

ICELAND VISIT REPORT JULY 2013 ROGER CROFTS

This is a private report to senior officials in the Icelandic Ministry of Environment and Natural Resources and the Director of the Soil Conservation Service.

1. Strategy for environment and natural resources

The advent of the expanded ministry, the election of the new government and the appointment of a new Permanent Secretary provide an ideal opportunity to create an overall strategy for the leadership, management and governance of the environment and natural resources of Iceland. I recognise that there is political uncertainty about the priority to be given to the environment and the portfolio of the ministry, but nevertheless believe that a refreshed strategy is appropriate.

I have argued the case previously in a paper (see reference below) setting out an eight point plan of action comprising:

1. Developing a National Natural Resource Strategy
2. Conserving the best of Iceland's environment
3. Restoring the land
4. Developing the intellectual base
5. Skilling the future
6. Adding value to raw materials
7. Changing behaviour towards natural resources, and
8. Improving administration.

<http://www.rogercrofts.net/files/iceland/IcelandsfutureenvironmentJune2009.pdf>

2. Tourism financing

With the increasing numbers of foreign visitors to Iceland, comes the demand for more opportunities to experience nature in its many and varied manifestations around the country. This calls for more tourism infrastructure, better management and maintenance of existing facilities, increased capability of staff to manage facilities and people, and high quality of facilities and services. All of these require increased resources. The market will not produce these resources and even where it does make provision, there is no guarantee that the profits achieved will be deployed to improve facilities of benefit to the nation except through higher taxation, or more likely leaking out of profits where companies are foreign owned.

A tax on tourists has to be the way forward. There are many models used around the world and there is no one ideal solution. The solution determined depends on the strength of the market, the political power of the tourism providers, and the willingness of present and future visitors to pay in a very globally competitive market. Transparency of use of funds raised, the amount which can be reasonably charged without consumer negative reaction, systems which have the minimal administrative burden, minimal chance of avoidance, and assurance that the funds raised will be used directly for provision of tourism infrastructure and tourism management need to be the criteria in testing different options. A good communication strategy, which helps those paying the tax to understand how these funds are used and why they are being collected, is also necessary. A tax on entry to the country has the attraction of simplicity of administration, lack of administrative cost, application to all visitors (those with Icelandic passports can easily be

exempted). This is the system operated in some other countries, such as Ecuador (on leaving the country for Costa Rica I recall). A charge of ISK 2,000 based on 800,000 incoming non-Icelandic tourists a year, would yield around ISK1,600m compared to the budget of Promote Iceland of ISK882m in 2011. This would be a relatively small charge compared with the costs of flights (for example return from Glasgow by Icelandair is around £250) and the cost of staying in Iceland. There are alternatives, but all are more difficult and costly to collect, and are more obvious to the tourist and may result in greater tourist resistance. A bed night tax is expensive to collect and cannot be easily administered and there are many visitors who can find a way around it, such as those camping or hiring camper vans. A tax on the air ticket, in addition to airport taxes, is superficially attractive but some airlines maybe resistant. A tax at individual facilities owned and operated by the government and its agencies could be applied, but it would be more costly to administer, would not apply to those not visiting facilities, and could easily be avoided by those visiting, for example, protected areas where there are many access points which could not reasonably all be manned. Specific measures would be needed for cruise vessel passengers as they bring lower per capita per day spending into Iceland and yet are using facilities which require maintenance etc. Cruise ship companies already have to pay harbour dues and an additional payment per passenger could easily be levied.

3. Tourism facilities provision

The provision of facilities by the private sector, especially accommodation, eating and retail, has increased substantially in recent years. The opportunities for travelling to more remote places and for participating in more adventurous activities have grown. The state provision at the national parks and nature reserves has also increased. But there remain a number of issues as observed on my visit: lack of facilities in key places, poor maintenance of facilities especially footpaths and trails, lack of official literature on nature features in foreign languages, over investment in flashy visitor centres, lack of government working with local businesses in the provision of visitor information and visitor facilities. Particular examples of poor performance are the lack of adequate construction and maintenance of footpaths in Skaftafell, especially on the trail over to Morsárdal, the lack of path creation up the geothermal valley from Hveragerði, lack of interpretation at Gullfoss car park, failure to promote the Vatnajökull National Park at the entry town of Kirkjubæjarklaustur, for example. All of these aspects can be overcome with a more professional approach to the planning and management of facilities, learning from good and bad international experience, applying the tried and tested methods used in other countries (for example in Scotland on footpath construction and maintenance <http://www.snh.gov.uk/publications-data-and-research/publications/search-the-catalogue/publication-detail/?id=230> A Technical Guide to the Design and Construction of Lowland Recreation Routes and SNH Commissioned Report 8: Upland footpath repair techniques in the Cairngorm Mountains: a review and recommendations; and in the USA National Parks on visitor management). See also IUCN WCPA Best Practice Guideline 8 Sustainable Tourism.

One of the key problems seems to be lack of leadership on these issues within the government agencies which have responsibilities for nature protection and visitor management. A refocussing of Umhverfisstofnun and hiring competent staff in the protected area bodies to undertake the necessary work is essential if the current situation is to be managed. Alternatively, as was proposed by the outgoing Permanent Secretary, a separate agency for protected area delivery and management with professional staff could be a better way forward. Footpath

development and repair could be reassigned to the Soil Conservation Service given its well-known ability to stabilise eroding and unstable areas and to manage river flooding to protect farmland.

4. National Energy Plan review

I consider it essential to persuade ministers to implement the Althingi decisions on new and extended protected areas following the Rammaáætlunar exercise. I recognise that the new government is seeking a review of 8 areas and that the lobbying of the new government by Landsvirkjun and other with an interest in developing additional electric power generation facilities is ongoing. However, Þjórsárver must surely be a priority given the arguments in the Rammaáætlunar report and the strong international significance of the area. Whilst it is recognised that construction of the Norðlingaöldu dam would be very cheap given the electricity generation infrastructure already installed downstream, this area is of international nature conservation and ecosystem significance, and its protection or lack of it is a measure of Iceland's nature protection credentials seen internationally. The Ramsar designation means that damage to the site will not escape international scrutiny and probably criticism which will undermine Iceland's reputation as a green tourism destination. The area currently proposed for the extended designation is far too small and does not accord with representations I have made on a number of occasions. See <http://www.rogercrofts.net/files/iceland/thjorsarver.pdf>

I understand that proposals are being developed by Landsvirkjun for an undersea electricity cable to the European mainland via the UK. This must be seen in two wider contexts. First, there is the well-known minimal costs which the major electricity users in Iceland pay for their supply, especially Alcoa at Reyðarfjörður and Rio Tinto at Straumsvik under long term contracts which it is presumably very difficult, if not impossible, to seek to renegotiate. And second, there is the potential for much higher charges being achieved to supply the European grid. The consequences of this idea are substantial in the requirement for more electricity generation infrastructure which will have a detrimental effect on biodiversity conservation, provision of ecosystem services, quality and naturalness of the landscape, and loss of key grazing areas for livestock in the lowlands and the highlands. It is essential that environmental authorities within the Icelandic government urgently review the implications of a cable for the demand for new facilities onshore. There is a ready market for electricity from renewable resources in west European countries from a politically stable country and with a continuity of supply which other renewable sources cannot provide. However, the scarcity of electricity in Western Europe is a result of national governments' inability to provide the market incentives and approval regimes for new electricity generation to replace fossil fuel facilities. It is an important question whether it is morally appropriate for Iceland to further impact on its outstanding natural environment to bale out incompetent regimes in other countries. My own opinion is that it is definitely not appropriate.

5. Protected areas development to international standards

As part of the international effort to apply the IUCN Management Categories for Protected Areas, it is hoped that Iceland would submit data revised to take into account changes in protected area status, to the UNEP WCMC Protected Planet portal. Nigel, Sue and Roger can advise on this. Also application of the IUCN WCPA Management Effectiveness Evaluation approach to all Icelandic protected areas would be an important step forward. Sue Stolton can

advise on this. Good experience exists within the IUCN WCPA network and appropriate members of the Ministry for Environment and Natural Resources will be proposed for membership of this network so that the expertise and information can be more readily accessed. Finland provides a good model of how these systems have been implemented and their experience can be gained through contact with staff at the Natural Heritage Services section of Metsähallitus.

6. Soil conservation and land restoration

The increasing focus on wider objectives by the Soil Conservation Service (SCS) is to be widely welcomed. The important areas of activity are already begun on building resilience in the land to withstand natural forces and building capacity in the farming and land owning community to improve the stewardship of the land. These should be strongly supported by the Ministry through the provision of adequate resources for the future. The declining budgets for the SCS will not allow this to happen and the election pledge of the majority party in the government needs to be honoured to ensure that this vital work can continue.

Outreach opportunities in Iceland need to be further developed in two ways. First, the *Farmers Heal the Land* programme is highly successful, but there is no long term guarantee of farmer participation and the grant regimes which the SCS can offer are, at <50%, considerably less than those on offer for longer term agreements from the regional forestry organisations where the support is almost 100% of the total cost. These need to be combined giving farmers a long term role in their stewardship of the land in return for a long term contracts which fully reward them for their non-market activities on behalf of the nation.

Second, the outstanding exhibition facility at Gunnarsholt needs to be more widely known to tell residents and visitors the story of the struggle to produce food from the land and the work of restoration over a century. Increased marketing locally and nationally using all of the modern means, including references on *Trip Adviser* should be put in place.

The leaders of the SCS are nearing retirement and action needs to be taken to plan for succession so that there is a seamless transition when the Director and the Deputy Director retire.

7. International outreach on nature conservation and soil conservation

Iceland does not figure internationally for its work on nature conservation and the state agencies have not been at all effective in promoting their work, compared with the high, and entirely justified, profile of the Soil Conservation Service. Good work is now being done with the new Nature Conservation legislation, and with the new forms of management in and the gradual extension of the Vatnajökull National Park, and with the new protected areas designated and those planned as a result of the Rammaáætlunar. The opportunities to show case this work at the IUCN World Parks Congress 2014 should be taken up under the leadership of the Ministry for the Environment and Natural Resources.

The SCS has shown the way in interacting internationally with key players in soil conservation and now plays a leading role well above what could normally be expected of a small country. It is hoped that the international outreach and learning from others will continue to be supported. Iceland's reputation as a source of practice and scientific and technical know-how has resulted in the UNU LRT programme. I hope that this can be substantially extended as there a great global

need for this type of capacity building based on sound science and practical experience on the ground. A more leading role for the SCS is merited given its strong science base, its practical knowledge and ability to transfer knowledge in an effective manner based on the facilities at Gunnarsholt and the expertise of the regional staff.

8. Government organisation for natural resource management

It remains clear to me from my many visits, discussions with officials and from my own experience in setting up and running an agency for a decade, that the Icelandic government agency organisational regime for natural resources and environment is inadequate to meet the needs of the present and future, costs too much because of overlap and duplication, and lacks leadership. There has been much debate over many years but the only changes have been repositioning the Forestry and Soil Conservation Services and the Regional Forestry organisations under the Ministry for the Environment and Natural Resources. The time is now ripe for radical changes to the agencies dealing with soils, forestry and nature. I have set out my ideas on a number of occasions (see for example on my web site <http://www.rogercrofts.net/files/iceland/landcareandrestorationagency.pdf>). To summarise: new structures through amalgamation and mergers, with subsequent greater focus on delivery of major government goals in a coordinated and integrated manner is essential. Two sets of mergers are justified from my previous assessments.

Merging the three organisations dealing with soil, vegetation restoration and forestry into one body and merging the two organisations for dealing with nature conservation and natural history should be very seriously considered. These mergers will automatically remove the silos between organisations, reduce top heavy structures, force sharing of back office services, bring about unified collection and dissemination of data and other information for policy advice and practice, as well as increased focussed on delivery, less argument between organisations and increased efficiency. Given the continuing financial deficit and the need to improve performance, I hope that a case for these mergers can be made to persuade the new ministers and ultimately the Althingi of their justification.

Given the performance of Umhverfisstofnun on nature conservation, as I have observed for some years, urgent action is now required. It has lost most of its staff who are knowledgeable and experienced on nature conservation, it plays no formative role in the day to day management of the protected areas that is obvious to the external observer and it correctly has no responsibility for the 3 national parks. It has also shown an inability to provide the advice required at appropriate timescales to meet demands for implementing the Rammaáætlunar proposals for new protected areas approved by the Althingi. The time has come for a radical new approach. The nature conservation responsibilities should be removed and placed with Náttúrufræðistofnun Íslands so that the linkage between collection and analysis of data and other information, the contribution to policy formulation and review and the informing of practical conservation action on the ground would be the result. This has been admirably demonstrated, for example, over the last two decades by Scottish Natural Heritage. My assessment may seem to be strongly worded, but I consider it justified from what I have observed over a number of years and from my own experience in establishing and managing an equivalent but far bigger agency in Scotland.

Delivery of support to communities, to farmers and to others with a role to play in environmental and natural resources management needs to be improved. Many of the bodies supported by the

ministry in these fields have some offices and staff based around Iceland, but they are totally uncoordinated, do not interact effectively and all too often have separate offices in nearby locations. The recent establishment of an office in Hella by Umhverfisstofnun, separate from the SCS offices at Gunnarsholt, is a case in point. A network of Ministry and natural resources agencies offices around Iceland would help its customers to obtain more focused advice without wasting their time on receiving uncoordinated visits from officials of the different agencies; a frustrating and time wasting activity for all concerned. These would be located in the key settlements in each of the district municipalities with common staff and a coordinated work programmes.

I would be very pleased to discuss any of these points with you and your colleagues.

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