NEW ZEALAND BUSINESS ROUNDTABLE

SUBMISSION ON THE DRAFT
NEW ZEALAND BIODIVERSITY STRATEGY:

OUR CHANCE TO TURN THE TIDE

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THE DRAFT NEW ZEALAND BIODIVERSITY STRATEGY:
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Executive Summary

- The draft strategy is motivated by the state of decline of New Zealand's indigenous biodiversity. This has occurred under a 'command and control' approach to managing biodiversity pursued by the Department of Conservation for many years. Yet the proposed strategy maintains this approach and even reinforces it with the establishment of 'national goals'. This cannot succeed.

- A chronic tendency in many areas of policy in the past in New Zealand was to respond to 'crises' or 'threats' by establishing national 'strategies' or 'plans'. Thus, in the 1970s, concerns about energy supplies led to 'energy plans' and ultimately to the Think Big programme. The essence of these was an attempt by the government to determine national requirements in a centrally-planned way and control the allocation of resources to meet them. The abysmal failure of such strategies gave way to approaches based on harnessing the power of markets and private incentives to facilitate decentralised decisions over the use and conservation of resources.

- There is even less hope of achieving sound conservation outcomes by central edict. Governments and their agencies cannot possibly collect relevant information about whole categories of species, establish the preferences of the community for their preservation, and make sensible decisions about the relevant costs and benefits of most conservation efforts.

- A further problem with central and politicised approaches is that they are vulnerable to lobbying by special interest groups seeking services (such as biodiversity) that they value at the expense of others. Private landowners

and businesses are already facing significantly increased costs as a result of legislation such as the Conservation Act, the Resource Management Act, the Historic Places Act, the Hazardous Substances and New Organisms Act and other central and local government environmental initiatives. These hamper wealth creation and hence undermine the national capacity both to raise material living standards and to devote resources to conservation.

• By approaching the issue in a central planning framework, the draft strategy and the proposed National Policy Statement on Biodiversity cuts across the thrust of government approaches to policy problems in recent years. A fundamentally different approach is required, along the lines advocated in the 1997 New Zealand Business Roundtable publication *Conservation Strategies in New Zealand*. The basic framework that should be adopted is one based on sound public policy criteria. The tools of economic analysis should be applied to the issue of biodiversity since it essentially involves the use and conservation of resources. The basic requirement is to identify the grounds for government intervention to influence trends in biodiversity and to select the best mechanisms to achieve legitimate public goals. Fundamentally, government (as opposed to private) involvement in biodiversity should be focused on public good issues. Such a framework is completely lacking in the draft.

• The document fails to recognise that biodiversity is a means to achieving other ends and is not an end in itself. The notion that all attempts to maintain the diversity of New Zealand native biota are always desirable under all circumstances is not sensible, not an accurate reflection of current policy, and not likely to reflect government policy at any time in the future. The optimal amount of biodiversity cannot be determined in the abstract but requires a balancing of costs and benefits. Unless one is clear about the goals of policy there is little hope of devising a successful strategy for achieving them.

• The draft strategy omits any consideration of the social and economic determinants of past or current trends. Consequently, it fails to discuss ways in which people need or value biodiversity. The inevitable outcome is

adherence to the vague notion of 'intrinsic values'. Relying on vague and ill-defined goals has the advantage from the point of view of a government agency that the goals can then be taken as almost anything the government or the agency desires, while it is difficult for any objective observer to evaluate government performance. No objective measures are proposed that could indicate success or failure in meeting the goals proposed for the 10-year life of the strategy. Nor are any means proposed for balancing diversity against other desirable goals when conflict arises. This is hardly a recipe for achieving good policy outcomes, as has been so forcefully demonstrated in many policy areas in the past.

- The document leaps between the language of the Biodiversity Convention, the Conservation Act and the Resource Management Act. As a consequence it is unclear whether it is regarded as an umbrella document or a prescriptive action plan. Indeed it appears to be seen as both.

- The document espouses government coercion as the key mechanism for achieving conservation outcomes. Mechanisms for enhancing private sector and volunteer input are mentioned but are largely paid only lip service since no mechanisms for implementation are considered.

- Our concern with the document is not with the objective of maintaining a range of interesting, valuable and unique biota in New Zealand. Particularly when introduced as well as native biota are considered, biodiversity is an important component of New Zealand's identity and economic wealth. Tourism, together with animal and plant products, are among the country's main export earners. Interactions between native and introduced biota, and finding ways of obtaining greater economic value from them, are in the interests of all New Zealanders.

- Rather, the key issue is to identify the best means of preserving and enhancing valuable biodiversity. Conservation should be about providing outputs that *people* value. Because the environment is affected by the decisions and actions of thousands of individuals and because a great deal of

valuable biota are in private ownership, decentralised solutions are required. People typically value desirable biota and have incentives to conserve them, particularly when they have an ownership stake. These incentives should be harnessed.

- Public intervention should be reserved for clearly identified problems which are not amenable to decentralised, private solutions. Government action such as pest control, regulation to protect endangered species and relevant basic research are consistent with this criterion. Indeed we would support higher priority being given to efforts to control pests and predators relative to many other environmental activities which the government is currently engaged in.

- With regard to actions specifically aimed at preserving native biodiversity, we recommend a diversified approach that incorporates all options from enhancement of some ecosystems through to managing ongoing decline. Examples of these options are required in all regions, with decision making being predominantly regional and local.

- Better funding mechanisms are also required for biodiversity management. Examples include user charges for tourism and recreational use of areas valued largely for their native biota, payment for ecosystem services provided to other industries, and defined and enforced harvest rights for species of commercial value.

- Central government action should be limited to services that cannot be provided more effectively through decentralised mechanisms including markets, voluntary activity, covenants and other legal devices, and local government actions. For example, the basic scientific research necessary to understand how New Zealand ecosystems operate requires wilderness or strategic sanctuary areas where introduced species and other disturbances of natural processes are kept to a minimum. Such research may benefit a very wide range of current and future users – most of whom will be very difficult to charge for the services they receive.

- Cabinet Office Circular (98) 5 requires new regulatory proposals to: (1) clearly state the problem in a way that establishes a need for government action; (2) determine an objective of the regulation that is not chosen so as to pre-justify the proposed effects; (3) set out feasible options for achieving the desired objective; and (4) identify the total regulatory costs and benefits of the proposals and the alternatives. The document fails on all four counts. It fails to identify that there are any threats to the welfare of New Zealanders from the broad trends it identifies, having regard to the costs and benefits of further action to modify them. It fails to show that new legislation is required to deal with known, acknowledged environmental problems. It fails to consider less intrusive options in terms of private property. It fails to identify the costs that would arise from the threat the proposals pose to the rule of law and the clarity of property rights. Finally, it fails to explain how bureaucrats could be held accountable for any decisions they make when information is so lacking that decisions may essentially be arbitrary. The requirements of CO (98) 5 should be adhered to in policy analysis of biodiversity issues.

- The draft strategy needs to be comprehensively rethought and revised. As it stands it shows a poor understanding of economic issues and the analytical approach needed for sound public policy. A revised strategy should be developed on the basis of a standard public policy framework which recognises the fundamental role of private property rights, the legal system and markets for pursuing conservation objectives, including biodiversity, and then identifies valid grounds for government action. These would essentially be issues of a public goods nature.

- On the basis of the draft strategy document, we doubt that the Department of Conservation and the Ministry for the Environment have the economic and analytical expertise necessary for this task. Moreover, with its quasi-monopoly control over many conservation resources, the Department of Conservation has a vested interest in maintaining a command and control regime and resisting other approaches. There are many alternative sources of

advice and expertise available to the government, and we recommend that a group of suitable people be commissioned to undertake a fresh examination of the issues. Until a more competent analysis is available, we recommend that the government should not proceed with the proposals in the draft strategy.

1   INTRODUCTION: DETERMINING A STRATEGIC FOCUS

1.1   This submission on the draft New Zealand Biodiversity Strategy is made by the New Zealand Business Roundtable (NZBR), an organisation of chief executives of major New Zealand businesses.   The purpose of the organisation is to contribute to the development of sound public policies that reflect overall New Zealand interests.

1.2   Successful policy is built on a foundation of clearly stated, unambiguous and, wherever possible measurable goals or objectives.   There also needs to be mechanisms for balancing the competing goals of different policies.   When goals are vague, and progress in achieving them hard to measure, they are likely to be dominated by considerations that do not suffer from these defects.   As two Harvard University academics have put it:

> The defining limitation of the economics of biodiversity preservation is the lack of a common denominator or natural anchor.   As a society, we have not even come close to defining what is the objective.

1.3   The success, or lack thereof, of existing policy in a particular area is a good indicator of whether the fundamental issues have been addressed. Conservation policy should begin by explaining why government (at any level) ought to be involved in conservation. The draft biodiversity strategy does not do this. Similarly the document describes the current symptoms (but does not evaluate the underlying economic or social causes) of trends in biodiversity, but no linkage to current policy is involved.   It does not assess whether they are desirable or undesirable having regard to the costs and benefits of mitigating action – losses are simply assessed to be a bad thing. These are serious deficiencies.   Without a rigorous policy analysis, there is not likely to be a sound basis for determining future action.

1.4   The difficulties of specifying useful national biodiversity goals are formidable but are barely recognised in the document.   The information problem is the most daunting.   Fundamentally, there appears to be no sound basis for the

government to establish what level of biodiversity is optimal. Should we have more or fewer rimu, sheep, kiore, weka, possums, Kaimanawa horses, tussock grasses or snails? No regulator can hope to answer this question objectively for each location and time. People will obviously differ in their views about what they would like to see preserved and, given that resources are scarce, hard choices will have to be made. How is any regulator going to determine whose preferences should dominate? How is anyone going to hold a government agency responsible for any decisions about such highly subjective, almost metaphysical matters?

1.5   Usually the case for any particular public policy would be based on evidence of market failure and a plausible case that benefits from the proposed interventions exceed the cost. In the document there seems to be no discussion of market failure, government failure or the problems of obtaining the proper balance between costs and benefits. As has so often been the case with government policies over the last 30 years, the starting presumption behind the proposals appears to be that more diversity (or less decline in diversity) is always better. This is clearly wrong. There is not a great deal of direct interest in preserving a variety of many types of organisms, although some may have indirect instrumental value. If more diversity comes at a cost, more is only better if the benefits exceed the cost. Who is to say that preserving a particular species might not, with the wisdom of hindsight, have disastrous consequences (eg if that particular species turns out to be a critical carrier of a disease even more serious than AIDS)? Moreover, new species have emerged naturally in the course of millennia and advances in biotechnology are multiplying the development of species. Public policy clearly supports efforts to eradicate certain species such as the tussock moth. A cost/benefit analysis of such a policy is clearly feasible, as is a cost/benefit analysis of many policies to preserve endangered species.

1.6   Part of the problem here is that the document does not appear to distinguish between value at the margin and value overall. It ends with a statement that biodiversity is a public good. But this does not mean that it is valuable at the margin. Water is essential for human life, but the value of another drop is

commonly zero. Once enough kiwi are preserved for survival purposes (which unfettered private initiatives would surely ensure if they were permitted to do so) what is the value of preserving one more kiwi in a different location? More to the point, who is to decide and who is to pay? These questions are fundamental, but they do not appear even to have occurred to those writing the document.

1.7   Beyond questions of fundamental goals, there is a need to examine current policy *actions* and assess whether they are working. Even if they are producing desirable outcomes, there is the further question of whether alternative policies might achieve the same or better outcomes at a lesser cost in terms of reduced achievement of other desirable goals.

1.8   On public land the overwhelming strategy for biodiversity conservation has been limited by concepts such as protection and preservation. Locking up land from normal economic activity in the hope that separating human-led development from native biodiversity would achieve biodiversity conservation has been a resounding failure – as the draft strategy documents. Moving toward a goal of sustainable management – where conservation is an integral part of development or economic use and people are a part of ecosystems – offers a greater chance of achieving better conservation outcomes while at the same time reducing costs. As the draft strategy shows, the ravages of introduced pests are the major threat to native biodiversity. Countering them on the mainland requires ongoing and sustainable management rather than a lock-up approach. Moving conservation to the purview of the Resource Management Act would be likely to achieve more than is currently being achieved given the tension between the two acts. A study commissioned by the New Zealand Business Roundtable, *Conservation Strategies for New Zealand*, explored this and other issues in depth but is ignored in the draft (indeed it is not even referenced).[2]

1.9   A considerable amount of New Zealand's biodiversity occurs on privately owned land. The ownership of the biodiversity is complex with a mix of private and government property rights (see below). Much of the exotic

biodiversity (apart from introduced pests) has value, is openly traded and is not under threat. In contrast, while native biodiversity also has value, most of this value cannot be realised either because the landowner does not have ownership rights or because there is no free market. It is simply a fact that when resources, or the valuable services that they supply, cannot be owned and traded they are likely to be undervalued, overused and abused. Thus native biodiversity is in decline as the draft strategy so effectively demonstrates.

1.10   Conserving native biodiversity becomes an issue because some members of the community beside the owner of the land may value biodiversity assets and there is no way for the owner to recover any revenue for supplying such benefits to them. Others want to see the property owner enhance the biodiversity value of his or her land in some way but do not want to compensate the owner for the lost alternative opportunities. There is no limit to the extent to which people might like to see biodiversity preserved or restored when others are paying – as the recent case of the Far North District Council demonstrated. Section 32 of the Resource Management Act should be applied to any policy or rule regarding biodiversity management.

1.11   Currently landowners have the right to charge for visitors interested in viewing biodiversity for entry on to their land, they may log a proportion of trees subject to a sustainable forest management permit, and they may sell seeds, plant material and so forth. They have no rights over any animals with the few exceptions of private use of game animals and fish. However, the market in which these landowners operate is hardly a level playing field. The government owns 30 percent of New Zealand's land area, including the most marketable scenic and conservation areas, and effectively has a monopoly in native biodiversity conservation. Freed from land taxes through legislation and running a visitor business supported by taxpayer funds, the government can utilise its land in ways not available to private land owners. It is inevitable that private land owners will find their native biodiversity more of a liability than an asset. When people are not given sound incentives to act in the public interest, coercion is the only alternative. Yet attempts at coercion

are less likely to achieve change than would the encouragement of private entrepreneurial endeavour.

1.12 The different approaches taken to the management of exotic and native biodiversity, and the different ways in which diverse preferences are satisfied, are illustrated by the following quotation:

> To learn how we could better save species, protect property rights, and reduce conflicts, we should look at a different but analogous realm that has long been organized and managed privately. We should think about how gardens are created and how pets are protected. Some private gardeners grow roses, others, day-lilies; some private pet owners love cats, others hate them. Each of us has a "plan" for what we will and will not do to protect our plants and animals, and we each face resource restraints. (None of us can spend all our money on nursery products.) The private process allows us each to pursue our goals. As a result, there are no endangered tulips, and the major threat to Persian cats is excessive shedding.
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> The voluntary framework of exchange is what provides the information and the incentives that create the peaceable kingdoms of gardens and pet animals. We don't have to know the "value" of Persian as opposed to Siamese cats. We don't have to know what incentives will ensure the survival of such exotic breeds as the borzoi or dachshund. In fact "we" don't have to do anything at all – we don't have to measure option demands or contingency value, or analyze ecosystems. In the political world (which are where so many environmental decisions are made), "we" do have to do these things, and we reap dissension and disputes and disagreements as a result. Contrast the two regimes. Voluntary exchange dissipates conflict, creates information, and expands choices. Through markets, anyone who places any value at all on any species will be able to "vote" for it and engage in tradeoffs to obtain it. These choices are made by the decisions of millions of people acting on their own preferences.[2]

The key point here is that private property rights normally allow diverse preferences about what is to be preserved to be satisfied. Public policy should focus on exceptions to this rule. Usually they occur where private property rights cannot be satisfactorily enforced because, for example, it is too costly to control predators. Appropriate strategies in this situation include measures that allow better enforcement of property rights and reduce

the costs of private control measures, supplemented by public pest control measures.

1.13 The Conservation Act and the Resource Management Act provide the legislative authority for most current government action on native biodiversity. As the first section of the draft strategy stresses, the current approach is not even halting ongoing declines. What then should be the role of government? While this debate is occurring in many countries,[3] the draft strategy pretends it is not an issue by opting for the status quo despite clear evidence of current policy failure.

1.14 In the absence of government involvement, it seems likely that, given the chance, those who want to preserve particular species could (and in many cases would) buy the land necessary to do so. Such unregulated and decentralised processes would cater for the diversity of preferences as to what should be preserved at the margin. If the government has more information about what is valuable to preserve than do conservation-oriented groups, then it should make the information available.

1.15 There are a number of examples of successful private and community conservation initiatives in spite of current government control. Examples such as the Karori Sanctuary, Tiritiri Matangi Island and the Yellow-eyed Penguin Trust, among others, suggest not only that there is expertise and interest in the community, but also that voluntary and private initiatives are valuable and should not be diminished by government coercion. In some cases the Department of Conservation has assisted these initiatives but in other cases it has obstructed them.

1.16 The draft strategy should address whether the government needs to retain such large land holdings and such a dominant role in biodiversity conservation. We believe there is scope for the Department of Conservation to divest large areas of conservation estate with low ecological value. The suggestion (p35) that there is a need to develop a land holding strategy that identifies priorities for acquisition and disposal is welcome, but it is built on

the premise that 'protected areas' need to be centrally owned. A prior step should be to analyse the mix of public and private goods delivered by biodiversity conservation. The government's efforts should be focused on activities with clear public goods characteristics. However, the document does not carry out this analysis and propose relevant mechanisms. Instead it is animated by an undifferentiated, 'global', centrally driven vision for preserving biodiversity.

1.17   There is need to develop a more rigorous and comprehensive framework for the conservation of native and valuable exotic biodiversity based on sound criteria and principles for government action in a free and democratic society, with appropriate limits on government power. Some basic elements are listed below.

- Respect for and protection of private property rights are critical to good government and economic prosperity; governments should not exercise their coercive powers lightly.

- Environmental, social and economic factors need to be integrated in any sound approach to biodiversity.

- Private ownership provides a strong incentive for land owners to conserve biodiversity, and it is important that public policies enhance rather than diminish private initiatives.

- There are many ways in which people cooperate on a voluntary basis to pursue their preferences in biodiversity conservation. Those who consider that insufficient weight is being placed on biodiversity values by private landowners can acquire land in order to exercise their different preferences. Public policy should support voluntary initiatives, for example through co-funding where there are valid free rider issues, or by allowing co-management or contract management of parts of the public estate.

- Governments (particularly at a regional and local level) have a role to play in encouraging private and voluntary biodiversity conservation through the removal of perverse incentives associated with land tax regimes and through community support.

- Where governments intervene for public goods reasons, the costs of such interventions should normally be met by the general community (as the beneficiary of them) through general taxation. The current approaches typically place the costs of maintaining biodiversity on private landowners. Worse, the minority of landowners who have retained biodiversity tend to be penalised whereas the majority who have removed native ecosystems from their land face no costs.[4] Persuading governments to force landowners to conserve biodiversity at the landowners' expense is likely to lead to inequitable and inefficient outcomes and is an inappropriate use of the government's coercive powers.

- The administration, compliance and deadweight costs of taxation (including rating) should be taken into account in considering the level of public expenditure on biodiversity conservation of a public goods nature. These may well equal or exceed the costs of private solutions such as user charges or fund- raising campaigns.

- Public funding and management of biodiversity conservation (whether by central or territorial government) should be fully accountable with transparent budgets. The current structure of the Department of Conservation, which sets policy, allocates funding, carries out management, evaluates outcomes and polices actions by others, allows no independent control or even oversight of any of these activities. The problems associated with this have been well documented.[4]

- There should be no takings (diminution of value) of private property for biodiversity conservation purposes except in cases of necessity, in which case full compensation should be paid. Disputes over compensation levels should be settled through independent arbitration.

- Government interventions for biodiversity conservation may fail on access and equity criteria – such interventions may be more highly valued by local residents or high income earners than by others who will bear a share of the taxes or rates raised to fund them.

2 STRUCTURE OF THE DRAFT BIODIVERSITY STRATEGY

2.1 The Resource Management Act is a suitable vehicle for achieving biodiversity conservation and the document appears to be largely written with this in mind. However, the frequent lapses in language back to the 'protect and preserve' mindset of the older Conservation Act should be removed.

2.2 **Part One** is incomplete. The demonstration of ongoing declines in biodiversity provides an inadequate framework for future goal setting. A rigorous discussion of the underlying problems with current arrangements is lacking. In addition, the document suggests that New Zealand's international and trade opportunities will be dependent on maintaining a quality natural environment of which biodiversity is an important element. However, there is no evidence in the document that these opportunities are at risk. Furthermore, suggestions from the International Union for the Conservation of Nature (IUCN) and examples from other countries point to the potential advantages for conservation of allowing trade in native biota. The case for privatisation and trade in some native species is not explored in the document.

2.3 **Part Two** proposes a future vision and goals which appear unmeasurable, do not empower local peoples, and threaten private landowners. The goals clearly presume that the primary focus of the strategy should be on indigenous biodiversity. The separation of goals into the three levels of ecosystem, species and genetic resources follows the Biodiversity Convention and IUCN and is appropriate as a proximate goal for policy. As emphasised above, however, there needs to be much more extensive consideration of the

underlying issues in conservation policy and the relationship of conservation to other policy goals. Goal 3 on genetic resources covers domesticated and cultivated species, including indigenous species. Given the IUCN suggestion and increasing worldwide attention to the greater use of indigenous species, Goal 3 should be expanded to cover genetic diversity of all species.

2.4   The establishment of goal levels is an important step for both communicating and achieving action. Level 1 of restoring ecosystems and species to healthy functioning states as close to pre-human character as possible is ambitious and will be attainable in few places. It is an indication of the document's failure to recognise the need to balance costs and benefits if community well-being is to be enhanced. Levels 5 and 6 involve doing little and hence ensuring the ongoing decline of indigenous biodiversity in most areas. The arbitrary choice of level 3 has little basis and appears completely independent of both economic and social effects. Furthermore, there are significant qualifying statements on p18 that sustainable management at this level "would not be required equally in all areas" and that the greatest efforts are required on "private land" and in the marine environment. It is difficult to envisage that a satisfactory outcome will be achieved within the 20-year timeframe.

2.5   Within a policy framework that focuses government interventions on aspects of conservation with a public good component, the NZBR suspects that appropriate government actions would involve a mix of levels 1 to 6. Aiming to restore selected areas as close as possible to their pre-human diversity would allow New Zealanders a chance to see the uniqueness of their special biodiversity. There are no places like this that are open to the public at present. Such areas could also become prime tourism destinations capable of paying for themselves – particularly with continuing falls in the cost of international air travel and an increase in demand for ecotourism. In addition, many areas in New Zealand currently receive no management (level 6), and there is no financial analysis in the draft strategy that suggests it would be possible to initiate biodiversity management in all those places within 20 years. Moreover, there is value in having areas where it is easily

demonstrated what happens in the absence of sustainable biodiversity management. Each level has a mix of advantages, and hence a strategy that involves a mix of the suggested levels will diversify risk, allow local communities to decide what level they want and where, and allow actions to be related to available funding.

2.6   The level descriptions make considerable use of the term "representativeness". This term is problematic on all levels. Most importantly, under current interpretations, representativeness can only be achieved through increased government acquisitions of land in productive lowland environments. Since it is most unlikely that such acquisitions would pass the test of delivering benefits in excess of their costs, the NZBR would oppose such an increase in government involvement. Hence we consider that the word should be removed from the current recommendations. The choice of locations for achieving different levels of biodiversity management should be left to regional and local communities and to private investment. The strategy may establish a general area for different levels while allowing local people with more specific knowledge of local circumstances to determine the details.

2.7   Pages 22 – 23 outline the principles for managing New Zealand's biodiversity. These are derived from a particular viewpoint based on justifying the status quo of government-dominated management. The following are examples:

- Economic Value: this excludes the value of current use and emphasises non-market uses.
- Capacity: should biodiversity managers have necessary financial and other resources or should they have the opportunity to obtain them?
- Internalising external costs: why do the environmental costs of private activities have to be included but government activities do not?

2.8   **Part Three** deals with seven separate 'Themes'.

Theme 1:   Biodiversity on land

2.9   Much of this section focuses on current issues. Aspects that require some rewording include the overly strong emphasis on lack of representativeness of existing "publicly owned protection areas" and a notable absence of comment on the excessive losses in areas of high population such as Auckland.

2.10   This section comments on the Protected Natural Areas Programme, the inventory process being undertaken by local authorities, and protection on private land through the resource consent process. It does not mention the way these processes have threatened private property rights. The box on "incentives that work" refers to various covenanting arrangements but does not ask what is being achieved or whether there are ways of achieving more. We believe the Programme should be fundamentally reviewed.

2.11   The objectives are useful for identifying future action but require re-evaluation after a more thorough policy analysis.

    1.1b   This objective will see less than 5 percent of the public conservation estate protected from all pests and so will hardly achieve level 3.

    1.2b   It is pleasing to see that the government will be looking at disposing of some current land holdings.

    1.3b   The idea of developing and implementing incentives for "protection" (this should read management) of indigenous biodiversity on private land may have merit where transactions costs preclude voluntary conservation initiatives. This is a complex issue that can influence property rights, industry profitability and equity. The NZBR would generally favour an evaluation of a mix of mechanisms and the use of markets, tradeable rights and compensation rather than an increase in government coercion.

1.4c   The discussion of urban biodiversity issues is one of the few features in the draft strategy that recognises the importance of people. In contrast, the concept of "mainland islands" maintains the belief that conservation is best achieved distant from people.

1.5a   An important caveat on this action is that restoration to a "pre-human condition" is not taken as an excuse to exclude New Zealanders from visiting and being in contact with their natural heritage. There also needs to be some basis for determining when this represents the most valuable use of existing resources and when it does not.

1.5c   Encouragement of community involvement in restoration programmes requires the transfer of decision-making authority as well as information and technology.

Theme 2:   Freshwater biodiversity

2.12   The language of the final sentence on harvesting is more appropriately worded in terms of sustainability, as with the land theme. "Threat" is open to legal interpretation.

2.13   Iwi, and, in particular, their numerous management plans, have had considerable influence over water management and their role deserves recognition as a form of collective but non-governmental involvement with conservation. The role played by iwi around Lake Taupo is not mentioned in the example on p 40.

2.1   Sustainable management. This requires a provision like 1.3b that looks at incentives. Who should pay for water quality issues is a complex issue urgently in need of attention. There are currently few incentives for landowners and industry to care for water and hence coercive action by governments is the only instrument. Property rights of a collective as well as a private nature are relevant here. The

NZBR supports greater reliance on the development of appropriate incentives and market mechanisms instead.[5]

2.3   Restoration. Urban areas have lost most of their freshwater streams and wetlands. As listed under the land ecosystems section, incentives for action where people live rather than action in areas prescribed by 'experts' would greatly enhance biodiversity conservation.

Theme 3:   Coastal and marine biodiversity

2.14   Proposals for establishing a network of protected areas need to consider issues of equity and access for people, not just biodiversity.

2.15   The concept of harvesting is dealt with in yet another way. Separating ecological sustainability from the overall concept of sustainable management is not helpful. Sustainable management requires ecological, social and economic sustainability. If the biodiversity strategy separates ecological sustainability from the other two components, other groups may feel justified in arguing for just one of the components as well.

3.1d   The concept of evaluating the effectiveness of measures to avoid, remedy or mitigate effects in the marine environment is a useful concept in line with the RMA framework. Why is this activity not listed under all themes?

3.2   The objective here (and in 3.3) is only indirectly related to biodiversity and are poorly linked to the goals of the Strategy. The government needs to sort out the legal and institutional basis for coastal and marine management but this is an issue in its own right and is better addressed outside the biodiversity strategy. Greater bureaucracy and centralised control in this area based on the pretext of managing biodiversity would be unacceptable.

Theme 4:   Conservation and use of genetic resources

2.16   Objective 4.5 is concerned with endangered introduced species but the document does not deal specifically with culturally important introduced species such as kiore. The current failure of conservation officials to deal with New Zealand's biodiversity history alienates some iwi. Given the selective conservation of feral horses and thar on public conservation lands, the current refusal to include plans for other culturally important introduced species is selective and inappropriate. There should be a generic approach. This issue needs specific reference in the strategy.

2.17   Assisting the conservation of endangered and charismatic megafauna and megaflora from other countries is a valuable strategy for promoting global biodiversity given that many diseases and parasites that affect them are absent in New Zealand. This is an option that has a ready market and is being fulfilled by private zoos, game parks and botanical gardens. Such biodiversity conservation deserves recognition.

Theme 5:   Biosecurity and biodiversity

2.18   This is an important area for safeguarding both primary industry and biodiversity conservation. The idea of coordinating biosecurity management is a welcome recognition that an effective strategy requires integrated action from a range of government, industry and community groups. Such broad recognition is urgently needed in the earlier themes rather than being relegated to the case of individual actions.

Theme 6:   Information, knowledge and capacity

2.19   This section acknowledges the information gaps needed to ensure and measure successful actions. It also records the lack of accountability in information collection. Unfortunately, the gaps in knowledge identified are largely of a biophysical nature and the associated understanding of social and economic components is conspicuous by its absence.   The poor

understanding of biodiversity management within local government and the private sector is highlighted, but the lack of economic understanding in, or stakeholder satisfaction with, central government agencies receives no mention.

2.20   The box illustration on "Ecosystem management: considering everything" illustrates the old lock-up protection mentality of the draft strategy. Surprisingly, people are not considered part of ecosystems.   How biodiversity or any other asset can be managed by people to achieve goals that are determined by people without recognising the role of people defies comprehension.

2.21   When dealing with building capacity, the issues raised assume that management is the realm of professionals and that there is no place for community action.   Many environmental decisions have moved from the realm of the professional to ready evaluation by locals.   Actions to improve water quality and reduce possum damage are just two examples.   Successes achieved in these and other areas suggest that significant cost reductions and faster, more effective action can occur when local people are allowed and encouraged to take advantage of their local knowledge.

2.22   The section on valuing biodiversity is biased and inadequate. Overall there is a confusion between average value and value at the margin.   Most of the discussion relates to the former yet it is marginal value that is more important in decision making. The concept of 'true' value is problematic as all valuations are subjective.   The suggestion that better methods of valuation are needed to allow markets to account for the 'true' value of biodiversity is just part of the issue.   The current methods of determining priorities for biodiversity based on unaccountable concepts such as 'intrinsic values', an overwhelming reliance on lock-up style protection, and the near monopoly of central government action (backed by subsidies from taxation) are the most important reasons why a more realistic approach to valuation is not considered.   Until aspects of biodiversity conservation are truly part of the

market economy, realistic values will be unknown. This subject is considered in detail in *Conservation Strategies for New Zealand*.

5   Build capacity. This section needs to accept explicitly that enhancing capacity applies as much to the government as it does to "people and organisations". If the government had the capability already, why does the document show a long and ongoing decline in biodiversity? Learning to work with others would be a necessary capacity enhancement for the government.

6.7a   Valuing biodiversity. Why wasn't a review of actions undertaken in other countries for valuing biodiversity done as part of establishing the strategy? Extensive literature is available including articles written specifically for New Zealand. The analysis and publications of Peter Hartley and John Craig that have been cited offer numerous suggestions that would enhance biodiversity management.

6.7b   The discussion of incentives, including financial and property-based mechanisms, is welcomed although the treatment and context suggest limited understanding on the part of the writers.

Theme 7:   New Zealanders and biodiversity

7A   Governance

2.23   The inclusion of this section is valuable but begs an analysis of questions such as "what should be the balance between public and private action and control?" Instead readers are offered a continuation of the status quo with "central government playing a key role …". Local government, the private sector and communities are left with "locally appropriate actions". Presumably, central government will determine what is appropriate for others. In contrast to this approach, if the draft strategy were positioned as an umbrella document implemented through the RMA, local government would become a key player in important local and regional issues. Indeed

Figure 3.2 implies that the RMA umbrella is part of the likely approach. Where issues are better handled at a national level (eg because central government has access to scientific expertise not available to councils, and/or where there is little point in incurring the costs of repetitive decision making – perhaps because community preferences are likely to be fairly uniform) national policy statements could be used.

2.24   Gaps and overlaps in biodiversity management and responsibilities include fundamental issues such as the responsibilities of landowners. Many New Zealand industry sectors such as forestry, farming and fishing have considerable areas of native ecosystems under their management. Requiring landowners to control pests and stop the decline of indigenous biodiversity on their land could impose costs that are beyond their ability to sustain. The low level of pest control on most of the public conservation estate, despite this land being free of land taxes, illustrates the inequity of increased biodiversity demands on private and commercial landowners.

2.25   This section is especially worrying where the draft biodiversity strategy (p85) identifies the need to define "roles, performance standards and accountabilities of the private sector" when these are not explicit for central government agencies charged with biodiversity management. The NZBR would support the development of clearly defined performance standards and accountabilities applying to *all* sectors, including central government, as long as taxation and ownership rights also apply equally across the board.

7.1c   Will reviews be carried out by independent auditors?

7B   *Maori and biodiversity*

2.26   The discussion of current management glosses over considerable iwi and hapu dissatisfaction with present government management. Public conservation estate lands should be considered as part of Treaty of Waitangi settlements.[6] The draft strategy needs to deal with this issue explicitly rather than limit itself to the current veiled references.

2.27 Much is made of customary use, and there is a suggestion to develop a national policy. Yet the issues are often local and cannot be covered by national policy. Again, the overwhelming tone of central government control seems to override pragmatic and workable solutions that require local decision making. Objective 7.2a implies an emphasis on local arrangements.

7.2c The wording of this action is appropriate and is supported.

7C *Community participation and awareness*

2.28 This section is a gross understatement of the issues. People are the agents of change and their economic activity is a key factor that is mentioned only indirectly. The single comment on "perverse incentives" under-emphasises the importance of this issue. Currently all the costs of biodiversity rest with the landowner. Those landowners who have land that is largely devoid of native biodiversity have no relevant costs, even though they are dependent on the ecosystem services provided by those who have retained biodiversity. Moreover, many of these services are provided by both indigenous and exotic biodiversity, yet the draft strategy implies that exotic biodiversity does not confer such benefits.

7.7c This action of encouraging greater partnership in biodiversity management is a welcome change that could recognise the dominant role of non-government action in many programmes such as Tiritiri Matangi Island. There is a need for clear mechanisms to facilitate such actions rather than the current broad wording.

7.9 The lack of explicit mechanisms and examples suggests that the key role of economic incentives may be overlooked. Proposals for "awards" and "encouragement" gloss over the need for fundamental change and suggest the strategy will just lead to more of the same.

2.29 **Part four** proposes a strategic focus for biodiversity. The passing mention of "better incentives and more effective market mechanisms" to help industries,

iwi and councils to maintain and restore ecosystem functions is a welcome addition but needs greater development. Is the sustainable use of native species as advocated in Australia being considered?[7] Given the extensive use of the public conservation estate for recreation and tourism, why is there no mention of user pays options for protected areas rather than the inefficient use of tax dollars as at present? Discussing actions without mechanisms to pay for them is unlikely to achieve effective outcomes.

2.30   The sections on 'sharing the task' acknowledge partnership with iwi but do not offer partnership with other stakeholders. The retention of absolute management power by central government while others contribute substantial funds and voluntary activities will not encourage greater participation by individuals or industry. The wording of this section switches frequently between the language of power and partnership. Consistency is required.

2.31   **Choices:** The explicit mention of the need to change institutional, economic and social trends that create conditions for biodiversity decline is welcome, but what follows indicates a lack of understanding of the language used. There are comments about the "allocation of resources", but there is nothing on income. Under "Additional effort" there is reference to a "costing model" which suggests some funding requirements to achieve the declared goals. The levels suggested appear implausible. The gratuitous comment that "where such resources might come from is an open question" is typical of the inadequate economic foundation of the draft strategy. Despite analyses such as those of Hartley and Craig, the draft strategy seems founded on a continuation of a current government welfare approach as the key strategy for biodiversity management. The only addition in the document is the suggested increase in coercion by central government of private and community action. Such options will not work.

3   CONCLUSION

3.1   The draft biodiversity strategy should be a valuable document that empowers widespread and effective action. The current document fails,

however, because it ignores fundamental issues. The NZBR does not support extension of the existing command and control model where biodiversity is the domain of central government and management is funded almost exclusively from tax dollars.

3.2   A revised strategy needs to begin with an analysis of the problem of information and incentives, and the role of government and non-government action. There is no discussion of why decentralised processes will not work. Consideration of the economic and social sustainability of biodiversity is conspicuously absent. These omissions ensure the document is of doubtful value. The overwhelming success of market mechanisms for retaining biodiversity – especially exotic biodiversity – offers many lessons. It is ironic that the Department of Conservation farms cattle and sheep on reserves set aside for the "protection and preservation of indigenous biodiversity". Without market mechanisms and financial incentives, New Zealand's approach to the management of indigenous biodiversity will continue to be characterised by muddled thinking and poor outcomes.

References

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2   Hartley, P, 1997, *Conservation Strategies for New Zealand*, New Zealand Business Roundtable, Wellington.

3   Smith, Fred L, 'On Free Market Environmentalism', *PERC Reports*, June 1998.

4   Parliament of Commonwealth of Australia, 1997, *Commercial Utilisation of Australian Native Wildlife*, Senate Printing, Canberra.

5   See Craig, J L 1998, 'Managing bird populations: for whom and at what cost?', *Pacific Conservation Biology,* 3 pp 172-182; and Craig, J L 1998 'An economic analysis of conservation strategies for New Zealand', *Agenda,* 5, pp 311-22.

6   See Hartley, *op cit*.

7   See CS First Boston New Zealand Limited, 1995, *Reforming the Water Industry*, New Zealand Business Roundtable, especially Chapter 3.

8   See Hartley, *op cit*, Chapter 8.

9   See Parliament of Commonwealth of Australia, *op cit*.