

The Stealthy Privatisation of DOC



Bob Boardman
www.docwatchnz.com

This provides a brief outline of how I believe the New Zealand Department of Conservation, which manages 30% of the country's lands, was put on the path to privatisation. Eight questions are asked at the end. (Note: the author worked for DOC from 1987-1993, 2002-3 and from 2005-2013.)

In 1987 – the Department of Conservation (DOC) was set up under the Conservation Act 1987 to protect all the “non-commercial” assets of the old NZ Forest Service, Lands & Survey Dept., NZ Wildlife Service and other public departments (eg. all the national parks, forest parks, marine reserves, etc in New Zealand). Section 6 (e) of the Act states that DOC’s function in regard to tourism is: *“To the extent that the use of any natural or historic resource for recreation or tourism is not inconsistent with its conservation, to foster the use of natural and historic resources for recreation, and to allow their use for tourism.”*

In 2002 – Future New Zealand Prime Minister John Key entered politics. Wikipedia tells that before entering politics Key began a career in the foreign exchange market in New Zealand before moving overseas to work for Merrill Lynch - the wealth management division of the Bank of America. There he became head of global foreign exchange in 1995, a position he would hold for six years and where he gained the nickname “The Smiling Assassin” for his cheerful nature as he sacked dozens of his subordinates during the 1998 Russian financial crisis. In 1999 he was appointed a member of the Foreign Exchange Committee of the Federal Reserve Bank of New York until leaving in 2001.



November 2008 – The National Party became government under Prime Minister John Key and Key also became Minister of Tourism.

October 2009 - DOC Director General Al Morrison (a former journalist) gave a speech in Wellington to the Resource Management Law Association. This speech identified that DOC’s vision statement, *“New Zealand - the Greatest Living Space on Earth”*, was actually a marketing brand for tourism (eg. Morrison spoke about *Coca Cola* and Tourism’s *“NZ 100% Pure”* brands in the same statement).

28 Nov 2009 - DG Al Morrison sent a video to all DOC staff announcing "*a new strategic direction*" where DOC would align itself with business interests to benefit "NZ Inc." In that same video the DG told DOC staff to either "*Get on board!*" or find another job.

Mid 2011 – A massive two year restructuring program began in DOC. Al Morrison in his "D-G's Outlook" in June 2011 to all staff explained why: "*So why am I putting the organisation through this massive disruption? Fundamentally, it is because we are building a new future for DOC..... It is a vision with a long shelf life – that New Zealand is the greatest living space on Earth....*".

March 2012 – Speaking about the massive change process in DOC, Al Morrison was quoted in North & South magazine: "*When you're managing the assets for [one of the] biggest exchange - earning industries in New Zealand [tourism] and you want to grow that in a recessionary environment, you have to be radical.*" In the same article Morrison admitted he was "*testing the limits and interpretation of the Conservation Act*" (and departing from its intent?).

July 2012 - DOC completed its year-long restructure of its "back-end" staff in regional offices and Head Office, with the stated aim of getting community and business interests to take over 60 percent of DOC operational work. To some, it seemed that DOC had increased the size of its Head Office from 300 to 1000 to become some form of management company. The year-long restructure of "Operations" ("front end" staff) then began.

20 December 2012 - DOC announced that its new operating model would be (quote the press statement): "*A full on commercial business approach used to fund conservation, run on the basis of supply and demand*".

22 January 2013 - Conservation Minister Kate Wilkinson was dumped from her role and replaced by Nick Smith. Was she a simply a poor performer or was she an obstacle, or did Prime Minister John Key simply decide that the conservation portfolio was high risk and needed more adept management?

27 March 2013 – DOC announced its proposed new structure for "Operations". There were major job losses (140) and downgrades to Area Manager and Program Manager roles – where the major operational expertise lay. It seemed that it would now be impossible for DOC to operate without considerable external (commercial) assistance. DOC appeared to be set up to fail without it.

23 April 2013 - A DOC report was sent out confirming the new structure design. The introduction said there were an "*impressive 1060 submissions*" from staff. Under "Summary of Feedback" the report stated: "*A large volume of feedback raised concerns with the level of change implicit in the structure proposal.... In summary, the change proposal represents too big a change, with too many risks*". Never-the-less, under "Decisions Taken" the report continues, "*We remain committed to the challenges we face with an ambitious organisational change, one that aligns with our new operating model.*"

24 April 2013 – Al Morrison receives his reward for his work and escapes the backlash! He gets appointed to (quote the press statement): *“...a top job at the State Services Commission....the newly created role of Deputy Commissioner Corporate Centre where he will be charged with increasing the pace of the change towards better public services. It involves working closely with State Services Commissioner Iain Rennie, Treasury Secretary Gabriel Makhoulf and Department of Prime Minister and Cabinet boss Andrew Kibblewhite... Mr Morrison brings outstanding experience at leading and implementing major change and is an excellent communicator which will be of great benefit in his work across the State sector.”*



29 April 2013 - Due to a campaign by the Royal Forest and Bird Protection Society NZ an additional \$18 million funding is given back to DOC for the next four years. Proposed frontline job losses were thus reduced from 140 to 80. This is excellent news for staff but did not alter that the whole job cuts issue was arguably a smokescreen for the main agenda - which was to turn DOC into a commercial operation.

(Consider. The total NZ Govt. expenditure was \$82 billion per year (\$82,137 million). Of that total amount DOC was spending about half of one percent (\$446 million) to manage about 30 percent of New Zealand's land area (approx. eight million hectares of national & forest parks, reserves, river margins, some coastline and many offshore islands) plus some marine reserves. By comparison the Ministry of Social Development spent nearly fifty times as much (\$21,520 million). The Treasury Department alone spent more than ten times as much as DOC (\$4650 million). The point is that the messing about with DOC spending was messing with peanuts! The proposed cuts to DOC staffing were going to save relatively little in the bigger picture. The DOC restructure was clearly not about saving just a few dollars.)

7 May 2013 - DOC finished its year-long restructure of “Operations” and announced its final structure around its new business model where a large proportion of DOC staff were now to manage external “Conservation Partnerships” leaving the rest (only 40 percent?) to manage “Conservation Services” (Operations). Then on the very next day on **8th May** newspaper websites (eg. Rotorua Daily Post & NZ Herald) reported the Prime Minister and Minister of Tourism John Key had announced that Chinese companies Shanghai Pengxin and Hong Kong-based Sailing Capital were considering establishing a fund to invest US\$10 billion to US\$20 billion in developing New Zealand tourism infrastructure.

4 Feb 2015 – 18 months after DOC finished its restructure a front page article in the Wellington *Dominion* (the main newspaper of New Zealand's capital) reports that a review by the Australian consultant firm Taribon (quote) *“...slated the restructure, blaming it for a breakdown in communications, inefficiencies, leadership difficulties and preventing DOC of achieving its goal of significant steps towards conservation gains.”* The Green Party conservation spokeswoman Eugenie Sage is quoted at the end, *“The restructuring was a debacle and showed no understanding of how conservation worked on the ground”*.

Ten Questions

1. **Was the timing of the last two announcements on 7 May simply coincidental?**
2. **Did the Director General of DOC act with integrity?** The NZ State Services *Standards of Integrity and Conduct* says on page 3 “*State servants are guardians of what ultimately belongs to the public; and the public expects State servants to serve and safeguard its interests. Every State servant has a part to play in acting with integrity to maintain New Zealander’s confidence in their State services.*”
3. **What has been the role of the Minister of Tourism who is also our Prime Minister?** Considering the DOC vision statement appeared to be a tourist marketing brand, that the DOC DG talked about “*managing the assets for one of the biggest exchange earning industries in New Zealand*” and he also said he was “*testing the limits and interpretation of the Conservation Act*”, what has been the role of the Minister of Tourism in influencing the DOC DG’s actions?
4. **“How much of the funds earned from the changes were/are in fact to go back into conservation and how much into the Government coffers?”** We were told the purpose of the changes to DOC was to “fund Conservation”. Are we talking about 100 percent of funds earned from tourism and other commercial activities using the DOC estate going towards conservation or one percent?
5. **“Were the changes in DOC still consistent with the intent of the nation’s law of just allowing tourism under the Conservation Act?”** The Director General of Conservation gave his stated purpose of the changes as being to manage Conservation assets **for Tourism** and he described the changes in his own words as “**radical**” and “**massive**” (involving a huge redirection of staff away from conservation operations towards managing external partners in a “full commercial model”).
6. **“What is the trajectory?” Where is this headed? Effectively it appears that a defacto process of privatisation has been put in place** where the way is now open to sell off “rights” for tourism developments in the most commercially valuable parts of National Parks and other DOC lands. Where is the protection for citizens over shareholders/investors? What is to stop our children’s heritage from becoming the preserve of overseas developers, wealthy tourists and upper class New Zealanders who can afford to pay the price to be there?
7. **Where else will the new “full on business model” lead to?** More than half of DOC staff were/are focussed on looking for and working with “partnerships”. What does this mean for: selling hunting & fishing rights, mining rights, developing power & irrigation schemes, logging and other various forms of “harvesting”, etc?
8. **“Where has been the transparency and public debate required by democratic process?”** Considering we are talking about a quarter of the country and potentially billions of dollars these are surely very big questions!

9. **Does the fact that the prolonged DOC restructure took two years, massively disrupting (and arguably damaging the organization and its staff) and ultimately resulting in what has been called a “debacle” really matter to the current New Zealand government? Does it really matter to the government because the outcome of the restructure was irrelevant to its real purpose? Was the real purpose to be a smokescreen covering the opening up the Conservation estate to exploitation by foreign investors and other big money interests?**
10. **Where is the accountability?** The previous DOC DG Al Morrison’s performance was arguably terrible in that he implemented a restructuring that 18 months later was reported in the media as a “debacle” that “was never going to work”. Added to this is surely questions as to whether he has acted with integrity in upholding the interests of the public by acting in a manner consistent with the nation’s law (by his own admission in a *North and South* magazine article he stated that he was “*testing the limits and interpretation of the Conservation Act*”). Further added to this is the understanding that this is not some small bananas affair. Mr Morrison believed he was acting in regard to “*managing the assets of one of the biggest exchange earning industries in New Zealand*” (his own words) where Chinese investors were considering to “*invest \$US10-20 billion*” (to quote the NZ Prime Minister). Yet what is Al Morrison’s reward? He gets a promotion to a high ranking job in the State Service Commission where he (quote the press statement) “*...brings outstanding experience at leading and implementing major change and is an excellent communicator which will be of great benefit in his work across the State sector*”. Surely, if the matter is left there, where does the buck stop? Where is the accountability? If there is no accountability, what else is one left with other than a powerful stench of corruption at the very highest level?

