SALTWATER FISHING LODGES IN BC — AN ECONOMIC PROFILE

Prepared for:

Economic Development Branch
BC Ministry of Sustainable Resource Management

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Skeena Region (MSRM)

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BUILDING BLOCKS FOR ECONOMIC DEVELOPMENT & ANALYSIS

PREFACE

PURPOSE

Building Blocks have been conceived and developed by the Economic Development Branch of the Ministry of Sustainable Resource Management, under the guidance of Nancy South, Manager Economic Analysis, as an analytical tool that supports British Columbia coastal and land and resource use planning and decision-making and economic development initiatives. The Blocks contain concise business and sector information for a broad range of resource-based business types in BC. At this point, there are more than 30 Blocks either complete or in draft form. Several more Blocks have been identified as high priority by planning tables and other client groups. Additional Building Blocks will be developed over time, and some Blocks may be updated. For the most current Building Blocks, please see the Ministry of Sustainable Resource Management website, at: http://srmwww.gov.bc.ca/rmd/ecdev/

ACKNOWLEDGEMENTS

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BENEFITS

Building Blocks are expected to provide the following general benefits:

- Increase efficiency and more informed decision-making by providing readily accessible, credible information to planning and economic development processes;
- Improve the consistency of economic information across planning areas;
- Support economic analysis and decision-making that occurs outside formal coastal and land use planning processes; and
- Provide linkages between economic analysis and other social and environmental analytical tools (through identifying resource requirements to support economic activities and general compatibilities with other sectors and values).

LIMITATIONS

Every effort has been made to ensure that the information contained in Building Blocks is accurate and consistent. Approved, credible data sources are the foundation for Building Blocks. All Blocks were reviewed by sponsoring agencies and other experts. However, users are cautioned that information is used at their own risk, and that the authors and sponsors are not liable for any damages. Any conclusions or interpretations by the authors are not intended to represent government policy. Also, note that Building Blocks do not provide site specific information nor do they consider requirements for sustainability (social, community, environmental).

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RECOMMENDED REFERENCE/CITATION

BC Ministry of Sustainable Resource Management, 2003, Building Blocks for Economic Development and Analysis, *[Title of Sector].* http://srmwww.gov.bc.ca/rmd/ecdev/

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1.0 EXHIBIT 1: SALTWATER FISHING LODGES IN BC 2002 — A PRELIMINARY SECTOR OVERVIEW

1.1 Overview

- 125 saltwater fishing lodge businesses, about the same as in 1994.
- In 2002, business volumes were an estimated 200,000 lodge client days.
- Most businesses are seasonal.

1.2 Resources

- Lodge businesses occur throughout coastal BC.
- Salmon (especially chinook), halibut, and rockfish are the main species of interest.

1.3 Products

- Angling is a form of outdoor recreational activity.
- The quality of the angling experience is affected by fish availability, fishing success rates and several non-fish related factors such as the environmental setting, congestion, and camaraderie with other anglers.
- Three components to the experience can be identified:
  - Catching fish – regardless of whether the fish is harvested or kept,
  - Harvesting fish – for those anglers who are allowed to choose to do so,
  - Aesthetic experience – derived from the natural environment.
- In view of these distinct components, angling activity is measured in “angler days” defined as one angler fishing for any part of a single day.
- Three broad types of angling experiences exist:
  - lodges – typically offer all-inclusive packages comprising accommodation, meals, boat and fuel, fishing equipment, and sometimes a fishing guide who navigates and assists in catching fish. Lodge packages are often three to five days in duration,
  - charters – are angling packages that include boat, equipment, and guide, but no accommodation or meals. Charter packages generally last for one day or a half-day. There are however charter operations that in concert with accommodation facilities offer two to five day packages,
  - independent anglers – are responsible for their own fishing gear, boat and fuel, accommodation, meals, and transportation.
- In 2002, there were 200,000 lodge angler days or 9.5% of the total 2.1 million angler-days.
- A growing number of angler clients are practising “catch and release” angling .

1.4 Markets

- Primarily an export market with half of angling clients from the US, Japan, Germany, and other countries (mainly the US):
  - 34% BC,
  - 20% Rest of Canada,
  - 46% outside Canada.
- Corporate groups are an important market segment.
- Angling markets are very competitive; repeat business is key to viability and growth.
- Many marketing tools: "word of mouth," websites, brochures, BC Accommodation Guide, magazine advertising, direct contact, consumer shows.

1.5 Regulatory Regime

- Saltwater lodges do not need an explicit licence to serve anglers (apart from a normal business licence).
- Canada Department of Fisheries and Oceans (DFO) has responsibility for licensing and regulation of saltwater angling in BC.
- All anglers must be licensed, pay fees, and observe catch limits (daily, possession, and in some cases annual), seasons, fishing area and gear, and other restrictions.
- Anglers 16 years and older pay licence fees (including GST) of:

	Residents of Canada	Non-Residents
Annual	$22.47	108.07
1 day	5.62	7.49
3 day	11.77	20.33
5 day	17.12	34.17

- A Salmon Conservation Stamp ($6.42 including GST) must be affixed to licences held by anglers wishing to retain salmon.
- Only barbless hooks can be used when fishing for salmon.
- Chinook limits are 2 daily, 4 possession, and an annual possession limit varying from 15 to 30 depending on the area. The combined catch limit of all salmon is 4 daily, 8 possession. Coho restrictions apply to many areas, e.g., retention only of hatchery fin-clipped coho.
- Halibut limits coastwide are 2 daily, 3 possession.
- There are special rockfish protection areas and limits.
- In 1999, DFO gave the recreational sector priority access over the commercial sector to chinook and coho salmon and gave the commercial sector priority access to sockeye, pink, and chum salmon.

1.6 Capacity for Growth

- Potential growth areas include: fly fishing experiences, experiences catering to women and family groups, high alpine fishing, experiences combining fishing and non-fishing activities (e.g. nature observation, adventure travel, golfing).

1.7 Government Revenues

- Provincial government revenues are minimal:
  - zero licence cost to operate (there are no saltwater lodge licences or fees),
  - other fees/taxes including leasing, permits, property taxes.

1.8 Input Output Impacts

- Approximate distribution of purchases and factor inputs of share of lodge revenues:

25%	labour
53%	purchased inputs
2%	provincial, local government taxes/fees
20%	interest, depreciation, before tax profits
100%	

- Indirect (supplier-related) and induced (consumer spending) impacts add 50% to 100% to employment impacts above.

2.0 EXHIBIT 2: THE SALTWATER FISHING LODGE INDUSTRY IN BC 2002 – A PRELIMINARY ECONOMIC PROFILE

	Total Industry 2002	2002 Industry Ratios per	
		Operation	Angler-Day
Operations			
Lodge Businesses	125	1.00	NA
Lodge Client-Days	200,000	1,600	1.00
Revenues	$120 million	$960,000	$600
Employment & Wages			
Positions/Jobs	1,820	14.6	0.009
Person-Years	820	6.6	0.004
Wages & Salaries	$29 million	$230,000	$145
Investment	$200 million	$1,600,000	$1,000
Government Revenues			
Leases, permits, property taxes	$2.4 million	$10,700	$12

Source: GSGislason & Associates Ltd. estimates.

Note: 1. The $120 million revenue figure is included in the estimated $550 million expenditures spent by all saltwater anglers in BC in 2002. (All revenue figures include GST.)

2. Fishing lodge clients are estimated to spend another $36 million on accommodation, meals, travel, etc. that do not flow to the fishing lodge businesses.

3.0 EXHIBIT 3: TOURISM ROOM REVENUES BY DEVELOPMENT REGION FOR FISHING LODGES IN BC

	No. of Properties	2001 Rooms	Revenues* $000
Coastal Region			
Vancouver Island/Coast	53	881	9,457
North Coast	14	268	2,634
Subtotal	67	1,149	12,091
Other Regions			
Thompson/Okanagan	38	341	1,728
Cariboo	32	307	1,111
Nechako	20	127	594
Other **	7	110	1,317
Subtotal	97	885	4,750
Total	**164**	**2,034**	**16,841**

	Coastal Region			Other Region			Total		
	No.	Rooms	Revenues* $000	No.	Rooms	Revenues* $000	No.	Rooms	Revenues* $000
1995	55	1,009	8,276	99	877	3,431	154	1,886	11,707
1996	56	1,009	7,263	102	888	3,657	158	1,897	10,920
1997	57	1,056	8,415	105	896	3,702	162	1,952	12,117
1998	60	1,051	8,298	101	866	4,257	161	1,917	12,255
1999	70	1,159	10,249	107	920	4,314	177	2,079	14,563
2000	69	1,156	11,164	97	881	4,570	166	2,037	15,734
2001	67	1,149	12,091	97	885	4,750	164	2,034	16,841

* Does not include revenues from food services, boat rentals, guide services, or any other guest services that the lodge may offer (and the "fishing lodge" designation excludes non-fixed roof accommodation facilities such as campgrounds, RV resorts, etc that cater to anglers).

** Includes Mainland/Southeast, Kootenay, and Northeast Development Regions.

Source: BC Stats, "Tourism Room Revenues," various years.

4.0 EXHIBIT 4: QUEEN CHARLOTTE ISLANDS FISHING LODGES

The Setting. The Queen Charlotte Islands (QCI), or Haida Gwaii by their aboriginal name, is a pristine wilderness area. The region is sparsely populated, and is renowned worldwide for its magnificent vistas, unspoiled shoreline and position as the centre of Haida culture. Anglers can fish an abundance of large, trophy-size chinook and coho salmon, other salmon (pink, sockeye, chum), halibut, lingcod, and rockfish. Outstanding angling opportunities, combined with the magnificent setting, means that recreational fishing lodges can provide a world-class destination attraction. The high quality niche product allows lodges to charge in excess of $2,500 per angler for a 3-5 day fishing trip, which includes air transport from Vancouver, lodge meals and accommodation, fishing gear, boat and motor use, and access to a guide if desired. More than half of the lodge client base comes from outside Canada.

Profile. The QCI fishing lodge sector has grown since 1994 in terms of number of operations, client base, and revenues. Lodge revenues, at $38 million in 2002, were more than 60% greater than their 1994 level. Significant factors underlying the activity and revenue growth are the current healthy fish populations and DFO's 1999 Salmon Allocation Policy, which gave the recreational sector priority access over the commercial sector to chinook and coho.

Total QCI Lodge Sector	1994	2002
No. of Operations	13	17
No. of Overnight Clients	10,600	13,100
Revenues	$22.8 million	$37.5 million
Wage Bill and Benefits	$5.5 million	$9.0 million
Jobs	375	510
Employment Person-Years	180	240
Original Cost Investment	$32 million	$45 million
Local QCI Content		
Local Wage Bill	$0.3 million	$1.6 million
Other Local Expenditures*	<$1.5 million	$4.5 million
Local Jobs	35	115
Local Employment Person-Years	15	50

** Includes non-wage operating and capital expenditures*

Local jobs and the local wage bill have tripled since 1994. Several lodges have made a concerted effort to hire local residents and to train some for management positions. Many of the local hires are aboriginal people.

The QCI lodges have cooperated with DFO for many years on a lodge logbook program and on the Haida Watchman Program to record angler catches. Co-management has been practiced.

Business Environment. There is modest potential for business growth, but occupancy levels already exceed 90%. The industry met its financial targets in 2002, which was probably the best financial year since 1994. However, the QCI lodge sector is still a high-risk, high cost industry that operates in a very competitive environment. It is also subject to regulatory and aboriginal land claims uncertainty and faces several daunting cost pressures (e.g., air charter, insurance), as well as the rise of the Canadian dollar against the US dollar in recent months.

Source: GSGislason & Associates Ltd., QCI Fishing Lodge Survey, 2003.

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