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## **NATIONAL PARKS – THEIR OPERATIONS AND FINANCING**

### **Summary**

*National parks, as guardians of nature protection, perform their tasks of preserving the wealth of fauna and flora and geological features for future generations. They also offer tourist attractions in shape of many kilometers of routes in the most beautiful nature spots of our country. These tasks, however, should be properly financed. Till the end of 2010, the state budget covered the financial requirements to a small extent – only 10-12%. The remaining amount was financed from non-budget means and revenues of auxiliary enterprises. The reform of public finance deprived national parks of revenues generated by their auxiliary enterprises, decreasing their budgets below the minimum level. New regulations do not guarantee maintaining the current level of financing parks. We should remember that the tasks assigned to parks have not changed. Maybe another system of financing could help parks overcome these difficulties. In September 2010, the government developed a project of amending the Act on Nature Protection, introducing the regulation stipulating that a national park will become a so-called state legal person, which will result in ability to retain revenues and to allocate them for statutory purposes. Any disturbances in realization of tasks assigned to national parks may negatively influence various spheres of economic and social life.*

### **1. Introduction**

In the second half of the 19<sup>th</sup> century, on 1<sup>st</sup> March 1872, President Ulysses Simpson Grant established the first world national park in the USA – Yellowstone National Park. More than 30 years later, in 1909, the first national park in Europe, Sareks National Park was established in Sweden. At present, there are over 2500 national parks in the world and the new ones are still being created [16].

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In Poland, the first national park was created on 17<sup>th</sup> August 1932 as the Białowieża National Park, restored in its present form on the strength of the resolution of the Council of ministers from 21<sup>st</sup> November 1947 [15].

A national park is a state budget unit according to regulations on public finance. The Minister of Environment, in his resolution, grants the national park the statute determining its organizational structure. In light of the definition included in the Act on Nature Protection, this is an area possessing special natural, social, cultural and educational values, not smaller than 1000 hectares, on which all nature and landscape values are protected.

It is created to preserve biological diversity, resources, creations and elements of geological features as well as landscape values. The purpose is to restore the proper state of natural resources and elements and to reconstruct natural habitats of plants, animals or fungi.

According to article 12, section 1 of the Act on Nature Protection, the area of the national park is accessible for tourist purposes inasmuch as it does not influence nature negatively. The available places and the maximum number of visitors who can stay at one place at the same time are determined in the preservation plan of the national park or, until such plan is established, in protective tasks. Simultaneously, detailed norms of accessibility for recreation purposes are defined by the head of the national park in their regulation on principles of park accessibility [3].

Currently, there are 23 national parks in Poland, covering 1% of the total area of the country, that is 316,748.4 hectares, including 195,443.1 hectares of forests. On their area there are 3326 kilometers of tourist routes, 124 educational paths 607 kilometers long, 29 hostels, 275 rain shelters, 45 campfire sites. Each year around 11 million people visit national parks. 18 parks have museums of nature and field museum exhibitions, there are 34 education centers. 8 national parks (Babiogórski, Białowieski, Bieszczadzki, Kampinoski, Karkonoski, Poleski, Tatrzański) were granted the status of biosphere reserves. Białowieski National Park has been enrolled on a list of UNESCO world cultural heritage [Ministry of the Environment, pp. 2, 14 -15].

The aim of this paper is to review the tasks delegated to national parks, the way they function and are financed, the differences in financing national parks before and after closing down auxiliary enterprises, and to attempt at answering the question whether there are methods and it is possible to value natural goods, which is the task imposed on management of parks.

## **2. The tasks of a national park**

Initially, the main tasks of national parks were their protection and scientific function.

Currently, apart from these functions, parks have been allocated a number of new ones. They perform many functions which bring about particular social and economic effects. At present, the main functions of parks are:

- preserving natural environment and protecting valuable natural elements,
- performing educational, scientific research and economic functions,
- satisfying tourist needs and other social and cultural needs.

We can look at the tasks of national parks from two different perspectives – from the point of tasks realized by 1 out of 23 entities or by a group of entities, that is the whole network of national parks. They have some joint tasks, defined by general objectives of nature preservation and individual objectives resulting from natural phenomena characteristic of a particular entity. There are 6 typical features of each national park.

**The protective function** consists in preserving and documenting natural diversity of a country. The key issue here is to protect as many species of fauna and flora as possible, containing the biggest pool of genes of animated nature and to preserve the remains of primal and natural biocenosis as well as all existing semi-natural communities. Protection also covers various structures of nature and their spatial systems, not only the natural ones but also those developed through hundreds of years of economic activity, which have historical value and which document the natural history of the nation.

**The educational function** covers running libraries, museums of nature, scientific and general interest publications and outlining education paths. Therefore, if the park is to perform this function properly, it must be prepared to it in terms of organization, premises and staff, so the scientific center must cooperate with the education center and the museum of science.

**The scientific function** is fulfilled through conducting scientific research activities. It preserves and saves from destruction animated nature and geological features, which are or will become subject of research. The use of protected objects is increasing and they are becoming an indispensable workshop of scientific work, allowing to conduct research without the disturbance caused by intense economy.

**The economic function.** The use and significance of objects created for preventive protection of nature has various economic functions, such as supplying timber obtained from protective treatment. Parks are gene banks from which we can obtain genetic material for reproduction of valuable species of plants and animals or their local breeds and variations.

The tourism and recreation function is realized through making accessible particular places and tourist routes for sightseeing and recreation purposes such as walking, cycling, water activities or skiing. These are, due to their natural and landscape values, areas valuable for tourism [Michałowski, Zabierowski 1978, pp. 452-455].

A dangerous issue is too heavy tourist burden resulting from the same reasons for which parks were established. Parks must take care not to let the recreation function overshadow the ultimate goal which is protection. They cannot allow the situation in which nature is protected from the tourist, not for the tourist.

The cultural and historical function is manifested in supporting local style of architecture, clothes, taking care of the national memorials and historic places [Lubczyński 1999, p. 54].

National parks, with their own management, are, by operation of law, the highest located formations in the hierarchy of the nature protection system. They cover quite vast areas with natural, only slightly changed eco-systems and landscape. These institutions have to cope with high expectations. They should cover the largest possible part of the areas which preserved the primal or only slightly changed eco-systems and landscape with high natural and esthetic value, as well as protect and preserve the diversity of nature through protecting the eco-systems and landscape typical of large geographic regions together with related environment. They are also expected to preserve unique eco-systems, landscape, fauna and flora in a given geographic region [Olaczek 1991, p. 3].

National parks, just like monuments of culture, are perceived as common national good. This can be attributed to the scarcity of virgin nature. In the protection of unique features of nature, the scientific function is of major importance, as these are the last natural areas, unaffected by human beings and excluded, by operation of law, from their economic activities. National parks must preserve the richness of genetic resources of fauna and flora. That is why the network of parks in Poland, thanks to proper protective management, allows us to preserve the diversity of eco-systems and to maintain their balance [Szczyński 1991, p. 2].

Entering the Yellowstone National Park, visitors pass a stone gate with the inscription from the times of President Teddy Roosevelt: "For the benefit and enjoyment of the people". This sentence perfectly expresses the responsibility imposed on management of national parks all over the world.

### **3. A national park and its surroundings**

The neighborhood of a national park positively influences economic development of a region. After establishing a national park, the area experiences economic boom, which improves the economic situation of local community. This is attributed to increased tourist movement, followed by development of infrastructure in the close and distant surroundings of the park.

In the protected area, instead of exploiting nature's resources, which leads to environment degradation, material benefits are obtained from making them

accessible for sightseeing, education or recreation. Profiting from natural values of the region poses lower (if any) threat to the resources [Michalik 2000, p. 15].

Adjusting the structure and intensity of economic activities is the key element in the policy of managing the national park area. The borderline is natural capacity of eco-systems, observation of ecological ties and elimination of situations of ecological conflict. Economic functions usually collide with natural environment, therefore the risk of their appearance should be reduced to absolute minimum. In the protected area, it is the natural environment that plays a dominant role and forces subordination of all entities involved in economic activity.

We can draw not only ecological, but also economic and social benefits from the areas of protected nature. Spreading the knowledge of environment-friendly ways of managing and using natural values, without disturbing their ecological functions is vital. Such attitude helps preserve nature's values and contributes to improvement of economic conditions of local community.

Defining the scope and type of protective activities is a difficult, thankless and responsible task, as each decision brings about particular effects concerning the managing method. It happens that all economic activities are forbidden, which eliminates the possibility of obtaining potential material benefits. As a result, the acceptance level for the protected area is very low among local inhabitants [Zielińska 2002, p. 123-126].

The most harmful influence on national parks is exerted by changes affecting water system, such as drainage, swelling water flows, obtaining water, activity causing micro-and macro-climatic changes, air pollution, erecting buildings and penetrating the area off the outlined routes.

The conflicts between national parks and their surroundings are caused by local authorities and population ignorance of the park objectives, ignorance of benefits offered by its neighborhood, lack of distinction between protective regulations resulting from valid law and those connected with park creation [Baranowska-Janota, Ptaszycka -Jackowska 2000, p. 7].

#### **4. Financing the activity of national parks**

A national park, according to article 8, section 3 of the Act of 16<sup>th</sup> April 2004 on Nature Protection (Journal of Law 2009, No 151, position 1220 with subsequent changes), and the Act on Public Finance, is a state budget unit. The principles concerning the financing of state budget units are determined in the Act of 27<sup>th</sup> August 2009 on Public Finance (Journal of Law 2009, No 157, position 1240 with subsequent changes).

State budget units are the units of public sector, covering their expenses directly from the state budget and transferring their revenues to the account of

state budget revenues, with the exception of revenues collected on their own income account.

The Minister of Environment establishes, transforms into a different organizational and legal form, or dissolves the national park. Creating the park, the Minister defines the property transferred for the management of a state budget unit, that is the national park [Babczuk, Krawiec, 2009, pp. 14-15]. All real estate belonging to the Treasury, located within the borders of the national park and serving realization of its goals, are transferred for the permanent management of the national park according to the Act on Real Estate Management [12].

The Minister of Environment supervises national parks. The supervision covers:

- 1) approving financial plans and preparing collective reports from the activity of national parks;
- 2) approving annual material tasks resulting from protection plan or protection tasks;
- 3) coordinating scientific and educational activities;
- 4) controlling the functioning of national parks;
- 5) functioning of National Park Service [11, article 9, sections 1 and 2].

The head of the national park is entitled to represent the Treasury in civil law relations concerning the management of national park property.

In order to achieve the objectives stipulated in the act and the tasks imposed on them, national parks also use non-budget sources of financing. The main non-budget source of finance is the National Fund for Environmental Protection and Water Management, which finances over 20% of tasks performed in national parks. Also the share of national park activities financed with EU funds is increasing, which confirms active search for these means by national parks.

The basic source of financing the statutory objectives and tasks of national parks till the end of 2010 were the revenues from auxiliary enterprises. After changes introduced in the Act on Public Finance and liquidation of these enterprises, national parks should receive additional financing from state budget in the amount equivalent to that earned by auxiliary enterprises. Otherwise, they are unable to realize their statutory tasks.

#### **4.1. Auxiliary enterprises**

According to article 26 section 1 of the Act of 27<sup>th</sup> August 2009 on Public Finance (Journal of Law 2009, No 157, position 1240 with subsequent changes), an auxiliary enterprise of a state budget unit is an organizationally and financially separated part of the core activity of a unit or its side activity. The enterprise covered the costs of its activity from obtained own revenues. The aim of the auxiliary enterprises in national parks was to perform tasks

concerning environment protection, financed from the means obtained from this activity.

The revenue sources of auxiliary enterprises in national parks were:

- Sales of wood and non-wood products,
- Fees for the entrance to the park or some of its parts,
- Fees for making the national park or its part available,
- Fees for entrance to some park objects,
- Sales of services, for example transportation, repairs, construction ones.

The share of auxiliary enterprises in realization of national parks tasks reached up to 90%. The figure depended on the type of performed tasks, the size of auxiliary enterprises revenues, subsidies from non-budget sources and share of budget finance.

The fees for entrance tickets in the amount of 15% of quarterly revenue, in line with the Act on Nature Protection, were allocated to financing activities of specialist rescue organizations – Mountain Volunteer Rescue Service and Tatra Volunteer Rescue Service, which perform their operations in the area of national parks [Rażny 2007, p. 104].

Until recently this money was passed through national parks. Since the Ministry of Finance took over the money management, specialist rescue organizations do not have any information when and on what principles, their accounts will be credited with statutory due funds [Kraczyńska 2011]. In consequence of lack of clear regulations, rescue services have to apply for them first to their superior, that is the Ministry of the Interior and Administration, and then the ministry asks the Ministry of Finance to allocate these funds for the services.

Until 31<sup>st</sup> December 2010, national parks diversified their sources of income. Employees' salaries, uniforms and trips were financed from the state budget. The expenses related to nature protection or maintaining tourist infrastructure were covered from the incomes of auxiliary enterprises which performed economic activities in parks. So, if the auxiliary enterprise at TPN earned around 12 million PLN annually, half of that sum, according to valid regulations was transferred to the state budget while 6 million PLN remained on the account of TPN and could be used to finance the park activities.

The Act of 27<sup>th</sup> August 2009 on Public Finance does not allow the possibility of performing the tasks of state budget units – national parks by auxiliary enterprises functioning in their area, nor does it allow them to gather financial means on their own income account. This regulation came into force on 1<sup>st</sup> January 2011. [Ministerstwo Środowiska 2010, pp.16-18].

Therefore, since 1<sup>st</sup> January 2011 parks have been transferring all their revenues. The Ministry of Finance obliged itself to activate the money from

purpose reserve for the tasks which were realized by auxiliary enterprises. In the first quarter of 2011, the Ministry of Finance kept its obligation and parks received the first part on time. At the beginning of April 2011, however, they expected to receive the second part of financial means, but they did not receive it on time. In this situation, they functioned by limiting all costs to absolute minimum, only settling their liabilities for utilities. All tenders and repair works have been stopped.

The Ministry of Finance explained the delays in transferring money with lack of income generated by parks. However, although the Tatrzński National Park transferred high amounts of money to the Ministry as the tourist season lasts there almost all year round, it did not receive money on time, either, as all the money goes to one Ministry fund.

The system of financing national parks before 2011 was not perfect, either. It did not provide the means for the basic needs of national parks. Poland's accession to the European Union opened up new possibilities of applying for the means supporting activities of national parks from EU funds, but parks were not prepared for direct acquisition of EU financial means. The participation of national parks in projects financed from EU sources until 2009 was based on partnership base, in cooperation with non-governmental organizations, as for example Polish Society for the Prevention of Birds in the project of protecting the aquatic warbler in Biebrzański National Park, or scientific institutions such as participation of mammal Research Institute of the Polish Academy of Sciences in protecting the European bison in the area of the Białowieża Primeval Forest.

The Infrastructure and Environment Operational Program is an important source of financing national parks operations. In the V priority axis it allows financing national parks in developing projects of protection plans, protection of species and habitats, natural education and other programs, such as LIFE + or Norwegian Financial Mechanism.

## **4.2. State legal person**

Following the liquidation of auxiliary enterprises in national parks, it was necessary to prepare legislature regulating the change of organizational and legal form of national parks. The aim of introducing amendments to the Act of 16<sup>th</sup> April 2004 on Nature Protection was the necessity of giving national parks a new organizational and legal form. The essence of the project of the act is to ensure proper functioning and financing the activity of national parks.

In the law-makers mind, potential transformation of state budget units – national parks into state legal persons will allow them to retain the obtained revenues and to allocate them for nature protection as well as it will allow them

to preserve the jobs from liquidated auxiliary enterprises. It should be noted that in spite of organizational and legal changes, there will be no modification of tasks that national parks are to perform.

The choice of a state legal person as a new organizational and legal form is to assure more efficient functioning and performing statutory tasks imposed onto national parks. We should remember, however, that the choice of a state budget institution as an organizational and legal form is connected with the necessity of commissioning national parks to perform tasks, as according to article 23 of the Act on Public Finance, such unit is created to perform public tasks and performs selected tasks for payment. Therefore, a special unit should be created, which would deal with commissioning and supervising such tasks, which would definitely increase the costs of implementing such a regulation [Ministerstwo Środowiska 2010, p. 18].

Effective execution of national park tasks influences the economic development of regions and often determines the tourist attractiveness of particular geographical areas. The annual cost of national parks operations according to data for 2011 is around 200 million PLN, out of which 137 million PLN is allocated from the state budget. The above means are the means allocated to national parks within the limit for 2011 for state budget units, amounting to nearly 84 million PLN, and the means for which the ministry applies within the budget reserve, amounting to 53 million PLN, created on the basis of article 94 of the Act of 27<sup>th</sup> August 2009 – Regulations introducing the Act on Public Finance (Journal of Law, No 157, position 1241 with subsequent changes).

The amount granted within the limit for state budget units allows only to finance remunerations of national parks employees, but excluding the employees of auxiliary enterprises liquidated in 2011. The activities related to nature protection, including the tasks connected with making national parks accessible and remunerating employees from acquired auxiliary enterprises are financed from the means within the purpose reserve, amounting to 53 million zlotys, as well as from other sources, such as National Fund of Environmental Protection and Water Management, province funds of environmental protection and water management in the amount of 35 million PLN. In 2011 it is expected that the foreign means will amount to 28 million PLN.

It seems justifiable then that national parks, apart from budget subsidies, could retain the revenues obtained as a result of their own activities resulting from protective actions and allocate them to cover costs related to realizing tasks stipulated by the Act on Nature Protection. [14]

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