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Your ref:

Our ref: 200500141-97/MHK Longyearbyen, 01.03.2007

## **Hearing – draft regulation subsidies from Svalbard Environmental Protection Fund**

Reference is made to your letter and note of January 11. 2007.

### ***General***

AECO is broadly speaking satisfied with the proposal. We are glad to see that importance has been attached to keeping the regulation in accordance with the framework provided by the Svalbard Environmental Protection Act, which gives guidance to how the revenues can be used through a broad definition of measures in Svalbard the purpose of which is to protect the environment.

We do, however, not find it in accordance with the Act when the Ministry in this regulation seems to rank some measures higher than others. In the hearing letter, the Ministry writes: *“The fund’s capital should be used **mainly** for initiatives in the fields, especially care and maintenance, repair of environmental damage and for research to acquire a more thorough knowledge of the state of the environment and the causes of environmental change (Svalbard Environmental Protection, section 98, 2<sup>nd</sup> paragraph, a, b and c.). The Fund **can also** be used for information, training and organisational initiatives.* These last measures are listed in the Svalbard Environmental Protection Act section 98, 2<sup>nd</sup> paragraph, d (same section – same paragraph). As the Svalbard Environmental Protection Act clearly does not rank some measures higher than others, the regulation can not either.

We are glad to see that first of all groups contributing to the Fund will be granted subsidies from it. It is also of importance that the Fund’s board will have local affiliation and representation. Importance is attached to seeing that the means provided benefit the groups that have contributed to the Fund. It is likely that a majority of the projects financed by the Fund will be tourism related. AECO therefore sees it as very important that the tourism industry or tourism competence is represented on the Fund’s board. It is also important that this representation reflects the activities most likely to generate projects. We would think that expedition cruise tourism are amongst these and suggest that the Ministry consider giving AECO board representation.

### ***Section 7, 3<sup>rd</sup> paragraph***

*One-time single payments shall always be paid in arrears and after the final report is received and approved by the Governor.*

Larger enterprises, public offices and larger organisations might not have a problem covering costs while the project is carried out and get payments in arrears, but this will not be the case for many others. Applicants may be private enterprises, organisations as well as private persons, and one can not expect everyone to be in a financial situation making them able to prepay expenses. This provision may hinder many good projects and AECO suggests the paragraph deleted. Financial obligations are well taken care of in other provisions in the regulation.

### ***Income***

The Ministry of Environment has estimated the yearly income in a “normal year” to 8 350 000. As far as AECO is informed, this must be too low. Numbers from 2006 shows:

Overseas cruise passengers:	29 000
Expedition cruise passengers:	6 000
Guests hotels/guesthouses	30 000
Others (estimate)	5 000
<b>SUM</b>	<b>70 000 x NOK 150,- = 10 500 000,-</b>

No major decline in tourism or other visitors to Svalbard is expected - on the contrary. We therefore would expect the estimate to be NOK 11 mill or higher in a “normal year”.

As the money to the Svalbard Environmental Protection Fund first will be allocated through the fiscal budget and reimbursed from the Fund, the estimate should be as accurate as possible. But we understand that the Fund’s actual income/asset and not the fiscal budget set the upper limit for yearly allocations from the Fund to applicants.

### ***Administration***

According to the proposal, the Governor of Svalbard can not receive subsidies from the Fund, neither can their superior authorities (e.g. the Directorate of nature, the Directorate of cultural heritage management and the Norwegian Pollution Control Authorities). These directorates are in charge of safeguarding the environment in Svalbard. It is difficult to picture any major environmental project in Svalbard carried out without a close cooperation with one or more of these directorates. The regulation should therefore not completely close the possibility of covering some of theirs costs in projects others have initiated, at least direct costs.

As it will be difficult to carry out any major environmental project in Svalbard without involving the Governor of Svalbard or their superior authorities, we question the justness of locating the Fund’s secretary to the Governor of Svalbard and especially to their environmental department. The possibility for questions around their legal competence must be quite large.

The Ministry has estimated the administrative expenditures to NOK 1,2 million. AECO does not have any comments to the figure, but we presuppose that payment from the Fund to the Governor of Svalbard to cover administration will be subject to same rules and requirements as those receiving subsidies from the Fund.

***Duty to inform the public***

AECO again suggests that the regulation includes a duty to provide information for the public about the projects and any results of projects on the Svalbard Environmental Protection Fund's web-pages.

***Projects in 2007***

We appreciate that it will take some time have the administration and board for the Fund in place. But we also think it is very important that the Fund generates activities as soon as possible after the environmental fee for visitors to Svalbard has been introduced April 1<sup>st</sup> this year. It is important that the public, who contributes to the Fund, see that the money is used for the purpose - initiatives to protect the environment, and not only administration. As money is in place through the fiscal budget and the expected income is known, we hope to see an announcement of available subsidy capital as soon as possible. As most a majority of the projects probably will be carried out during summer-season, it is important that the first allocation of funding finds place this first half year.

Thank you for the possibility to comment on the proposal. We wish you good luck with the forthcoming work.

With best regards,

Frigg Jørgensen (sign)  
General secretary