



Tourism Industry Association New Zealand

**Submission on the First Draft Design Report-
Department of Conservation Concessions Review Project**

September 2003

About Our Association and Industry

The Tourism Industry Association New Zealand (TIANZ) represents the interests of over 3,500 businesses in the tourism industry.

Tourism is a \$15 billion industry and generates 13% of New Zealand's exports. The tourism industry employs 1 in 10 New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises. Not only is tourism important because of its size. It is also:

- Highly employment intensive;
- Regionally dispersed;
- Has the flexibility to change its target markets quickly as conditions change;
- Can offer a good return on investment.

The tourism industry in New Zealand consists of more than 15,000 small and medium sized businesses. Of these businesses, most employ less than five people. New Zealand welcomes almost two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping to sustain a vibrant tourism industry. TIANZ estimates that over 75 million visitor nights are spent by New Zealanders every year.

Tourism and the Environment

As well as being a significant user of New Zealand's natural and physical resources, the tourism industry directly benefits from a high level of environmental quality. Unsustainable or damaging behaviour to our environment has the potential to cause disruption to our industry.

We also recognise that conservation of our ecosystems and biodiversity is essential to the future of all New Zealanders.

Tourism can play a role in helping to conserve the environment, through concession funding and further support via initiatives such as undertaking research and development for sustainable environments. In addition, the application of industry standards can lead tourism businesses to deliver environmental best practice outcomes.

Overall, it must be recognised that the environment sustains tourism and tourism must ensure that it helps sustain the environment.

At the same time, the tourism industry is made up of businesses that operate in a competitive market. Therefore, the issue of efficiency (compliance costs and processing times) is important to our industry.

Overall, TIANZ supports sound natural resource management policies that manage and minimise risks to New Zealand's environment while maximising the prosperity and well-being of all New Zealanders.

Sustainable tourism's role in conserving our environment

Tourism provides considerable benefits to the overall environment in New Zealand (economic, social, cultural, and ecological). Tourism is:

- a key driver for national and local economic development
- the catalyst for the development of public amenities, infrastructure and public spaces enjoyed by the community
- the industry that is most compatible with the management of public conservation lands
- An industry that contributes to New Zealand through: corporate taxes, Goods and Services Tax (the only 'export' industry to do so), concession fees, participation in voluntary environmental initiatives such as Qualmark, Green Globe 21 and EBEX 21, and tourism businesses providing opportunities for domestic and international visitors to learn more about the natural environment.

Comments on the Department of Conservation First Draft Design Report

This submission will address issues relating to the First Draft Design Report and will focus on items related to improvement of the concessions process and improvement of the outcomes which result from this process.

TIANZ will withhold some larger strategic issues for later submission on the Draft General Policy Conservation Act and the Draft General National Parks Act.

Issues for the New Zealand Tourism Industry

There are several issues arising from the First Draft Design Report that have particular relevance to the tourism industry: These include:

Proposed Changes to the Concessions Process

TIANZ supports a review of the current concessions process and the objectives of this review to design a new system that provides improved levels of protection for the environment, improved relationships and increased efficiency of the concessions process.

TIANZ supports the Department's own findings that the current concessions process is limited by the lack of clear objectives and outcome-focused statements in Conservation Management Strategies (CMSs) and Conservations Management Plans (CMPs) for places where concessions occur.

TIANZ endorses the principle of removing planning elements from the concession “application” process resulting in enhancement of the statutory planning process.

TIANZ stresses an emphasis on:

- outcome-focused conservation;
- outcome-focused tourism planning; and,
- the application of monitoring and enforcement at places

Adoption of these changes in the concessions process has the ability to greatly improve the management of places. Key points of interest for the industry include the ability to improve environmental outcomes while fostering mutually beneficial relationships between tourism concessionaires and public conservation lands.

In the past, TIANZ has been wary of systems that are overly prescriptive in nature, due to the lack of fact-based and transparent decisions. The proposed new system will need to deliver a combination of improved statutory planning, stakeholder consultation, reduced transaction costs, transparent decision making and increased emphasis on monitoring. Achieving a more robust system will require significant resources to develop and implement these changes.

In assessing the proposed new concessions system, TIANZ has prepared a model of the concessions process based on a resource or product management model. The application of this model will assist in clarifying where gaps exist in the proposed new concessions processing system.

Concessions Product Management Model

TIANZ has prepared a Concessions Product Management Model to outline, from the perspective of the tourism industry, how the proposed concessions process might work. Please refer to *Appendix A* to view the model.

A tourism concessionaire must gain approval from the Department to deliver their product. Without this approval they do not have a product on public conservation lands.

Planning

The planning stages of the model incorporate the development of **key strategic objectives** through processes such as CMSs and CMPs. Combined with these statutory planning processes is the application of **research** and **consultation**.

Research includes utilising existing knowledge and expertise as well as undertaking specific research projects. For example, development of an advanced information system for key tourism places on public conservation lands.

Consultation is guided by current statutory requirements and could include other stakeholder initiatives such as developing a “communities of interest forum” for feedback on the concessions process.

Based on the above planning processes and feedback, a **list of places and products** (activities and uses) can be prepared. Places are labelled as being suitable for certain outcomes, which in turn identifies suitable complying products. These products must not be inconsistent with the strategic objectives and conservation management strategies and plans.

Each product is defined through a set of assets (resources) for which the ability to withstand impacts is established through a rational measurement or design process. Impact is also the product of intensity and frequency. For example, an impact can be equated to high intensity at low frequency or low intensity at high frequency.

For each place, a **Product Management (Impact) Inventory** is required. This consists of an inventory of assets for a particular place including their intensity of use by concessionaires. Existing concessionaires and their products are listed within the inventory, allowing the total intensity (usage and frequency) of the place to be determined.

Total intensity can then be compared to the prescribed outcomes for a place or series of places. These prescribed outcomes would be based on a maximum capacity for the destination or place as determined through the planning process.

Clearly the opening stances on maximum impact for products in a given place could be contentious, particularly if there is already a strong perception of overcrowding.

The model TIANZ proposes has rational feedback mechanisms that should correct any mismatch between perceptions and reality.

Processing

When a **concession application** is received the Product Management (Impact) Inventory will be used as a basis for determining the assets required and the level of usage. A **decision** can then be made based on classification of the activity and how the new application relates to existing concessionaires and the maximum capacity for a place.

Monitoring

If the application is accepted then **monitoring** of the activity begins. The monitoring process can be used to measure and manage both physical and social impacts at a place.

Monitoring is fundamentally important for supplying feedback at all stages of the planning process. For example, monitoring results may determine that the maximum capacity for an area is set too high, leading to a reduction of concession numbers in a particular place.

It is important that setting all components of the Product Management (Impact) Inventory are determined through a robust and flexible planning system; one that can be adjusted in line with the flow of monitoring information.

It is also important that both the planning and monitoring stages are clearly transparent when changes are made. The model has not attempted to consider other important aspects in the decision process such as the tender process for a new or existing concession.

Review of Draft Recommendations

- TIANZ provides initial support of Primary Recommendation 1 for the use of more outcome-focused wording for integrated management of places, including lists of places and activities. This provision is made on the understanding that the community of interest (including tourism operators and tourism industry representatives) receive adequate consultation.

The provision is also made on the understanding that the Department will provide further evidence for discussion, such as research and case studies to demonstrate that the proposed approach has actually achieved the intended outcomes in other parts of the world. This evidence should include any limitations of the proposed system.

Outcome-focused wording, activity lists and numerical limits must be based upon solid empirical analysis wherever possible. If empirical data is poor the decision must be transparent and the reasons for the decision made available to the public if requested.

TIANZ notes the upcoming review of the Draft General Policy Conservation Act and related legislation, and review of the Draft General Policy National Parks Act will need to address the increased application of more prescriptive and detailed wording, including the process to achieve this objective.

- TIANZ supports Primary Recommendation 2 in that a clearly acceptable concession can proceed with minimal additional processing. TIANZ also encourages the use of defined processing timeframes more in line with timeframes under the Resource Management Act. More detailed comment on these timeframes will be given in a later submission from TIANZ.
- For Primary Recommendation 3, TIANZ agrees that a more detailed application process is required for activities that are not clearly acceptable. However, TIANZ strongly requests that the current system not be adopted as the status quo for these applications. TIANZ requires a new process to be developed for discretionary activities so that current problems in the process are not repeated.
- TIANZ strongly supports a more comprehensive and integrated place-based monitoring regime to ensure feedback occurs for planning and management decisions. TIANZ requires this process to be transparent, with Department staff being clearly accountable for the monitoring process.
- TIANZ supports in principle the process framework set out in the design report which consists of complying, discretionary low-impact, discretionary high-impact and non-compliance. TIANZ concerns with this process include the following:

- i) In determining activity lists related to the four categories above, the issue of intensity of use has not been adequately defined in the design report. The Department has given only brief mention to the issues of activity frequency, and the size and scale of an activity, including the cumulative impacts and relationship between potentially competing activities on public conservation lands. The model prepared by TIANZ (refer to Appendix A) attempts to outline a rational process for answering these intensity considerations.
- ii) The issue of national consistency is a major concern for the tourism industry. Prescriptive wording in the CMSs and CMPs will have been developed on a regional basis in line with national conservation legislation. TIANZ suggests that more emphasis on nationally consistent management of places and outcomes at places be considered, in order to meet the objectives of the New Zealand Tourism Strategy 2010 and to assist in the process of multi-conservancy applications.

In order to achieve this goal, TIANZ recommends that New Zealand be mapped using GIS information systems to determine exactly which areas are priorities in terms of the various communities of interest. For example, the current perceived tourism “hotspots” should be mapped with detailed information about the biodiversity assets, social and cultural assets, and economic assets.

This process shall include detailing the type of activities, their frequency and current impacts (both positive and negative on public conservation lands) and the full range of visitors using a particular place or destination. This planning tool would be a core mechanism for encouraging proactive tourism planning by the Department and allow application of this information system in the management of visitor activities and experiences, biodiversity conservation, development of appropriate infrastructure and the marketing of destinations within New Zealand.

- iii) The issue of existing use and the concession tender process are a further concern for the tourism industry. The Department has not adequately addressed this issue as a legitimate part of an overall review of the concessions process. TIANZ considers these issues to have serious implications on the ability of the Department to manage the concessions process in an efficient way.

TIANZ recognises the dilemma facing both the Department and concessionaires at the end of a lease period. Questions arise such as: should the incumbent retain ongoing rights, irrespective of challenges if performance during the concession period has been exemplary? What method or equity should be introduced that promotes constructive and economically valuable behaviour by the incumbent even as the concession draws close to review date?

TIANZ is of the view that a contestable process might include the possibility of incumbent assets being transferred “via” a put option onto

the new concessionaire, at a price determined by optimal depreciated replacement cost (ODRC). If incumbent assets are optimal for the on-going concession ODRC provides a fair economic transfer to the new concessionaire. If not, the price of incumbent assets is effectively that of “alternative use” on the open market.

These principles would need to be refined to ensure behaviour and accountabilities have commercial force.

TIANZ requests more information from the Department on its criteria for awarding concession tenders including how it evaluates expiring concessionaires in terms of their past performance and contribution to public conservation lands.

- iv) The process framework has limited reference to the importance of Compliance and Law Enforcement (CLE). TIANZ expects greater detail on this matter to be included in the final design report. The application of a robust CLE system is crucial in managing all visitors to public conservation lands.

Additional Items

- The design report has briefly mentioned the use of a research strategy. TIANZ requires more detail on the development of this strategy. Research is a major tool for improving the concession process and appropriate research should be applied to the planning, processing and monitoring stages of the concessions process. For example, the development of performance indicators and the application of improved management techniques to reduce negative effects.

TIANZ wishes to be involved in the development of a concessions research strategy including the development of joint industry/government research initiatives.

- TIANZ notes only limited reference to training concession staff in understanding business culture and the realities of running a tourism concession business. Tourism operators will also benefit from increased education about the concessions process and increased involvement in statutory planning processes.

By focusing some training resources to this area, TIANZ considers concessions staff and tourism operators will be in a better position to maximise their relationship and maximise positive conservation and tourism outcomes at places.

- TIANZ considers the use of existing tourism industry standards can provide significant assistance to the Department in managing and monitoring concession activity. TIANZ intends to work with the Department to list particular quality and environmental standards in its Concession’s Standard Operating Procedures (SOPs), as a certified planning tool.

TIANZ anticipates that further discussion with the Department is necessary to determine the compatibility of industry standards to the concessions process.

Further Consultation

TIANZ will provide further industry feedback on the Department's final design report. TIANZ looks forward to receiving information as requested above and the opportunity to discuss the above issues in further detail.