Developing a Business Approach to Protected Areas Management

Background

Over the last 10-15 years, park management agencies have been directed by government to find ways and means to reduce costs substantially and also to increase revenues. This change in direction after many years of park systems expansion came as a significant challenge to those who had grown accustomed to more plentiful times. This wave of budget reductions was necessitated by the overspending of governments and their inability to raise adequate resources from taxes to maintain the infrastructure and services that had been developed in more affluent times. The challenge was given to park agencies to seek both traditional and innovative ways to operate more cost effectively. This resulted in a number of common approaches being adopted, as well as the development of innovative ways to accommodate these demands. In the fall of 1996, over 2,000 delegates met at the World Conservation Congress in Montreal to discuss relevant issues affecting the field of global conservation. One of the workshops addressed the topic of “Developing a Business Approach to Protected Areas Management.” This paper will both summarize and highlight some of the issues that were covered or discussed at the workshop.

Four papers were presented to set the scene, all of them from a government perspective. They had some common themes, but a variety of approaches, in responding to the new challenge. Another four speakers commented on the first group of papers and also presented information from their own experience. The latter four speakers represented the Thoreau Institute, the Canadian Nature Federation, the academic community, and the South Africa National Parks Board.

Representatives from the federal and provincial governments gave a clear indication of the magnitude of recent budget reductions and the consequent impact and necessity to re-examine their mandate to clarify their future role and priorities. (Refer to Figure 1.) They confirmed that the original mandate of their organizations—to protect representative natural landscapes and cultural sites, and to protect and maintain the ecological integrity of these special places—continues to be paramount. Provision for public use and enjoyment also continues to be emphasized, yet there is flexibility on how these services might be provided. With that as background, Parks Canada touched directly on some of the issues and the initial response of staff:
Figure 1. Decision Tree: Public–Private Sector Co-operation.

Source: Canadian Treasury Board
We have been turning to new ideas, alternative approaches and other sources of funds in our attempts to adjust to this new reality. Many are uncomfortable with the new concepts such as "business planning," with ideas of revenue generation, with the tools of partnership and sponsorship, with techniques such as return on investment and net present value. . . . Some see these changes as major threats to the integrity of our mandates as managers of those protected areas" (Borbey 1996).

This summed up some of the thoughts reflective of both federal and provincial park staff.

The initiation of change was accomplished through reviewing and redefining the philosophy, roles, and rationale of the parks agency and translating the outcome into a new vision for the organization—a vision that could be shared so that staff could identify with the core values, principles, and direction of the renewed organization. This process often involved redefining or reconfirming the core business, assessing the capacity to deliver, restructuring, and implementing the changes within an identified time frame.

Reviewing the Mandate

The majority of park agencies undertook a comprehensive review of their legislation, policy, roles, and mission to redefine the basis for developing a revitalized organization. This included undertaking public opinion surveys, convening focus groups, or other mechanisms for pursuing discussion with primary user groups. Often the question was raised whether this is an activity appropriate for the government or parks agency, considering the revised expectations for government. It was as well, at this stage, an opportunity to delve into principles that might guide the new organization. For instance, some set targets for cost recovery. Others established a principle of what would be funded from government allocations versus user fees. This was defined as funds for public goods, such as resource protection or research, or for private or individual benefit, such as camping or skiing, or for water and sewage facilities for business or residents.

One parks organization indicated that its response was to identify principles that would provide the parameters for organizational reformation. These were:

- A well-focused mandate and vision;
- Mechanisms for meeting public demand for programs and services, including research, inventory, and natural heritage education;
- A means of encouraging investments in new ventures;
- Increased flexibility to adopt entrepreneurial business practices;
- Incentives for staff to perform at high levels; and
- Exemplary service to the public (Richards 1996).
Park agencies tended to reinforce traditional mandates or program objectives which, in the case of Alberta, were preservation, heritage appreciation, outdoor recreation, and tourism (Duffin 1996). Whereas Parks Canada accentuated three fundamental accountabilities in its business planning. First and foremost is the commitment to ecological and commemorative integrity. No investment, no matter how attractive the return, will be made if it compromises this commitment. Ecological integrity statements and commemorative integrity statements within park and site management plans are to give greater definition to this direction. Secondly, providing quality service to parks clients is a commitment. This implies seeking, recording, analysing, and responding to public comments. Third is an accountability for ensuring that public funds are invested in a wise and efficient way (Borbey 1996).

The conclusion of the review phase usually resulted in the development of a new vision statement for the parks agency to provide for medium-term guidance and to serve as a touchstone for employees on where the organization is moving.

Reducing Expenditures

Over a number of years agencies were faced with relatively modest across-the-board reductions of 1-5% on an annual or multi-year basis. However, in reflecting on the implication of today’s reductions, one of the presenters noted: “We can no longer just peel another layer off the onion as in many cases we have been peeled down to the point that it is affecting the core and the time has come to make fundamental quality versus quantity choices. Perhaps it is time to admit that we have to do less with less” (Duffin 1996).

Initial approaches to reducing costs focused on cutting capital budgets, which reduced new development and the recapitalization of older facilities needing renewal. This results in the postponement of required maintenance and is more likely than not to cost more in the future for both operating and maintenance costs. This is particularly noticeable in the deferral of road repairs. As well, facilities that might have been underutilised or outdated were closed, and in some cases mothballed, further reducing overall expenditures. There were also reductions in operating and maintenance allocations, thus extending periods of maintenance and often leaving facilities appearing neglected compared with previous years. There was at this time a greater effort to contract out selected visitor services to others that could operate facilities at lesser cost yet retain the traditional, high-quality standard of service that the public has come to expect. Golf courses, some day-use facilities, and campgrounds were operated by the private sector under operating agreements or service contracts at less cost to government, while providing needed revenue. These revenues, however, in large part were returned to the Treasury
with no benefit derived by the park agency that created the saving. Where agreements could be arranged, other services became the responsibility of non-profit organizations (e.g., cooperating associations, heritage trusts), particularly where common goals were shared. This was often the case for interpretive services and sales outlets that dispense orientation materials and park-related products such as books, tours, videos, etc.

Because of the magnitude of reductions, the majority of park agencies in Canada have gone through major downsizing, delayering, consolidation, and restructuring. This has produced organizations that are severely strained because the workforce has been reduced but not necessarily the workload. In addition, the mechanisms for devolution of responsibilities normally entails managing contracts and other partnerships. On the positive side, most agencies are less encumbered by paperwork and have greater flexibility, shorter lines of authority, and greater accountability at the point where services are delivered.

**Increasing Revenues**

The second major thrust of park agencies was to ascertain ways of increasing revenues to make up for the loss in allocations as a result of budget reductions. For instance, Parks Canada has a target of increasing revenue from CDN$35 million (10% of total budget) to CDN$70 million (25% of total budget) as it has been reduced by 25% (Payne 1996).

Other agencies such as the South Africa Parks Board have established an 80% cost return (Robinson 1996), or have raised their cost-return target as did Ontario, to 63% for the year 2001 (Richards 1996).

The prime means for augmenting revenues is to increase user fees, and the majority of park agencies have done this. Fees have been set at a figure closer to market value and with consideration of other fees in the area. Some entrance fees have also been modified by changing the method of charging so as to charge individuals rather than for the vehicle, which had been the past practice. Fees have also been extended to cover new items that were free before, such as firewood, showers, backcountry campsites, interpretive hikes, etc. An increase in charges to lessees to provide for full coverage of services rendered is also contemplated where not already implemented. New product lines, such as learning vacations, are also being contemplated.

**Becoming Innovative**

A number of new ideas have been implemented over the past several years. Quebec has established an independent autonomous government agency to manage visitor facilities such as ski areas, campgrounds, and other commercial lodging facilities (Berthiaume 1996). Alberta has increased the use of the private sector as campground operators, concessionaires, and golf course developers and operators (71% of all campsites are operated under facility operating
agreements, 21% through service contracts and the remaining 8% by park staff) (Duffin 1996). Other organizations have developed shared management opportunities to reduce both capital and operational costs. A case in point is when Parks Canada and the Prince Edward Island government agreed to jointly develop and operate a visitor reception and information facility. Both the Park Warden Service and the Royal Canadian Mounted Police, Canada’s national police force, also operate in shared space in the basement of the same structure.

Biting the bullet and getting out of selected non-core responsibilities is equally challenging. In this context, Parks Canada has turned over the responsibility for Banff townsite to the local municipality after a plebiscite decided to proceed in this direction. Similarly, Alberta has divested 31 recreation sites to municipal governments (Duffin 1996). It is equally significant that park agencies are looking and finding new sources to invest in new facilities and programs and in the upgrading of facilities. For instance, in Jasper National Park the Brewster Bus Line has invested in a new, expanded visitor centre and has full responsibility for its operation and maintenance. Information management products are also delivered by innovative partnerships, such as that between the Nature Conservancy of Canada, the Natural Heritage Information Centre, and the Ontario Ministry of Natural Resources Mapping Office to pursue a Parks Ecolog-

ical Data Compilation and Evaluation mapping project (Richards 1996). Alberta has also pursued partnerships in protection, interpretation, and site development and operation with individuals, clubs, associations, volunteer stewards, campground hosts, tree planters, adopt-a-trail sponsors (Duffin 1996).

Park agencies have also been able to influence governments to allow for revenue retention within the park agency (Richards 1996; Borbey 1996). Another example of ingenuity was the creation of an Enterprise Unit with a revolving fund for the mountain park hot springs in Banff and Jasper National Parks. The development of a business plan allowed for borrowing funds for capital and service improvements from the government at no cost to the taxpayer, with the loan being repaid with interest by the year 2000. The processes required for setting fees have also been successfully deregulated (Borbey 1996).

Another incentive allows employees to have the first opportunity to take over the management of any services privatized within a park—whether they be visitor, professional, or technical services—through the provision of Employee Take Over (ETO) proposals. First applied in British Columbia and in the National Capital Commission in Ottawa, Parks Canada has over the past year developed the concept for application for the national parks and historic sites (Borbey 1996). Two hundred thirty-nine expressions of inter-
est have been received to date. Sixty ETO contracts are open for bids. They range from the provision of carpentry or plumbing services to the operation of a visitor reception centre. Employee-operated services are guaranteed a three-year period without competition and thereafter must compete with other potential private-sector entrepreneurs.

Pay As You Go:
The American Experience

In contrast to the Canadian government agency presentations, an alternative view, based on observations of how American federal and state forests, wildlife areas, and other public lands are administered, hypothesized that natural resources are managed best if: management is funded out of user fees, not taxes; fair market value is charged for all resources; the agency can charge for all resources; and overall funding is determined by net income (O'Toole 1996).

O'Toole challenges the belief that scientific experts can do a better job of managing resources than private enterprises, as they lack personal incentives that might be provided by profits. These incentives are also lacking in government agencies because of their dependence on appropriations. He goes on to develop his "laws of pork and bureaucracy," which assume that "funds go to the states and congressional districts of the most senior members of the Senate and House appropriations committees" (O'Toole 1996). Another example, referring to the National Park Service and Forest Service, is that "the bureaucracy regards profits—that is, funds returned to the Treasury—as losses because it loses control of them." O'Toole observes that the bureaucracy is not necessarily wasteful, but funds can be utilized for other worthwhile projects of the agency rather than being returned. He further notes that agencies funded out of user fees lack incentives to please appropriators. Finally, profits that are generated might be spent irresponsibly, such as on unnecessary roads or on below-cost timber sales and grazing leases that have negative impacts on the land.

O'Toole's solution is to fund agencies out of their net user fees, thus, in his view, stimulating three new laws: the law of profits, whereby agencies will avoid any activity that loses money; the law of responsiveness, which states that the agency will be most responsive to the users generating the most profits; and the law of diminishing returns, which states that no one set of users will dominate an agency because as more resources are devoted to a single user the marginal value of that resource use diminishes, while the value of competing resource uses increases (O'Toole 1996).

O'Toole concludes that resources are managed better if the agencies are funded out of user fees rather than tax dollars. This is particularly demonstrated by game management agencies, but also by the New Hampshire and Vermont state park agencies. Secondly, he stated that resources are
managed better if agencies charge fair market value. State park and wildlife agencies that are allowed to set their own fees are in the best financial shape and receive few complaints from users about high fees. Agencies whose fees are regulated by the legislatures tend to be in a state of perpetual crisis and neglect many important parts of their mission. Finally, he feels resources are managed better if agencies can charge for a broad range of uses rather than for just one use or a limited range of uses. He does note that these observations haven’t shown that agencies funded out of net income are less likely to undertake environmentally damaging money-losing projects than agencies funded out of gross income (O’Toole 1996).

The New Alchemy

The academic commentator at the workshop declared that the business approach was a “triumph for neo-conservative values,” noting that public-sector management, so long insulated from the market-induced rigours of the private sector, must confront the real world and adopt to it. “Only by grasping the values and principles of business can they do so. So declares the new alchemy” (Payne 1996). He further notes that the Department of Canadian Heritage, under which Parks Canada is now situated, has a promotions orientation, a culture much more in line with the emerging business initiatives than that of Environment Canada. The recognition of Parks Canada Investments as one of the agency’s three directorates was noted, along with their objective to contain costs, make wise investment decisions, and ensure revenue targets are attained. The business plan—which is the prime vehicle for articulating the new reality—recognizes that the reduction in allocations will have to be picked up through increased user revenues as well as other cost reductions as a result of program changes. Payne notes the distinction between public and private benefit, which is the basis of user fees and the rationalization of core activities. This was previously defined as follows: “The taxpayer should pay for the costs of establishing and maintaining protected areas while those who derive a personal or commercial benefit from the use of these areas should pay for the associated costs” (Bor bey 1996).

Payne concludes that “the business approach does not dramatically improve management or necessarily champion better protected areas. Only in those activities which are directly connected with economic values and benefits does business ideology contribute in a positive way.” He fears that only those things that can be given a monetary value will be considered, while other values will be ignored or considered valueless (Payne 1996).

Who Will Survive: The Beggars or the Bears?

The final commentator noted some potential benefits for business planning. For instance, he noted that “Parks Canada is finally asking itself if
a proposed development is appropriate and consistent with its mandate" (McNamee 1996). He further commented that he sees Parks Canada as a regulatory program and agency and as part of its mandate it regulates entrepreneurs from developing certain nationally significant landscapes and this needs to be borne in mind within the business approach. He also suggested a number of recommendations to guide business planning, of which one is as follows: "It is essential that we establish for each protected areas network laws and policies that enshrine ecological principles and accountabilities against which to measure business investments, performance, and budget cuts (McNamee 1996). He acknowledges that Parks Canada has a number of accountabilities that have formed the basis for its business plans, such as those stated in the National Parks Act, specifically that parks are to be managed in a way so that they will be passed on to future generations unimpaired and that ecological integrity is the prime priority in management planning, zoning, and visitor use—the mechanism of accountability being The State of the Parks Report and Park Management Plans, both of which are tabled in Parliament. McNamee emphasized that "parks are a public benefit for ourselves and future generations and should be paid for by the public."

In closing, he noted that the four emerging business approaches that were presented rarely referenced three pressing needs: the completion of protected areas networks, management for ecological integrity (Parks Canada excepted), and the provision of key educational services to the public.

Summary
In summary, protected areas management agencies are making do with less. Achieving a balance between reducing costs and generating revenue while providing high-quality sites and programs will be an ongoing challenge. Some elements of park management will require continued government funding such as for ecosystem management. Targets for cost recovery will rise toward 80% for most park organizations. There will be greater focus on partnering with others to maintain and enhance levels of service to the public. There is a need to determine what values are enhanced by the business approach and the use of the private sector. The public is interested in having involvement in evolving the business approach and in evaluating appropriate levels of public and private benefit and in knowing the full costs and impacts on ecological integrity. Parks organizations may evolve toward more autonomous and independent agencies.

References
The following papers were presented at the "Developing a Business Approach to Protected Areas Management" Workshop, World Conservation
Congress, Montreal, October 1996. These papers will be part of the proceedings that will be available in May 1997 as Report #5 in the Parks Canada Ecosystem Science Review Reports, “Protected Areas in a Modern World,” edited by Neil Munro.

Borbey, Pat. The Parks Canada Business Plan—Towards a Separate Services Agency.

Berthiaume, Luc. The New Management Equation.

Duffin, Bruce. Clarifying and Focusing the Mandate.

McNamee, Kevin. Who Will Survive: The Beggars or the Bears?

O’Toole, Randal. Pay As You Go: The American Experience.


Richards, Norm. The New Agenda.


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