4. The Tourist Dollar

From the *Super Natural British Columbia* brand to Washington's nickname as *The Evergreen State*, the natural beauty and resources of the Salish Sea region drive a tourism industry of growing importance to the regional economy.

In 2011, tourism in BC generated $13.4 billion in revenue, $1.13 billion in provincial tax, and employed 126,700 people (BC MJTS 2012). Although jobs and total revenue are down from 2008, the general trend since 2001 has been one of growth (Tourism BC 2009). For comparison using GDP[1], tourism contributes more than BC's three traditional primary industries; agriculture and fish, forestry and mining, and the oil and gas extraction sectors (BC MJTS 2012).

Similarly, in Washington State, tourism ranked fourth in contribution to GDP in 2011, supporting 151,000 jobs and $US 16.4 billion in direct visitor spending (DRA 2012). As in BC, the sector has shown slow but steady growth. By 2012, visitor spending reached $US 16.9 billion. Employment was 153,300 (WTA 2012) and more than $1 billion was directed to state and local taxes.

One in every three dollars spent on tourism in BC goes to marine and marine related activities (MPA 1998).

PHOTOS: B. HARVEY

Nature-based and Eco-tourism

The natural benefits of the Salish Sea are clearly fundamental to nature-based marine tourism. Importantly, the ability to engage in these activities motivates decisions to visit. Canada's share of the outdoor adventure market, which includes wildlife viewing, is expected to increase by almost 8% for American travellers and 5% for Canadian travellers between 2000 and 2025 (Tourism BC 2009).

1 Gross Domestic Product (GDP) is defined as the total value of goods produced and services provided in a country during one year.

Eco-tourism, Nature-based Tourism: Why the Distinction?

The International Union for Conservation of Nature (IUCN) defines ecotourism as:

> environmentally responsible travel and visitation to relatively undisturbed natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features —both past and present) that promotes conservation, has low visitor impact, and provides for beneficially active socio-economic involvement of local populations (Ceballos-Lascuráin 1996).

This definition includes an important distinction from broader nature-based tourism or wildlife tourism in that ecotourism includes a focus on the conservation of the resources on which the business relies (Farrell and Runyan 1999).

To help understand what is at stake from decisions that risk nature and ecotourism sectors, we selected sea kayaking, whale watching, and birding[a] as examples of marine-based nature tourism.[b] These activities rely on wildlife. Because whales and marine birds are highly vulnerable to oil, the sector is vulnerable to oil.

PHOTO: OCEAN RIVER ADVENTURES

a) Whale watching, bird watching, salt-water fishing and sea kayaking are all considered nature-based tourism activities according to Tourism BC (2005).

b) Nature-based tourism refers to activities that are directly or indirectly dependent on the natural environment; it requires a land or water base according to Tourism BC (2004).

Nature-based Tourism in the Salish Sea Region

In 2004, nearly one million tourists were already spending more than $900 million through roughly 2,200 businesses that offered nature-based activities in British Columbia (Tourism BC 2004)[2]. In the Salish Sea region, 27% of these businesses operate in Victoria, the Gulf Islands, and Vancouver Island, generating more than 20,000 person years of employment annually (Tourism BC 2005). In Washington State, more than $US 1.7 billion is spent annually on wildlife viewing, supporting 21,000 jobs. The Puget Sound region supports 88,000 tourism related jobs and generates $3 billion in spending (WDE 2008).

Economic Indicators

Economic indicators in this report come from desktop research of existing economic data. In some cases, we have extrapolated available data to provide an estimate across the entire Salish

2 This does not include accommodation, food and beverage before and after their nature-based experience. Tourism BC 2004.

Sea. The examples of whale watching and sea kayaking use direct revenues and employment rather than induced and indirect economic impact. A direct economic effect relates the monetary exchange for goods or services (i.e. the price paid). Conveying a direct economic impact allows comparison with Kinder Morgan's proposed Trans Mountain pipeline project and similar proposals.

We caution that these case studies are only examples of economic value – a full valuation is beyond the scope of this report and broader valuations already show that nearshore natural capital provides 30-60 billion dollars in benefits to BC's lower mainland (not covering the entire study area), annually (DSF 2012).

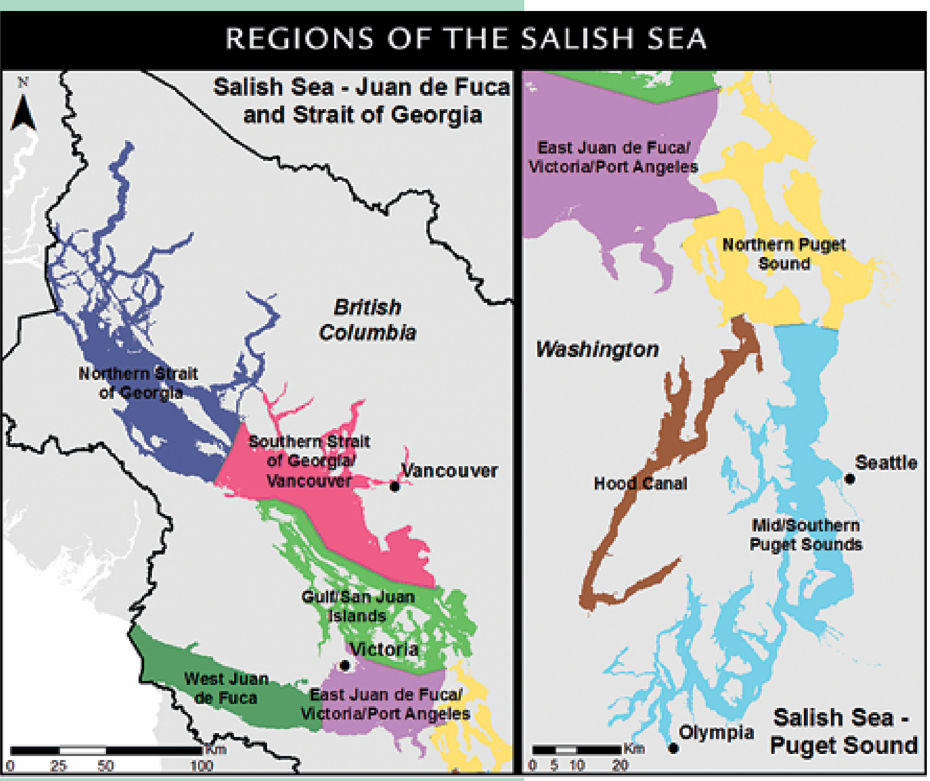
PHOTO: I. MCALLISTER

Sea Kayaking

As with many other forms of marine based nature tourism, sea kayaking has expanded rapidly over the last two decades (BC MSRM 2003). For American sea kayakers, BC is the number one Canadian destination (RRC 2007). Within BC in 1997, the sea kayaking sector included 150 guided kayak operations, nine ocean-kayak and kayak accessory manufacturers, 20 "mother ship" operations, 24 retail outlets, and an additional 250 operators providing kayaks and associated goods (BC MSBTC 1997).

Surveys that are more recent identified 114 companies offering sea kayak activities within BC (Tourism BC 2007). These 114 companies serviced almost 70,000 clients in 2005 with gross revenues reaching $14,255,000, averaging more than $120,000 annual revenue per company. Of this amount, $11,277,700 was attributable to tourists (Tourism BC 2007).

Figure 4.1: Sea kayaking and whale watching areas in the Salish Sea.



Animals of interest
Respondents to the Raincoast survey identified species important to sea kayaking clients and company marketing. Seals and sea lions topped the list as the most important, followed by marine birds (71%), killer whales (60%), and porpoises and dolphins (54%).

PHOTOS: (TOP) B. HARVEY; (MIDDLE) K. SMITH, MAPLE LEAF ADVENTURES; (BOTTOM) J. THOMPSON.

Specifically, 72% of these businesses were active within the Salish Sea. Applying this percentage suggests more than 50,000 annual clients and revenues of $8.2 million in the BC portion of the Salish Sea. This figure is considered conservative given that industry growth projections have not been applied. For the tourists that this industry draws, 70% stayed at least two nights in the community and more than half were specifically visiting for sea kayaking (Tourism BC 2007).

Although similar studies have not been identified for Washington State, there are an estimated 5,000 resident sea kayakers (NPS 2007) and 40 sea kayak outfitting companies with associated businesses (kayak online.com).

Raincoast Survey Says...

A 2013 ecotourism survey conducted by Raincoast[3] provided additional information that supports our research findings. Raincoast survey respondents were largely optimistic about the growth of the sea kayaking sector with half (49%) having grown between 2008-2013. As well, 44% expected further growth over the next five years; only 2% expected decline. In terms of annual revenues, 44% of Raincoast survey respondents had annual revenue under $100,000, 35% between $100,000—$500,000, and 20% greater than $500,000. The annual revenue of survey respondents ranged from approximately $4,700,000 to $8,500,000, with a median of $6,600,000. This median provides an average annual revenue of more than $200,000 per company; a figure that compares well with the 2005 average of $120,000, considering industry growth and inflation.

Of 29 companies providing data, full-time employment averaged 86 year round jobs, rising to 129 during the summer months. The average of just below 3 full time employees (FTE) per company and 4.6 peak summer employments again compares well with earlier studies (Tourism BC) that provide averages of 3.2 FTE and 5.7 FTE per company during summer.

3 On-line survey of 49 Salish Sea ecotourism businesses responded to a range of financial and employment questions posed by Raincoast and identified wildlife species important to their operations.

Whale Watching

Pictures of killer whales breaching the surface and flukes of humpback whales disappearing beneath the ocean adorn web sites, adverts, and postcards across the Salish Sea, and not without reason. Since 1991, when 4 million people participated in whale watching globally, participation has grown by an average of 12% per year to reach 9 million in 1998 (Hoyt 2001). By 2008, 13 million people were participating in whale watching globally, contributing a total expenditure of $2.1 billion (O'Connor et al 2009).

In Canada, whale watching participation has grown from about 185,000 people spending $9 million in 1991 to 462,000 people spending $22.3 million in 1994. By 1998, more than 1 million whale watchers generated revenues of $50 million (Gill et al. 2006).

In BC, estimated revenue from whale watching reached $69 million in 1998 (Wong et al 2011). Between 1998 and 2008, the whale watching industry grew more than 4% annually from 285,000 to 430,600 participants. Direct expenditures increased from approximately $9 million to more than $27 million during the same period. Seventy percent (70%) of this business was centered in Victoria (O'Connor et al. 2009). Annually, some 184,000 Canadian and 635,000 US residents are motivated to visit BC because of the opportunity to see whales (Tourism BC 2009b).

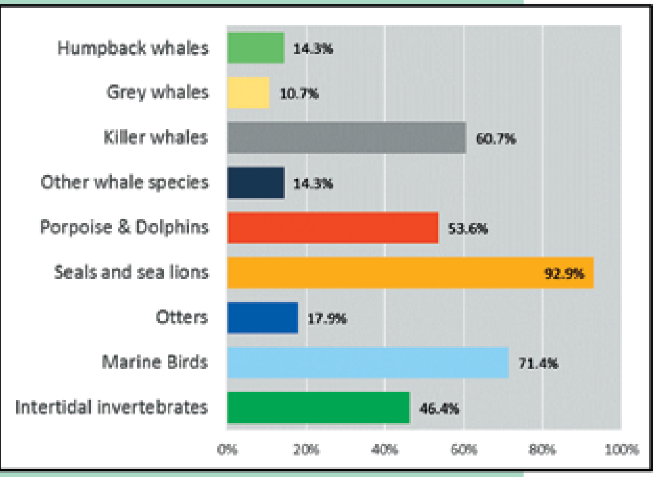


Figure 4.2: 2013 survey results from 28 Salish Sea kayaking companies that ranked wildlife species according to their importance to company marketing and their clients.

PHOTO: B. HARVEY

Whale Watching in the Salish Sea

The number of BC companies that provide whale watching services in the Salish Sea appears to have consolidated since 2000 from 120 companies (Hoyt 2001), to 46 readily identifiable operators in 2013.[4] This includes 28 members of the Pacific Whale Watching Watch Association (pacificwhalewatchassociation.org).

Estimates suggest that half a million people actively watch marine mammals in the Salish Sea (Whale wise 2011). This figure is supported by a 1998 estimate of 215,000 boat based whale

4 Raincoast 2013 Ecotourism survey identified 47 whale watching companies through online listings.

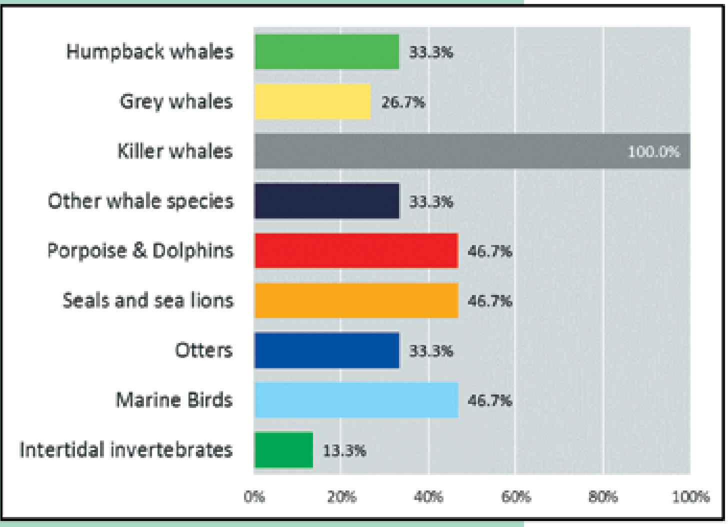


Figure 4.3 2013 survey results from 28 Salish Sea whale watching companies that ranked wildlife species according to their importance to company marketing and their clients (Raincoast 2013).

Big numbers from tiny boats. Based on a conservative estimate of 122 sea kayaking companies in the Salish Sea region,[a] annual revenue for this sector is $19,900,000[b] supplying more than 375 year round jobs and 630 in the peak summer season.

PHOTO: OCEAN RIVER ADVENTURES

a) Based on the BC Tourism 2005 figure of 114 BC companies, then modified by the 72% operating in the Salish Sea and the web listing of 40 Washington State based companies.

b) Average company revenue estimated at $163,000–$205,734 (Raincoast survey) and the 2005 figure of $120,000.

watching clients in BC (Hoyt 2001) and a 2009 study (Sunderman 2009) that estimated 250,000 clients in the Capital Regional District (CRD). Using this estimate of about 250,000 whale watchers generating $12 million in revenue from the CRD (Sunderman 2009), half a million whale watchers across the Salish Sea would generate annual revenues of $24 million.

Reducing these figures by 10% to reflect local (non-tourist) participation suggests annual direct tourism revenue of $21.6 million from some 450,000 participants (Hoyt 2001). These estimates compare well with 2009 international studies (O'Connor et al. 2009) that suggest roughly 635,000 annual whale watchers in the Salish Sea generating direct expenditure of more than $26 million and providing 412 jobs.[5]

Raincoast Survey Says...

Raincoast's 2013 survey received responses from 14 whale watching companies that indicated total revenue between $5 and $7.3 million. Employment data from 11 responses shows a range between 31–44 year round employees and a summer employment of 76–84.

Since 2008, 46% of respondents indicated a decrease in whale watching numbers, while 38% had an increase. Projections over the next 5 years showed 60% of companies anticipating an increase in numbers and only 6% anticipated a decrease. This is consistent with other studies that show continued growth in this sector.

Whale Watching: The Revenue Splash

Applying averages from the Raincoast survey to a conservative 47 companies in the Salish Sea shows a minimum of $16.8 million in annual revenues to a maximum of $24.5 million. Employment estimates range from 132 -188 full-time year round employees to 325 - 359 in peak summer season.

5 Figures combine 430,600 BC participants and $27,105,800 in direct expenditure with 200 jobs (adjusted by a flat 30% reduction to remove businesses not located in the study area) with 425,000 Washington State participants with expenditure of $10,845,500 and 335 jobs (adjusted to remove the 5% of businesses located outside of the study area). This figure is then reduced by 10% to remove the effect of non-tourist business. Annual growth projections since 2008 have not been added.

Birding

In the United States, some 48 million birders spend a staggering $36 billion on trips and equipment annually (USF&W 2009). This in turn generates $82 billion in economic output across the country, and supports 671,000 jobs. Within BC, over 94,000 Canadian birding visitors and 322,000 US visitors come to the province for the birds (Tourism BC 2009). US studies estimated 315,000 birding visitors annually in Washington State (USF&W 2009). Chapter 5 identifies mean participation rates of more than 1.8 million resident Salish Sea birders.

Animals of interest

Perhaps not surprising, 100% of whale watching companies identified killer whales as the most important species in terms of customer interest and company marketing. Marine birds, seals and sea lions, porpoises and dolphins, followed whales with 46%. Otters (primarily river, as sea otters have a very restricted range in the Salish Sea), humpback whales, and other whale species were identified as important species for their customers by 33% of respondents.

PHOTOS: (TOP) T. KERR, (BOTTOM) J. THOMPSON, OUTER SHORES

Table 4.1
Total expenditure, total economic output, and jobs that relate to birding tourism in the Salish Sea.

Birding participants	Total expenditure (US$)[a] 1000's	Total economic output (US$)[b] 1000's	Jobs supported by birding activities[c]
Salish Sea residents[d]	1,400,205	3,211,033	26,172
Salish Sea visitors[e]	547,519	1,259,513	10,234
Salish Sea total	1,927,724	4,470,546	36,406
Adjusted figure[f]	1,118,079	2,592,916	21,115

Expenditure figures include food, transport, accommodation, and equipment purchases. Total economic impact includes indirect and induced economic impact. Jobs are those associated with food services, transport, accommodation, and equipment.[g]

a) Expenditure relates to trip and equipment purchases. Expenditure calculated as $749 (US) per person based on USFW 2009.
b) Total economic output calculated as $1,723 per person based on USFW 2009.
c) Jobs calculated as 0.014 per birder based on USFW 2009.
d) Total Salish Sea resident birders 1,869,433 (Chapter 5).
e) 731,000 combined of Canadian and American visitors
f) As these figures represent total birders, we have conservatively multiplied them by 58%. This figure represents the percentage of birders were viewing (primarily) shorebirds (USFW, 2009). This adjustment better reflects birding numbers in the Salish Sea. The percentage of birders viewing primarily waterfowl is 77% (USFW, 2009).
g) Figures are based on data from USFW (2009). A per person figure was calculated and applied to birder numbers for BC and Washington. Visitor numbers for BC are from Tourism BC 2007 (Canadian and US visitors only) and USFW 2009 for Washington State.

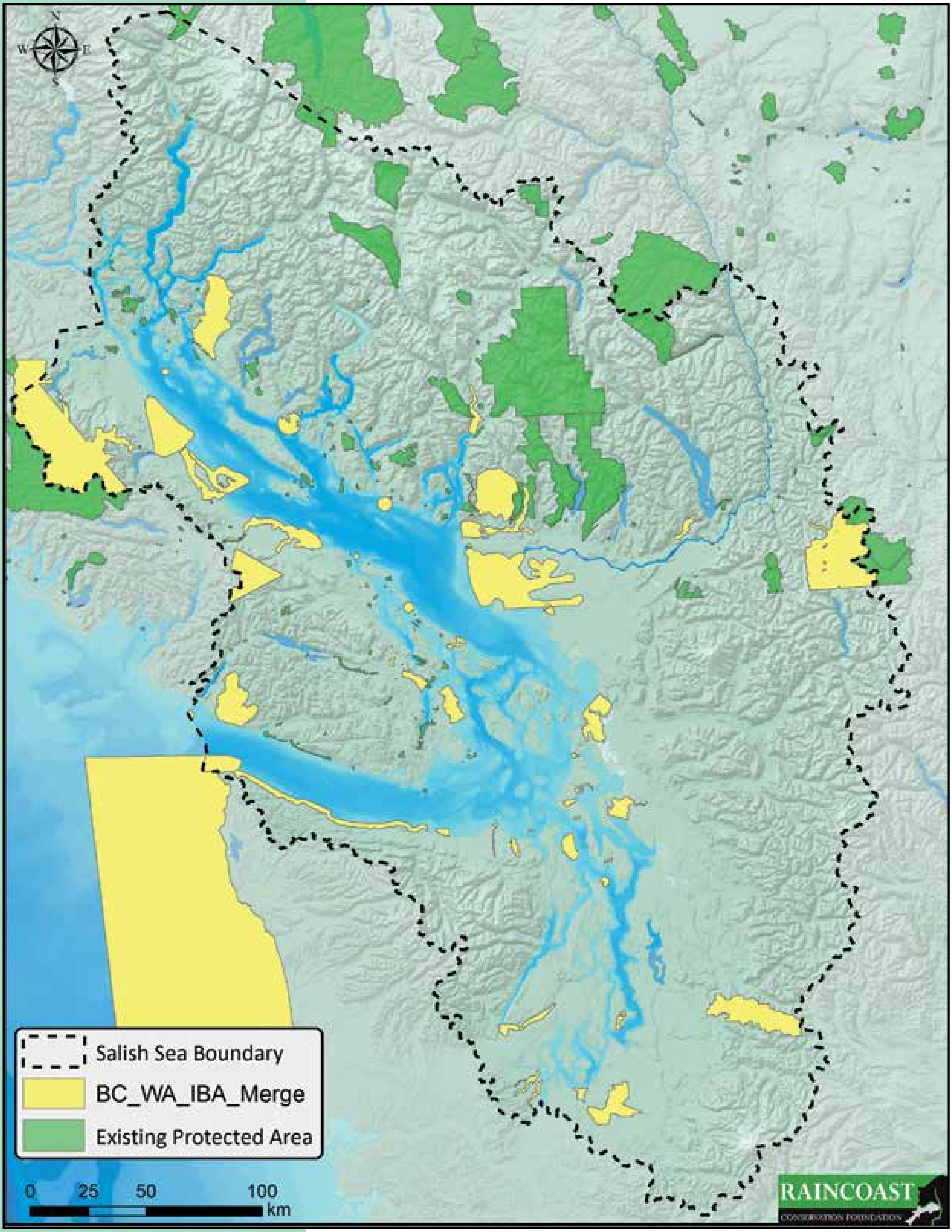


Figure 4.4: Important Bird Areas in the Salish Sea.