

# **Conservation and Business**

**Working Smarter, Together**

**Ecotourism NZ Conference  
Nelson  
6 August 2009**

**Al Morrison  
Director-General  
Department of Conservation**

There are times when the public service must appear to you to be like the person on the end of this desperate call:

“Hello, this is the incontinence help desk, could you hold please. “

We must seem at times to be invented solely for the purpose of frustrating you. So if I was to meet your expectations then my guess is the smart thing to do would be to fess up to the list of grievances and tensions I hear from you, and tell you what we are doing to make life a whole lot better for you and your business.

I will do a bit of that, but not just that, and not right now. Because the title of this talk is working smarter together. And to do that we need to remind ourselves of our common interests and the things we have going for us. And we need to lift our sights and look at the big picture and the challenges that arise from it.

So in this session I am going to do three things.

- The first is to address the question, what is it that brings eco tourism operators and DoC together at this conference?
- The second is to ask whether New Zealanders fully understand the natural assets that we both care about and rely on for our businesses, and value them as critical to their prosperity.
- And then in the third part I will look at the relationship between DoC and the eco tourism industry and highlight what we need to do better and how we are going about doing that.

In terms of the first issue, what brings us together, I’m going to rely on the tried and tested approach that a picture is worth a thousand words.

## PRESENTATION

That is what is special about New Zealand. It is what defines us as a country and as a people. It is what brings us home. It is what makes us proud. We are a blessed country – but what we rely on is fragile and easily degraded or lost – so we should never take it for granted.

When we talk about our great walks it is the grandeur of the Tongariro crossing, Milford, the Heaphy, the Routeburn and so on. But I think one of the greatest walks in New Zealand is between the overseas and domestic terminal at Auckland airport. There is nothing as beautiful as coming home to what we have just seen. Clean air, white snow, green grass, blue water.

That is what brings us together at this conference.

DoC’s primary role is to care for that asset in a way that ensures it is there for all to enjoy and benefit from now and in the future.

Your primary role is to deliver to visitors the quality experience we promise them in the unique environment that we draw them to.

We have a common interest in your businesses thriving in a way that enhances New Zealand's reputation and makes a return on investment so that tourism remains the number one, sustainable contributor to our economy that it has grown to become.

Some people would describe what you have just seen as "the DoC estate". It is not DoC's estate. The public conservation lands and waters have been set aside by New Zealanders for New Zealanders. DoC does not own them; it manages them on your behalf. That is an important concept, because it means what we do, how we do it and how much we do is dictated by the extent to which New Zealanders value it, and for the reasons they value it.

### **Valuing Conservation**

So how are we doing on that front? What value do we place on conservation; on maintaining a healthy environment to enjoy and benefit from?

You are going to have to stick with me for a while now. It might seem like I'm going off topic. I assure you, I'm not.

Recently the New Zealand Institute of Economic Research issued a report on the economic impact of meeting our Kyoto obligations. The Dominion Post reported: "*Battling climate change will cost each Kiwi about \$26 a week by 2020 a report shows*".

Now let's change the context from battling climate change to battling New Zealander's financial debt.

In 1984, David Lange's Labour Party gained power after nine years in opposition in an election campaign in which they featured Little Olivia.

The billboard message was: "Little Olivia is three years old. She already owes \$5000". That was her share of the nation's financial debt, which would need to be serviced and ultimately repaid.

Once again we are facing a debt burden. The debt on the Government's books is \$7.7 billion this year and rising. But the total national debt for 2008 was \$155 billion dollars. So now Little Olivia owes \$36,000.

That's how we talk about debt. We don't say it will cost Little Olivia so much to clear our debt. We say she owes it. But when we talk about our Kyoto obligations we change the language around.

When we borrow money against the future we see it as something we owe that must be repaid. When we borrow against the environmental future, we see that debt as a cost. By making it a cost, we allow ourselves to have a conversation about whether we can afford that cost. It is not a debt we think we have to pay back in full, like a financial debt. We just pay back as much as we think we can afford.

Financial debt is something we accept on the basis that it must be paid, in full and on time. And we have built all manner of institutions to enforce that and deal with

failure: receivership, liquidation, bankruptcy, mortgagee sales, debt collection and so on. And when the institutions that we rely on to support the system look like failing, we find trillions of dollars overnight to avoid them collapsing.

Why don't we do the same for our environmental debt?

The technical answer is because conventional economics gives high value to immediate and individual benefit, and discounts future and common benefit. The benefits of environmental protection are often hard to quantify, tend to be widely spread and typically impose immediate costs for future gain.

The simple answer is that we have a mindset that conservation is in the nice to do category. It's a cost, not an investment. An important cost – we really like it - but dispensable when times get a bit tough.

That view is being played out in dramatic fashion right now in the United States.

The Governor of California, Arnold Schwarzenegger, is facing a \$26 billion budget shortfall. Among his suggested measures to cut costs is the closure of parks that would affect 80 percent of the states nature reserves, historic sites and recreation areas and restrict access to 30 percent of its coastline. Oregon, Illinois, New York and Tennessee are similarly looking at less radical plans to put up closed signs on the great outdoors.

The proposal looks rational only because the public cost is disconnected from the profits that private operators make from the parks. The connection, of course, is the taxes they pay. But the mindset doesn't allow the connection to be made.

There is reason to believe this approach is the dying throws of old thinking. Internationally there is a major rethink going on and two factors in particular are forcing it.

First, the impacts of environmental debt do not stay in the distant future forever. Climate change is helping to ram home the message that the distant future is collapsing in to the immediate future, if not the present.

Second, the current recession has exposed the fragility of the way we think about the economy and measure it. Quite simply, it's not working.

Last Month the Treasury Secretary John Whitehead delivered a hard-hitting speech to the public service. The financial and economic crisis, he said "*presents extra opportunity as well as challenges*"

*"This is our chance to anticipate and adapt and think and push some boundaries and move ahead. We simply have to get out of our traditional comfort zones...if we keep doing what we have done previously we will fail."*

Mr Whitehead said the private and public sectors and politicians need to find new ideas and approaches. The old tools and approaches and mindsets are not going to do it.

*“This isn’t about lifting our game,” he said, “it’s about changing it.”*

One big game change that I’m looking for is how New Zealand values its environment and the management of it, and factors that in to sustainable economic decisions to ensure New Zealanders prosper now and in to the future.

In short, if we could shift the thinking from conservation being seen as a cost to conservation being seen as an investment then we could start asking different questions and pose new challenges.

For an example, let’s go back to the Dominion Post’s report of the cost if implementing Kyoto targets again. It followed up that report with an editorial under the headline: *“The Perils of being too green”*.

*“Just as there is a cost to global warning, so there is a cost to trying to stop it”,* the editorial warned. There’s that “cost” again.

That is exactly the position that conventional thinking leads you to. But why can’t we shift the mindset and ask a different question: “how can we address our emission profile in a way that benefits us?” That would set up a game change in approach.

The Treasury Secretary John Whitehead appears to be steering us in that direction. In an earlier speech he commented that while a primary based economy may hold us in good stead, *“this does mean that we will need to think harder as a country about natural resource and environmental issues and how these link with productivity and growth”*

*“This is a time to invest in our futures and those of our children,”* Mr Whitehead said. *“That’s in keeping with our values as a nation and it’s ultimately how New Zealanders, over time, will be better off”*.

To me, that means we have to radically rethink the current approach that separates out environmental and economic factors in decision-making, and instead merge them in to a sense of the sustainable economy. An economy in which we live within our economic and environmental means.

Treasury is currently working with a group of natural resource management agencies, including DoC, to put some substance into this new approach, and it looks very promising.

There are other factors drawing us towards this rethink.

The Prime Minister John Key recently told the Federated Farmers National Conference that New Zealand’s competitive advantage is the clean, green brand and a reputation for producing safe, high-quality food. He identified New Zealand’s environmental credentials as a factor in differentiating our products and ensuring better prices.

One of the challenges, Mr Key said, is New Zealand's response to climate change, including making "*real gains in reducing agriculture emissions*". And that, he said, hinges on developing world-leading technology that will allow New Zealand to balance environmental responsibilities and economic opportunities.

*"We want to be world leaders in the field of agriculture greenhouse gas research and development for one important reason,"* Mr Key said. *"Because we have to be."*

Therein lays the germ of an idea to turn a costly problem into a profitable solution.

The Department of Conservation is working with a similar mindset.

There is logic, backed by evidence, that says the state of our natural biodiversity is a good indicator of the health of our ecosystems. And the health of our ecosystems determines the quantity and quality of the ecosystem services that we rely on for our prosperity - water, soil, carbon, nutrients, pollination, climate control...

In the wake of climate change, a carbon market has emerged. Similarly, biodiversity has value in protecting and enhancing the ecosystem services that lie at the heart of any economy.

There are accredited systems now in the United States, Australia and elsewhere that allow you to measure, bank and trade biodiversity credits.

If that sounds stupid just think back 20 years. Who then thought you would be able to plant trees, measure their carbon sequestration, turn it in to credits and sell them?

There is massive interest and research going on internationally into the place that healthy ecosystems have in our economic life.

Next year a major study under the title: "*The Economics of Ecosystems and Biodiversity*" will be completed.

The study arose from a meeting in 2007 of the G8 European Commission's environment ministers along with five ministers from other countries, including Australia.

Late last year the study group issued an interim report it stated: "*Natural resources, and the ecosystems that provide them, underpin our economic activity, our quality of life and our social cohesion. But the way we organize our economies does not give sufficient recognition to the dependent nature of this relationship... We are consuming the world's biodiversity and ecosystems at an unsustainable rate and this is already starting to have serious socio-economic impacts.*"

Last month the World Bank issued a report on the issue that stated: "*Biodiversity is the foundation and mainstay of agriculture, forests and fisheries. Biological resources provide the raw materials for livelihoods, agriculture, medicines, trade, tourism, and industry. Forests, grasslands, freshwater and marine natural ecosystems provide a range of services, often not recognised in national economic accounts but vital to human welfare ...protecting forests, wetlands, coastal*

*habitats and other natural ecosystems can provide social, economic, and environmental benefits.”*

That’s the World Bank, not Greenpeace.

Earlier this year the United Kingdom Sustainable Development Commission issued a report in which it stated: *“The current economic crisis presents us with a unique opportunity to invest in change...To sweep away the short-term thinking that has plagued society for decades. To replace it with considered policy capable of addressing the enormous challenge of delivering a lasting prosperity.*

*“Prosperity consists in our ability to flourish as human beings – within the ecological limits of a finite planet. The challenge for our society is to create the conditions under which this is possible. It is the most urgent task of our times.”*

What all this thinking amounts to is a game change in the way we see environmental management.

Some people don’t like that. They see any attachment of conservation to economic outcomes as the slippery slope to working with business interests to legitimise environmental damage. A selling out of conservation principles.

History lends a certain credibility to that view. And so conservationists have found their solace in the concept of intrinsic value – the value of nature for its own sake. We must never lose that sense of mystique and majesty that comes from the spiritual, cultural and emotional value that we attach to protecting our natural places and species.

But that should not blind us to the reality that our ability to survive and prosper is dependent on living in balance with nature. It is self-defeating to ignore the central role of biodiversity and ecosystems in our economic livelihood and walk away from the challenge to redefine the way we describe and measure prosperity to accommodate that reality.

That is the game change that DoC is engaged in: to get people to understand we are an investment, not a cost.

It does mean adding a sharper commercial focus to the way we approach our work. It means changing the way we engage and deal with you as conservation business operators.

## **The Relationship between DoC and the Tourism Industry**

We know the enormous contribution that tourism makes to the economy – about 10 percent, even in the narrow terms by which we currently measure economic activity.

We know the Government is looking to you to play a significant part in moving New Zealand out of recession and earning overseas dollars.

We know it is tough going at present, and we are absolutely certain that we can get much better and smarter at building a relationship with you that expands your business, makes you more successful, and produces conservation gains.

We have heard your concerns. You want us to be more open and willing to engage, less process-driven, more consistent in applying improved systems, and more enabling of business opportunities. We need to better understand business reality and respond to that.

To that end we have spent several months in consultation with the Tourism Industry Association, Business New Zealand, The Federation of Maori Authorities and relevant government agencies to construct a framework for business and conservation success.

The commercial framework is all about identifying and developing opportunities to grow a sustainable economy in which conservation is seen as a public good around which the private sector can invest and prosper. We see this as a public-private partnership that will grow activity around our natural and historic heritage to the benefit of conservation and conservation-related businesses.

That framework will be completed soon and you will be able to see our commitment and direction.

Meantime we are moving to address specific issues.

We have heard your concerns around the concession process and inconsistencies in its application. We have a review underway into the system and its application that is paralleling the Government's RMA review. Your sector is involved in it. Early next year we will have a proposal ready for you to comment on. The exercise is part of the department looking closely at its entire regulatory framework.

The concessions review is aimed at streamlining the process and to that end we are looking at systems and processes that will ensure we meet reasonable timelines, provide greater certainty, and cut both yours and our costs.

Part of this is to consider how to separate out the large and complex concessions from those that are small and simple.

The review doesn't stop us introducing improvements meantime. Last year we told you that all conservancies would identify guided walk opportunities to be listed as conforming activities. That means you can pick them up and we will guarantee to process the concession within five days.

The West Coast conservancy has listed it's on the DoC website and there are close to 200. The Nelson-Marlborough and Southland conservancies are close to listing theirs and all conservancies are working to a timetable of completion this year.

There are opportunities to extend this approach beyond guided walks to other straight forward business opportunities.

We have, in conjunction with the industry, agreed on an approach to allocating new concessions where there is limited supply. The approach sought to arrive at a solution in this difficult area that was fair and provided reasonable security for existing concessionaires.

Another major exercise we are engaged in is the development of a Destination Management Plan.

This is designed to respond to the changing nature of outdoor recreation and tourism, and the particular need to develop new business opportunities aimed at New Zealand and overseas tourists in particular.

We have been mapping where we invest and what we invest in against consumer demands and traveling patterns. The outdoor recreation and tourism opportunities on public conservation land are diverse and widespread. Many are not located where most domestic and international tourists visit.

This is not activity around the edges. We are serious about greatly improving our reputation with business. In our biodiversity conservation work we are regarded as world-leaders. We are determined that we will achieve the same high standard and earned reputation in the tourism side of our business.

We certainly do not require any more feedback from the industry. We know what you think of us, what and where we need to improve, because you have told us formally, through surveys, and anecdotally. We have got the message, we are responding seriously, and you can expect to see significant change and improvement in short order. That does not always translate in to saying yes.

What you haven't got is what we think you need to do. If we are going to up the game then we both need to change our ways, because we are both key players in the industry.

Business needs to live the brand. You need to be clean and green and 100 percent pure and 100 percent everything else you promise tourists you will be. The days of making such claims without validating them are over. It only takes one fume-belching budget tourist vehicle amongst the Euro fours to destroy the image and send overseas tourists away shaking their heads.

We want you to look at opportunities to do conservation work in conjunction with your business, capitalising on the carbon and biodiversity contributions where you can.

Many of you are already setting trap lines, maintaining tracks, enhancing ecosystems and restoring historic sites. People want to see us working together like that. But it only takes one operator to give the tourists an earful about how terrible DoC is to undermine the good work. And believe me, it happens. I have had overseas tourists and domestic visitors who have been with you and they write to me very concerned that your operators bag DoC in their commentary. They don't like it.

We want you to understand the complexity of our business, just as we need to better understand yours. Engage constructively knowing we have a job to do ensuring that sustainable tourism means ensuring the industry has a long-term future, and at times that means placing restrictions such as limiting or excluding activity or imposing moratoriums.

I have looked in to your criticisms of DoC's approach to concession processing and we certainly need to improve our act. But in some cases the delays are due to our

planners coming back to you asking for the information you should have provided in the first place. They wanted you to succeed, and were telling you what you needed to provide to do so.

If we are to get more efficient then we will need to process more quickly, and that means the answer for inadequate applications may well be no.

It doesn't mean we will be less prepared to help if you ask. But once you put in an application it will be judged efficiently on its merits. We may not be coming back for more information. I'm second guessing, but you get the point.

Above all, we want you to operate in the certain knowledge that we are in this together; that by standing apart we will only partly succeed, but by working together, we will succeed, and New Zealand will be a better place and New Zealanders will be a more prosperous people, for it.