing private business profiting from activities on conservation land. These are to expand commercial use, restrict commercial use, or to maintain the status quo. Each of these options has risks and opportunities.

Expanding commercial use could cause more damage to the conservation estate, and could lead to independent users being squeezed out by commercial operations. Potential benefits include more people visiting conservation land, more organised activities and amenities on conservation land, more tourism jobs, and increased revenue for the government.

Maintaining the status quo might cause fewer problems, but there are still tensions caused by the existing commercial use of the conservation estate and public attitudes concerning

the appropriate use of the conservation estate. If Government froze business activities on conservation land at current levels, this might lead to businesses that already have permission to operate on conservation land being able to increase prices due to a lack of competition.

If Government created new restrictions on the use of conservation land by commercial users, this will likely lead to there being fewer commercial operations on the conservation estate. Potential risks of this option include less people visiting conservation land, fewer organised recreational activities and amenities on conservation land, job losses in the tourism industry and a loss of revenue for the government from business and employees.

## ***Sector interests and public attitudes***

### *Public perception of business activities on conservation land*

It can be difficult to compare value judgements about the intrinsic worth of a conservation area, such as how beautiful it looks to someone, with the potential financial value of that area. Some environmental groups disagree with the changes that facilitate increased commercial use of conservation land, including Forest and Bird, Federated Mountain Clubs, and Wellington Fish and Game. They are worried that conservation values will be compromised to gain economic outcomes, and that the private sector is being facilitated over conservation.

Public attitudes towards the commercial use of public conservation land are mixed. While commercial recreation is generally accepted, commercial extraction of minerals has received widespread opposition (for example, there were 40,000 people at a protest march in Auckland against proposed changes opening up some Schedule 4 conservation land to possible mineral exploration/exploitation). There is some tension between commercial and independent recreational use of conservation land, with independent users fearing excessive commercialisation, feeling that commercial use devalues or changes their experience, an aversion to private profits and a dislike of the changes that commercial operations can introduce.

### *Iwi perspective on use of conservation land*

Iwi are represented on regional Conservation Boards and the New Zealand Conservation Authority. As part of the concession application process, iwi are often consulted to discuss the proposal and any cultural impacts. Iwi want to be involved in decision-making about commercial use of conservation land and its management (i.e. involvement at a governance level is desired, not just consultation).

As part of the Treaty of Waitangi settlement process, some conservation land has been transferred to iwi, or arrangements have been made for joint management with DOC. Iwi are concerned about customary use of conservation land to which they have a historic connection, the exercise of customary rights, and access to information about customary rights. Maori tourist ventures can take place on conservation land, and can include elements of Maori culture and heritage.

## ***Options for managing the conflict of interests***

A politically sustainable policy setting will require agreement and compromise among all the users of the conservation estate. Business has a self interest in preserving the natural environment so that business is sustainable. There is growing demand from consumers that

businesses are accountable for their actions, and for the environmental quality of their goods throughout their supply chain. The “100% Pure New Zealand” brand is a strategic asset for New Zealand business in international marketing, and is one business wants to defend. Some businesses are asking for help from DOC to assist them in getting a positive environmental engagement. DOC is interested in helping businesses acquire the technical expertise to engage in conservation activities.

Commercial businesses have an obligation to comply with legal requirements, but changing the culture of business so that the way business behaves with respect to the environment may have greater benefits than increasing the scope of legal sanctions. Four possible principles for guiding business operation on conservation land are for businesses to:

- avoid committing environmental damage
- minimise any environmental damage that is caused
- restore damaged environments
- and where damage cannot be restored, purchase biodiversity offsets to compensate for the damage.

Biodiversity offsetting (also called bio-banking) is similar to a carbon purchase scheme, in that it would allow commercial operations that caused environmental damage to purchase biodiversity elsewhere. The goal of biodiversity offsets is to achieve no net loss and ultimately a net gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people’s use and cultural values associated with biodiversity. Businesses are already using evidence of biodiversity offsetting in presentations to the Environment Court to demonstrate mitigation actions they have carried out. Many environmentalists, however, do not welcome the possibility of conservation land being damaged.

Businesses could do more than just rectify damage caused by their own commercial activities. As well as protecting the conservation estate, they could enhance it. For example, measures could be adopted to control imported pests that harm native wildlife and plants – both animals and plants. In terms of behavioural change, it is more desirable to have businesses commit to carrying out conservation action themselves, rather than just giving funding to DOC to do it on their behalf, as this is likely to result in a more meaningful commitment to environmental values by the business, its staff, and its customers.

## **Report to the House**

The Committee is required to report its findings on this inquiry to the House. The purpose of your report is first to inform the House and stimulate debate. In doing so your report should reflect both the oral and written evidence the Committee received, the issues the Committee considered in-depth, and the views of the members. From these the Committee should develop conclusions and recommendations to the Government.

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Youth Parliament 2013  
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## Appendix – Information about Concessions

### Concession applications 2011/12: processing and outcomes

Status	Number	%
Received	651	100
Approved	433	67
Rejected	4	<1
Declined	12	2
Withdrawn	54	8
Pending	148	23

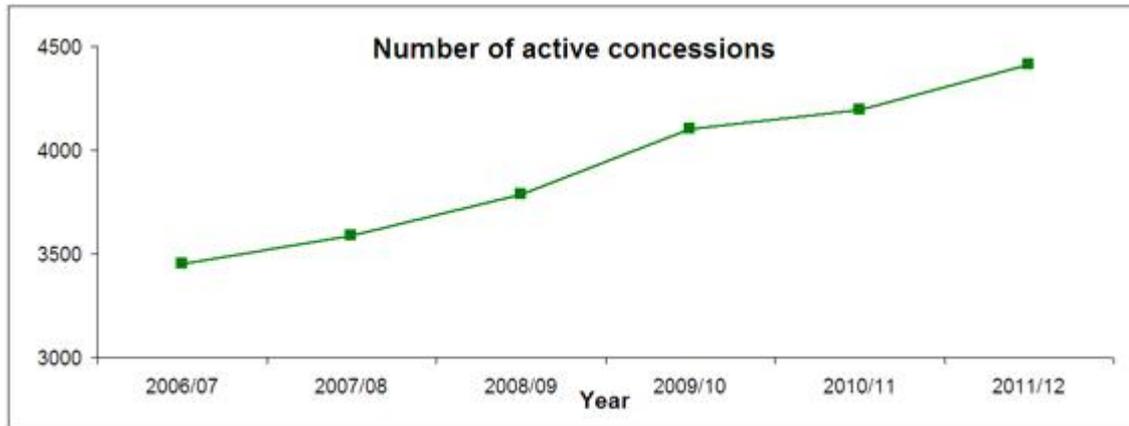
### Concessions in Effect at 30 June 2012

Activity	Number	%
Access/easement <sup>2</sup>	997	25
Grazing	650	16
Guiding	520	13
Accommodation	470	12
Structures	266	7
Telecommunications	231	6
Aircraft	218	5
Boating	117	3
Vehicle	104	3
General agriculture	88	2
Events	77	2
Wild animal control	74	2
Extraction	58	1
Unidentified	52	1
Education/instruction	28	<1
Ski fields	26	<1
Storage	19	<1
Horticulture	18	<1
Retail	15	<1
Attractions	12	<1
Filming/photography	3	<1
Aquaculture	1	<1
<b>Total</b>	<b>4044</b>	<b>100</b>

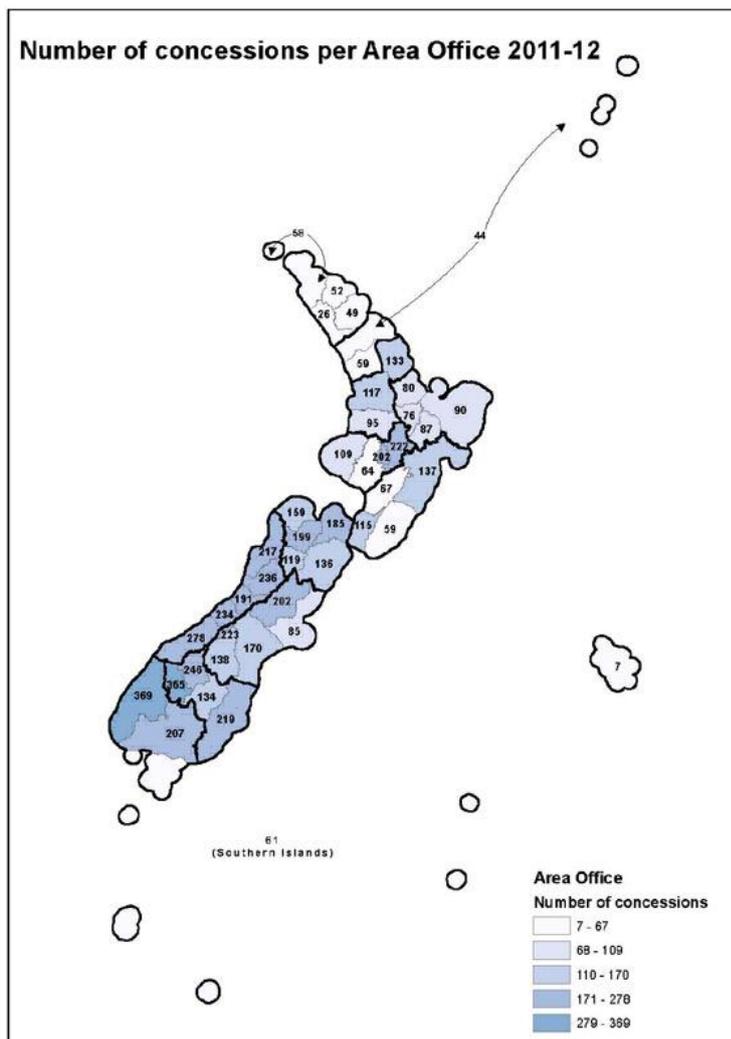
<sup>2</sup> An easement is the right to use the property of another without owning it. Easements can include access rights, and the right to convey water, electricity, gas or sewage across the property.

## Number of Active Concessions

The graph below shows the number of concessions active in each business year, and demonstrates that the total number of concessions has grown by almost 30 per cent in the last six years. The length of duration for a concession varies from a few months for a one-off activity, up to 30 years for an easement with minor effects. Note the y-axis is only shown from 3000 upwards.



## Geographical Location of Concessions



**Members may wish to ask:**

- What new business partnerships is DOC contemplating and what will the conservation gain from those partnerships be?
- How is the change in DOC's strategic direction being communicated to stakeholders?
- How can DOC better enable business partners, concession holders, and volunteers to do conservation work?
- What challenges are being made to the use of the conservation estate to contribute to New Zealand's economic wellbeing?
- What are the risks of commercial activities in the conservation estate?
- What are the benefits of commercial activities in the conservation estate?
- How can the risks of commercial activities in the conservation estate be mitigated?
- Should we do more or less commercial activities in the conservation estate?
- Are there any parts of the conservation estate that should be considered off-limits to any form of commercial activity?
- Should DOC only partner with New Zealand based companies, and only use New Zealand made products in its stores?

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## Further Reading

Suggested keywords and phrases for internet search engines:

- private use and conservation estate
- environment and profit
- conservation or environment and concession
- business or commercial and concession
- recreation or tourism and concession
- eco-tourism
- Schedule 4 and mining