

Financial Sustainability Review International Comparison

5 June 2024

Executive summary

The Department of Conservation (DOC) has engaged Allen + Clarke to complete research into funding approaches for conservation. This report focusses on identifying how international jurisdictions fund and deliver conservation and on opportunities to learn from and/or adopt approaches to a New Zealand context.

The research includes a comprehensive comparison across three key jurisdictions – Australia, the United States of America and Canada. We have also provided brief case studies from a number of other jurisdictions of interest.

Key findings

- Australia, the United States and Canada all employ a wide range of tools to raise conservation funding. These tools are similar to the tools used in New Zealand.
- **Key opportunities for DOC to explore further are:**
 - The introduction of access fees for conservation land. Access fees are used widely overseas to fund maintenance and public conservation projects.
 - Expanding licences or permits for commercial activities. There may be opportunities to offer further commercial licences or permits, or to revisit the commercial viability of current arrangements.
 - Retail market for branded clothing and souvenirs. Further research should be completed to assess potential revenue impacts and costs of this model based on experiences in Canada.
 - Charging rents for mining access. Legislation change may be required to support DOC to charge rent for mining on public conservation land.
 - Working alongside corporate partners and friend's groups. Further research should be completed to identify learnings from the partnership approach adopted in the USA.

Limitations

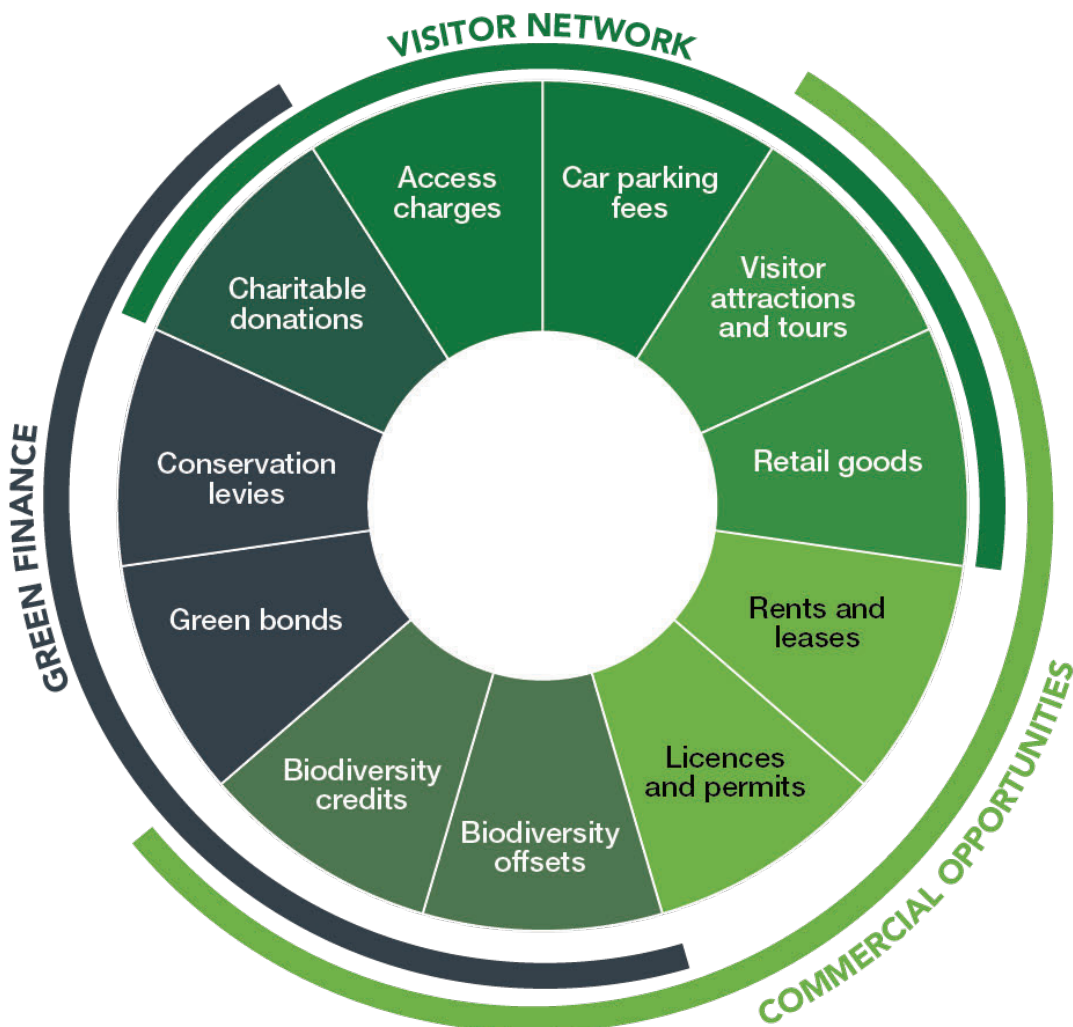
- Our research was limited by the lack of publicly available information. Although we were able to access information on how conservation is funded, the research had the following limitations.
 - Limited information was available about commercial arrangements such as services procured by Parks in Canada and the USA, and proceeds from retail sales in Canada.
 - Third party funding such as income from rents, licences, leases, and fees were often consolidated for financial reporting.
 - Different roles and responsibilities for conservation adopted overseas made agency comparisons difficult.
- As a result, we were not able to come to robust conclusions about the effectiveness of funding mechanisms. We have included a high-level analysis of the size of the potential revenue streams, and noted any additional benefits or costs associated.

Research questions

- How do other jurisdictions grow and channel private investment into conservation, e.g., endowments, nature funds and do they work well?
- What other funding mechanisms do other jurisdictions use, and how effective are they? E.g. biodiversity credits, green bonds.
- How do other jurisdictions use access charging or similar charges to fund conservation work e.g. national park access charges, border charges?
- How is the revenue received used? How is it split between where it was collected (e.g. local region) and wider uses and why?
- How do other jurisdictions use downstream levies to avoid negative consequence effects e.g. conservation services levy on fishing industry.

Conservation Funding Sources

Our analysis of government conservation funding demonstrates there is a wide variety of non-government revenue sources.



Funding by jurisdiction

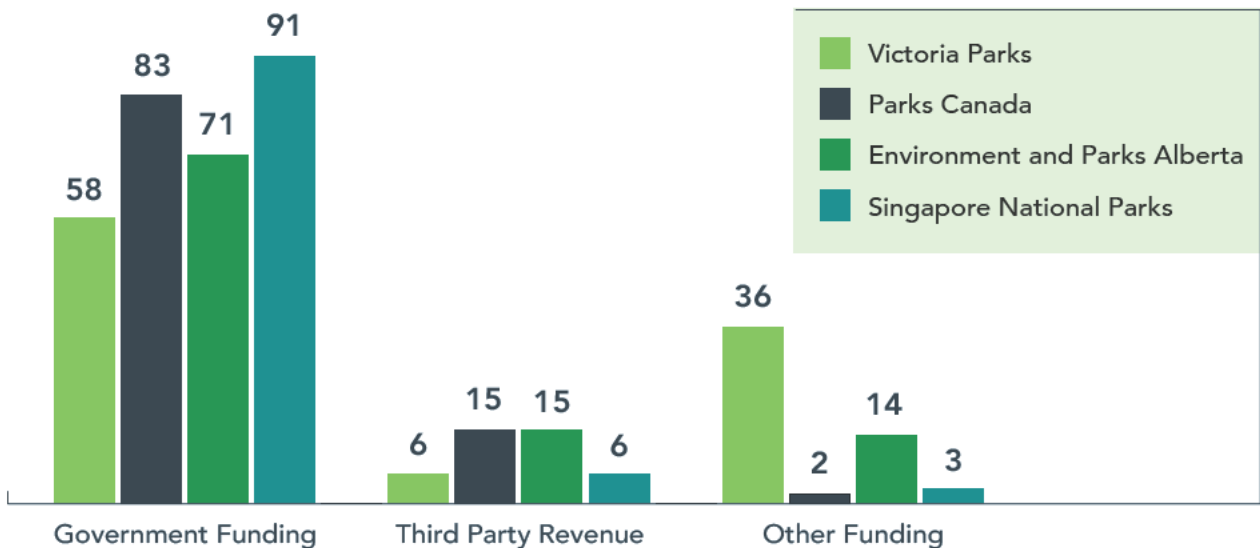
Most jurisdictions used similar mechanisms to fund conservation agencies or government departments.

Table 1: Summary of funding by jurisdiction

	Australia	USA	Canada
Government appropriations	Yes	Yes	Yes
Access fees	Yes	Yes	Yes
Car parking fees	Yes	Yes	Yes
Visitor attractions and tours	Yes	Yes	Yes
Retail goods	No	No	Yes
Rents and leases	Yes	Yes	Yes
Licences and permits	Yes	Yes	Yes
Biodiversity credit or offset	Yes	Yes	Yes
Green bonds	Yes Federal and State	Yes State only	Yes
Conservation Levies	Yes	Yes	
Charitable Donations	Yes	Yes	No

Case Study – How much conservation funding comes from third party revenue?

An analysis was completed on 2023 revenue sources for Parks Canada, Victoria Parks, Environment and Parks Alberta and Singapore National Parks. The analysis focused on highlighting how much third party funding is contributing to the funding puzzle.



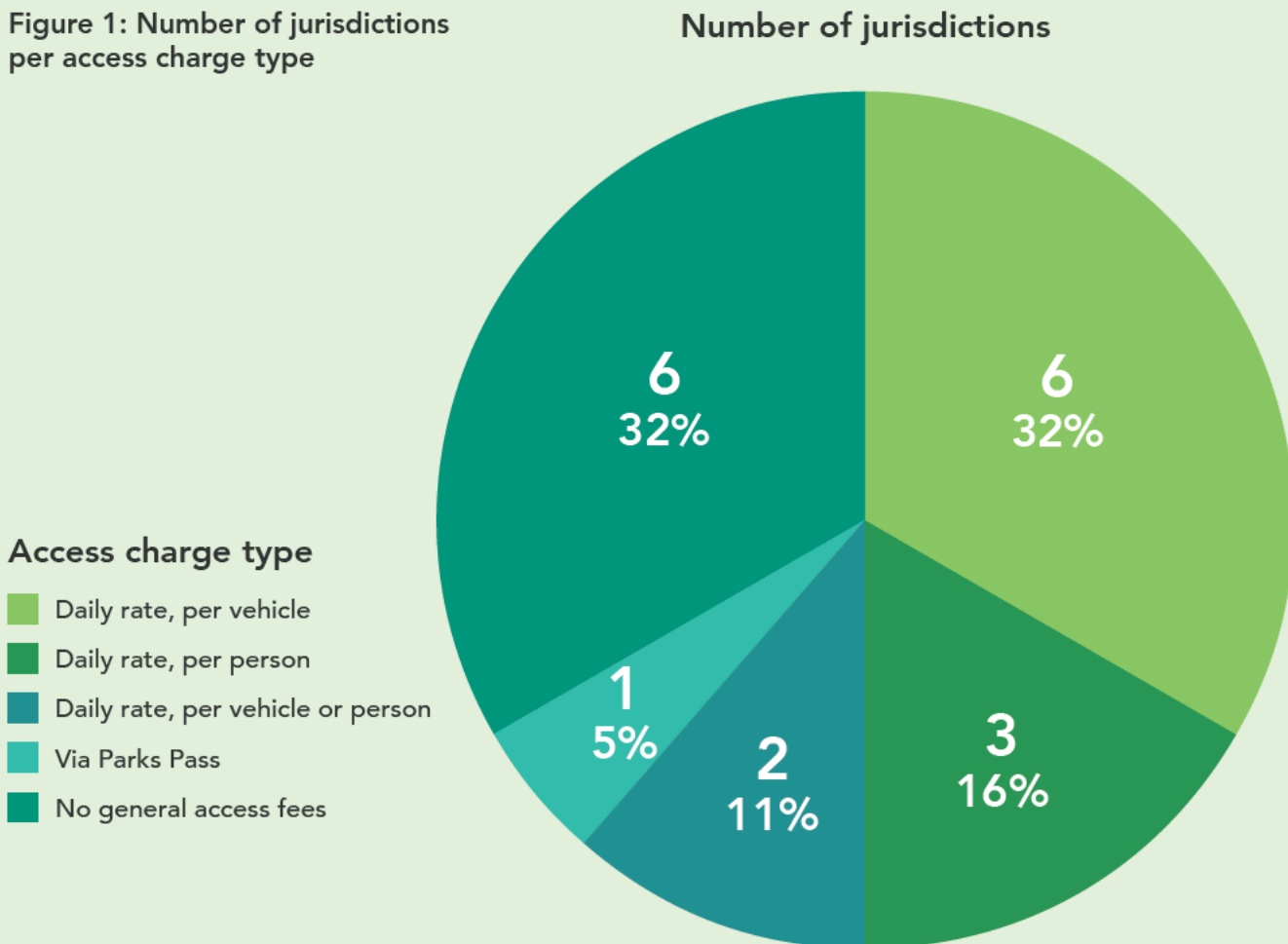
Access charges

Summary of findings

Table 2: Summary of access charges by jurisdiction

Jurisdiction	Access charges?	Applies to
Australia		
Queensland	No general access fees	All national parks
Victoria	No general access fees	All national parks
New South Wales	Daily rate, per vehicle	45 of 895 national parks (5%)
South Australia	Daily rate, per vehicle	55 of 350 national parks (16%)
Western Australia	Daily rate, per vehicle or person	35 of 112 national parks (31%)
Tasmania	Daily rate, per vehicle or person	All national parks
Federally managed parks	Via Parks Pass	All national parks
Canada		
Federally managed parks	Daily rate, per person	All national parks
Ontario	Daily rate, per vehicle	Specific provincial parks
Quebec	Daily rate, per person	All provincial parks
Nova Scotia	No general access fees	All provincial parks
New Brunswick	No general access fees	All provincial parks
Manitoba	Daily rate, per vehicle	All provincial parks
British Columbia	No general access fees	All provincial parks
Prince Edward Island	No general access fees	All provincial parks
Saskatchewan	Daily rate, per vehicle	All provincial parks
Alberta	Daily rate, per vehicle	All provincial parks
Newfoundland and Labrador	Daily rate, per vehicle	All provincial parks
United States	Daily rate, per person	108 of 400 national parks (27%)

Figure 1: Number of jurisdictions per access charge type



Case Studies – Application of Access Fees

United States

The Federal Lands Recreation Enhancement Act allows the National Park Service to collect fees to enhance visitor experience. At least 80% of the funding must be applied in the park where it is collected, and the other 20% can be used to benefit parks that do not collect fees or only have small amounts of revenue.

New South Wales

Access fees are used to maintain and improve visitor facilities, protect threatened species and their habitats, and conserve historic sites and places of cultural significance.

Quebec

100% of access fees are reinvested in the national park where they are collected.

Applicability to New Zealand

New Zealand appears to be one of a minority of jurisdictions that does not charge for access to any national parks. There are no reasons why access charges could not be applied in New Zealand, however, there are a number of issues that would need to be worked through first.



Visitor fees

Summary of findings

- All jurisdictions charge for camping and accommodation on conservation land.
- 4 jurisdictions (New South Wales, Western Australia, Victoria, and Ontario) charge for parking on conservation land.
- Jurisdictions often had a range of other fees such as small events (birthdays or weddings), aircraft landing, mooring fees or beach driving fees.
- 7 jurisdictions had state provided attractions such as guided tours which had user charges.

Applicability to New Zealand

- DOC already collects fees for camping and accommodation costs. If required, further analysis can be completed to assess whether these fees are in line with comparable fees in other jurisdictions.
- DOC has a highly qualified and knowledgeable workforce who would likely be able to deliver more services such as guided tours, however, this would create pressures on the workforce and detract from time spent on other roles and responsibilities.
- Cost effective delivery of additional visitor services would rely on an easy to use and centrally planned online booking system which is likely outside DOC's current capability.

Visitor attractions and tours

Summary of findings

- All states in Australia had some mechanism for licencing third-parties to provide visitor services. In contrast, in the USA and Canada services were either delivered by the Park administrator itself or services procured from a third-party.
- The process in USA and Canada are far more centralised – with managed decision making around what services are required, and what those services should look like. Because services are procured in commercially sensitive arrangements insufficient information was available about the nature and revenue raised from these arrangements.
- A key purpose of the licencing system in Australia appears to be to ensure that only permitted activities are being conducted on conservation land. In most cases (aside from NSW) licence fees were low.

Case Study – National Parks Service Commercial Service Programme

The National Park Service (NPS) is required by law to use a competitive tendering process to provide “public accommodation, facilities, and services considered necessary and appropriate for public use and enjoyment of parks.” The NPS plans for what services are needed in each park through its Commercial Services Plan which is formulated by consultation between park managers, technical experts and existing concessioners. Business opportunities are then publicly advertised using a prospectus and competitive tender process. Contracts are negotiated individually, within set parameters (such as appropriate percentage for franchise fees). Concessioners are subject to annual evaluations of their performance and are subject to financial and environmental reporting requirements. Individual parks are allowed to retain up to 80% of franchise fees from concessions, with the other 20% is used by the NPS to support programme activities.

Applicability to New Zealand

- Consideration would need to be given to:
 - Striking the right balance between offering sufficient commercial opportunities to raise revenue and ensuring that commercial activities do not have a negative impact on conservation areas. Including whether the level of current concessions are sufficient or sustainable, and whether the model used for concessions is profitable
 - Managing public perceptions of increasing commercialisation of conservation spaces
 - Ensuring that DOC has sufficient capacity and capability to administer and monitor any licences or concessions given.

Table 3: Commercial licences for visitor services by jurisdiction

Jurisdiction	Scheme	Fees & charges
Australia		
New South Wales	Parks Eco Pass	Small business: Annual fee Large business: % of revenue fee + Per person fee for visitors
Queensland	Commercial Activities Permit	Annual fee + per person fee for visitors
South Australia	Commercial Tour Operators Licence	Annual fee + per person fee for visitors
Western Australia	Licensed Tour Operator	Annual fee + per person fee for visitors
Victoria	Licensed Tour Operator	Annual fee + per person fee for visitors
Tasmania	PWS – TICT Accredited Licensed Operator Partnership	Annual fee
Federally managed parks	Commercial Tourism Operator Permit	Application fee
Canada		
Ontario	Delivers all services itself	
Nova Scotia	All park services are procured by Nova Scotia Parks through contracting process	
New Brunswick	Delivers services through corporate partnerships	
Manitoba	Delivers all services itself	
British Columbia	Commercial permit	Annual fee
Prince Edward Island	Delivers all services itself	
Saskatchewan	Delivers services through corporate partnerships	
Alberta	Permits available depending on service type	Annual fee
Newfoundland and Labrador	Delivers all services itself	
United States	All parks services are procured by NPS Commercial Service Programme	



Retail Goods

Summary of findings

- In Canada, some parks organisations have an associated retail shop. The retail shops sell a range of products including branded clothing, outdoor gear, mugs, and postcards.
- Parks Canada, Parks Ontario, Parks British Columbia and Parks Saskatchewan all have retail products available online (and at selected locations). Each online stores advertises that proceeds go to assist conservation and maintenance of Parks.
- We have not been able to obtain any financial information about how much conservation funding is generated from these retail stores.

Case Study – Zealandia New Zealand

Zealandia is a protected natural area in Wellington, New Zealand. As a stream of revenue, Zealandia offers the sale of goods to its visitors. The 2022/23 Annual Report shows a total of \$1.81m of revenue from Sale of Goods in 2023, and \$1.07m in 2022. The sale of goods included tours (\$1.09m) and retail income (\$836k) from a total of 136,327 visitors. Information on how these funds are used in conservation efforts is unavailable.

Applicability to New Zealand

Further research is needed to establish whether retail goods would be an effective or appropriate funding source for DOC.



Mining rents

Summary of findings

- In most jurisdictions mining was not permitted on 'protected land' which included national parks, marine parks and wilderness reserves.

There are four examples where mining is permitted in conservation areas:

- Marine parks in Australia
 - State Conservation Areas in New South Wales
 - Protected Lands in Southern Australia
 - National Parks in United States of America
- Rent payments were considerably lower than royalty payments.

Applicability to New Zealand

- Changes to relevant legislation may be required to enable DOC to charge rent for mining activities occurring on public conservation land.
- While rental amounts are low in comparison to mining royalties, the ability to specifically 'ringfence' the rental income for DOC's purposes would be a significant benefit. Mining rental payments could produce a significant source of revenue for DOC.

Table 4: Summary of mining rental arrangements by jurisdiction

Jurisdiction	Areas where mining is permitted	Annual revenue from rents for 2023 (where available)
Australia	Marine parks	Currently no mining operations taking place
New South Wales	State Conservation Areas Public Land	
Queensland	Public Land	AUD \$173.7m
Victoria	Public Land	AUD \$4.3m
Southern Australia	Public Land Protected Lands (subject to strict conditions)	AUD \$32.8m
Western Australia	Public Land	AUD \$157.9m
Tasmania	Public Land	AUD \$1.19m
Canada		
British Columbia	Public Land	
Alberta	Public Land Pre-existing permits in protected land	CAN \$189m
Saskatchewan	Public Land	
Labrador and Newfoundland	Public Land	CAN \$5.7m
Nova Scotia	Public Land	
Ontario	Public Land	
New Brunswick	Public Land	
Manitoba	Public Land	
Prince Edward Island	Public Land	
USA (federal)	Public Land No further claims can be made to open new mines	

Licences and permits

Summary of findings

There are a wide range of other licence and permit fees applicable in other jurisdictions. The table below sets out an example of commonly used licence or permits. Fees associated with these licences or permits are generally low, but often were separate to application fees (suggesting that they did not solely relate to administrative costs).

Licence or permit type

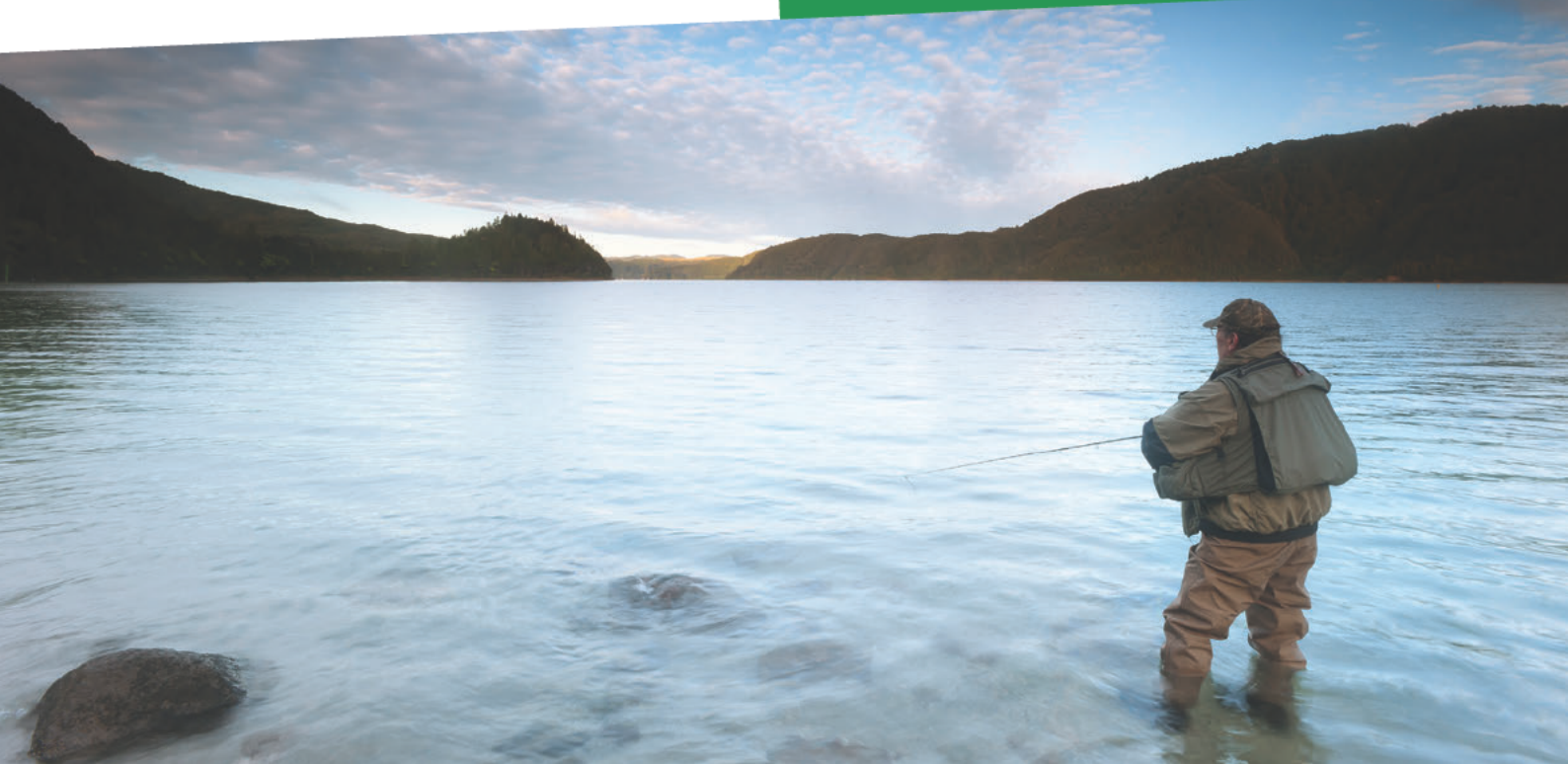
- Photography or filming
- Sporting events
- Fireworks
- Fire
- Boating permit
- Fishing and wildlife permits
- Aviculture permit
- Eiderdown commerce permit
- Taxidermist permit
- Alcohol sale licence

Case Study – Fishing licences in the USA

The Dingell-Johnson Sport Fishing Restoration Act established a tax on all fishing equipment and licences sold in the US. The money collected is set aside for conservation purposes and distributed amongst wildlife management agencies. Since 1950 more than US \$9 billion has been raised for conservation efforts through this licence fee.

Applicability to New Zealand

- DOC already has a large number of licences and concessions associated with use of its land or permission to conduct activities on its land. Changes to legislation may be required to allow for rents to be charged.
- Fish and Game NZ administers fishing and hunting licences in New Zealand meaning that revenue from those licences does not come to DOC.



Biodiversity Offsets / Biodiversity credits

Summary of findings

- Biodiversity offsets are part of a hierarchy of prevention and mitigation efforts to 'offset' the impact of certain actions on the ecosystem. In contrast, biodiversity credits are a market system where tradeable credits are generated by qualifying positive biodiversity activities. Biodiversity credits and offsets are similar mechanisms and may be used as part of one system, or separately.
- Biodiversity credits may form part of a government regulated market or can be established by private organisations. In 2023 there were 26 private sector-led biodiversity credit programmes and 4 government level programmes. These include established programmes in Gabon and Niue and developing credit schemes in Australia and India.
- Biodiversity offset schemes are controversial and there are a number of issues with their effectiveness such as:
 - Difficulties defining appropriate offsets which led to continuing declining conservation outcomes
 - Challenges with effective monitoring and ensuring compliance with offset provisions.
- All Australian states and territories have some form of biodiversity offset scheme, which operate under a federal framework. In most states tradeable biodiversity credits form part of the offset scheme. At the federal level, Australia passed legislation in 2023 to establish a national biodiversity credit market called the Nature Repair Market. Work is currently underway on developing regulations for the credits, with the market expected to open in 2025.

- Canada has a national scheme for biodiversity offsetting for adverse effects on fish, fishing habitats and wetlands. Individual provinces have varying models for biodiversity offsetting including the payment of 'in lieu fees' in Alberta and British Columbia. In lieu fees are payments made to compensate for the biodiversity impact, rather than paying for a credit or financing an offsetting activity.
- The US has Compensatory Wetlands Mitigation and Conservation Banking in place to ensure no net loss of wetland acreage and function and to offset adverse impacts to species, respectively. These programmes are administered through federal agencies such as The US Fish and Wildlife Service and the Army Corps of Engineers.

Case Study Conservation Banking in the USA

The establishment of conservation banking in the US is a strategic approach to mitigate the ecological impacts of development activities. Conservation banking reserves designated areas to offset the loss of habitat and species due to human development or activities, allowing for a balance between development and biodiversity conservation. In exchange for permanently protecting the land and managing it for these species, the US Fish and Wildlife Service approves a number of credits that bank owners may sell.

Applicability to New Zealand

- A biodiversity credit scheme for New Zealand is currently under consideration by officials. A public consultation process closed in November 2023, receiving 276 submissions.
- Biodiversity offsets may be required under the hierarchy of mitigation actions outlined in the Resource Management Act.

Green bonds

Summary of findings

- Green bonds are a widely used mechanism to generate funding for 'green projects' across Australia, Canada and states of the USA. However, in most examples green bonds are used to fund climate and environment related projects rather than conservation or biodiversity projects. For example, green bonds have been used in Victoria, New South Wales and Queensland to fund sustainable water infrastructure.
- Green bond issues tend to be oversubscribed indicating this is a popular and growing source of finance.

Table 5: Green bonds by jurisdiction

Jurisdiction	Year	Amount	Conservation specific categories funds can be applied against
Australia			
Victoria	2016	AUD \$300m	N/A
New South Wales	2018	AUD \$1.8b	N/A
Queensland	Multiple issues since 2017	AUD \$16.83b	N/A
Western Australia	2023	AUD \$1.09b	Terrestrial aquatic biodiversity conservation. Environmentally sustainable management of living natural resources and land use
USA			
New York	2022	USD \$4.2b	Open space conservation and recreation
California	2014-23	USD \$30b	N/A
Massachusetts	2013-2017	USD \$800m	Open space protection and environmental remediation including trails and park lands. River revitalization & preservation, and habitat restoration
Canada (federal)	2022	CAN \$5b	Living natural resource and land use. Terrestrial and aquatic biodiversity



Case Study – Black Rhino Conservation Bond

In 2022 the World Bank issued the Wildlife Conservation Bond, which aims to contribute to the protection of black rhinos in South Africa. Funds raised from the bond are paid to conservation efforts in two protected areas – the Addo Elephant Park and the Great Fish River Nature Reserve in South Africa. The bond is unique as it is 'outcomes based' – at the end of the 5 year bond term investors could receive a performance bonus if the black rhino population increases.

Case Study: Great Marsh Conservation Project

In 2013, Massachusetts was the first US state to issue green muni bonds to the amount of US \$100 million. The proceeds were used to fund a range of green projects including river revitalization and habitat restoration. Massachusetts leveraged US \$750k of US Fish and Wildlife Service Coastal Wetlands Conservation Grant Funding to acquire the conservation rights on 70 acres of coastal habitat within the Great Marsh area of critical environmental concern. New investors were attracted through the issue of the green muni bonds. A key benefit of issuing the green muni bonds was that it attracted additional investors. The success of issuing these bonds led to Massachusetts pursuing a larger program in 2014 in which it issued US \$350 million.

Applicability to New Zealand

New Zealand's Green Bond Framework was established in 2022. The 2023 Bond Allocation Report shows that 24% of funding has been spent on biodiversity projects. There is potential for future green bond revenue to be allocated to conservation projects, however, this will be managed by NZ Treasury.



Conservation Levies

Summary of findings

- The USA has a wildlife conservation levy which is collected from excise taxes on sporting arms under the Pittman Robertson Act. Revenues from the excise tax are apportioned to state wildlife agencies to fund conservation projects. Since the passage of the Act in 1937, US \$19 billion has been raised for conservation purposes.
- In Victoria revenue is collected a 'Metropolitan Improvement Rate' which applies to residential, commercial and industrial properties in metropolitan Melbourne. The levy is collected as part of the metropolitan water corporation bill and passed onto a Trust Account. Revenue from the Trust accounted for approx. 24% of Parks Victoria's budget in 2023.

Charitable donations

Summary of Findings

Across jurisdictions with available data, there are a significant number of non-governmental funds which supplement government conservation activities. For the purposes of this report, we have focussed on 'official' funds which are associated with government agencies.

Findings by jurisdictions

Australia

The Foundation for National Parks and Wildlife is the charity partner of Australia's national parks. In 2023 approximately 24% of the charities income was from donations including corporate sponsors and foundations (AUD \$2m). The Foundation also organises volunteer events and in 2023 reported 3.5m volunteer hours contributed to projects supporting biodiversity.

Case Study – Ovo Energy and Foundation for National Parks and Wildlife

In 2023 Ovo Energy, an independent energy retailer partnered with FNPW to undertake land restoration across Australia. For every customer Ovo donates AUD \$0.50 a month to the FNPW. Across the year Ovo donated AUD \$275k which supported the restoration of 115 hectares of land over 13 sites.



United States

The National Park Foundation is the official non-profit partner of the National Park service dedicated to preserving and protecting America's national parks.

In 2023 the National Park Foundation received US \$115m in donations and endowment gifts. The Foundation also received a further US \$46.8m in 'non-financial' contributions such as goods and services provided on its behalf. The Foundation reports its income comes from 33% individual donations, 26% corporate sponsorship, 16% family foundations, 13% foundations and 12% government grants.

Friends Groups are non-profit support organisations, often associated with particular parks or conservation projects. They raise funds and provide volunteers for conservation projects. Friend Groups may have official philanthropic partnerships with the National Park Service and are represented by the National Park Friends Alliance.¹⁰ The Alliance reports their network consists of more than 450 private organisations that directly or indirectly support national parks.

The Alliance reported that more than US \$400m in support was provided to NPS by partners in 2021 and more than US \$600m in park-related revenue was generated by partners in 2021.

Case Study – Subaru-funded Don't Feed the Landfills Initiative

Yosemite National Park hosts approximately 4 million visitors each year, but Mariposa County home to much of the park has a population of only 17,000 people. The result means the National Parks waste footprint is too high for the surrounding waste processing facilities. Since 2015 the car manufacturer Subaru of America has funded an Initiative to reduce waste at the park including installing 14 compost bins and diverting or reducing over 19 million pounds of waste. Funding from Subaru has covered the costs of a Sustainability Coordinator for Yosemite, as well as waste and recycling containers and the installation of composting bins.

Case Study – Fujisan Conservation Donation Campaign Japan

The campaign introduced in 2014 encourages "voluntary fees" for the climbing of Mt Fuji. The fees are used to cover the costs of hazard control, installation of temporary toilets and maintenance of mountain trails. In 2019 the campaign asked visitors for payment of YEN \$1,000. 97% of people paid their donation on the mountain or at its entrance.