Tourism and Canadian parks: fiscal relationships
Paul F. J. Eagles
Published online: 02 Dec 2010.

To cite this article: Paul F. J. Eagles (1995) Tourism and Canadian parks: fiscal relationships, Managing Leisure, 1:1, 16-27, DOI: 10.1080/136067195376547

To link to this article: http://dx.doi.org/10.1080/136067195376547

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the “Content”) contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly
Tourism and Canadian parks: fiscal relationships

Paul F.J. Eagles*

Department of Recreation and Leisure Studies, University of Waterloo, Ontario, Canada

Parks at the provincial and federal levels in Canada are widespread, valued and endangered. Over the last decade a fundamental shift has occurred in societal attitude towards these institutions; more parks were created while government monetary allocations were reduced. This attitude shift saw society expressing a higher importance for parks, while providing less tax money for operations. As a result many parks have insufficient funds for proper facility maintenance, enforcing carrying capacity decisions and halting deprecative activities. Canadian parks are therefore starting to shift more of the costs of operation to park users. The Province of Ontario recently restructured the provincial parks management agency. This new approach sees parks managed by a line agency with internal financial operations. The operation of public parks by the equivalent of a crown corporation is a bold experiment. The implications of such an approach are discussed. Tourism is an essential component of the future. Since park tourism depends upon high quality environments, the finance and administration of parks must be structured so that these high quality environments are preserved. If environmental quality is reduced, tourism will suffer and so will income. Therefore, there is a self-serving link between protective management and financial sufficiency. With a properly constructed park administration, tourism has the potential to protect sensitive environments while providing outdoor recreation opportunities.

INTRODUCTION

During the last 20 years the number of parks and the area of parklands have increased in Canada and in Ontario. Throughout Canada the number of visitors to parks has increased while the budgets have shrunk over the same period. The gap between the increasing park responsibilities, in terms of area and visitor numbers and the dwindling financial resources available for management has widened.

World-wide, the creation rate of parks and protected areas has been high during the last two decades. Since 1970 the number of protected areas has increased by 150% to 8 100. The area of parks has increased from 1 800 000 million to 7 500 000 million km² (World Resources Institute, World Conservation Union and United Nations Environment Programme, 1992), an increase of 316%.

Canada shows similar trends of increasing numbers of parks and areas of parkland. Since 1980 many national parks or reserves have been established in Canada including Grasslands (1981), Migan Archipelago (1984), Ivavik (1984), Ellesmere Island (1986), Bruce (1987), Gwaii Haanas (1988), Aulavik (1992) and Vuntut (1993). In 1992, 22 252 km² were withdrawn for North Baffin National Park, subject to land claim negotiations. These nine parks or reserves added 89 446 km² to the national park system (Colombo, 1994). An additional 4514.9 km²

*The corresponding author can be contacted at: Department of Recreation and Leisure Studies, University of Waterloo, Waterloo, Ontario, Canada N2L 3G1.
were added in four national marine park areas. Therefore, since 1980 the number of national parks has increased by 32%, while the area has gone up by 69% (see Fig. 1). If national marine park areas are included, the number of national parks and reserves has increased to 41 (a 46% increase) and the area to 223418 km² (a 73% increase). The Green Plan for Canada suggests that the national parks system is only 50% complete and the national marine parks system only 7% complete (Environment Canada, 1991). Clearly, more national parks and marine national parks are anticipated in national government policy.

Canada has ten provinces, each with a provincial park system. Given the constitutional structure with crown land being owned by the provinces, most provinces have developed provincial park systems. Ontario has the oldest and one of the largest of such systems in the country.

In 1980, the Ontario provincial parks system contained 131 parks with an area of 4,256,729 ha (Ministry of Natural Resources, 1981). By 1993 the system had increased to 259 parks, with an area of 6,328,590 ha. Therefore, over the 1980–1993 period the number of parks increased by 96% and the area of parkland increased by 49% (Table 1). In 1994, Harold Hampton, the Minister of Natural Resources, announced the potential creation of 14 new parks, with a total area of 64,379 ha plus a 1521 ha addition to an existing park (Hampton, 1994), subject to public comment. Therefore, further increases in park numbers and area are likely.

The park creation was pushed by demands for the protection of examples of all major landscapes and ecosystems in the

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks</td>
<td>132</td>
<td>138</td>
<td>138</td>
<td>220</td>
<td>219</td>
<td>219</td>
<td>217</td>
<td>261</td>
<td>261</td>
<td>261</td>
<td>260</td>
<td>260</td>
</tr>
<tr>
<td>Area (millions of ha)</td>
<td>4.25</td>
<td>5.48</td>
<td>5.48</td>
<td>5.66</td>
<td>5.66</td>
<td>5.66</td>
<td>5.62</td>
<td>6.33</td>
<td>6.33</td>
<td>6.33</td>
<td>6.33</td>
<td>6.33</td>
</tr>
<tr>
<td>Visitors (millions)</td>
<td>6.25</td>
<td>7.65</td>
<td>7.34</td>
<td>7.52</td>
<td>7.49</td>
<td>8.01</td>
<td>7.77</td>
<td>7.79</td>
<td>7.72</td>
<td>8.45</td>
<td>6.98</td>
<td>8.43</td>
</tr>
</tbody>
</table>
country. However, as these new parks were being created, the budget for management was decreasing. This paper argues for new approaches to financial management. More funds, new sources of funds and new ways of involving the park users must be found or else serious environmental and visitor experience degradation will occur.

VISITOR NUMBERS AND VISITOR SATISFACTION

Both Canada and Ontario have developed databases on visitor numbers and visitor satisfaction. In 1988 the Canadian parks system served 20 240 000 visitors. By 1993 it catered for 21 160 000 visitors, an increase of 4.4% (Nilsen, 1993). The visitation numbers before 1988 cannot be compared to those later due to a change in the data collection procedures. In 1980, the Ontario parks system served 5 210 712 visitors (Ministry of Natural Resources, 1981). By 1993 the system visitation rose to 8 430 318 (Ministry of Natural Resources, 1994), an increase of 62%. Therefore, since 1980 park usage has increased. However, visitation may be peaking due to demographic trends.

The Ontario Ministry of Natural Resources undertakes surveys of campers and day users of provincial parks. A 1990 survey conducted in 48 parks provided a database of 14 094 campers (Ministry of Natural Resources, 1990a). One of the questions asked the campers for an overall rating of the park they were visiting. The responses provided a high rating of 1.6, on a scale of 5 to 1, showing a high camper satisfaction level. When asked if they were receiving value for their fees, the ranking was also high, with 1.75 on a scale of 5 to 1 (Murray, unpublished). The day use visitors also reported high levels of satisfaction with their visit and would give good recommendations to their friends (Ministry of Natural Resources, 1990b), but at slightly lower levels than the campers.

When asked what programme or facilities the park could provide to encourage more visitation, only one activity in one park class, interpretation programmes in wilderness class parks, was agreed to by the majority of campers. All other choices, such as lower fees or improved hospitality, received lukewarm interest. This shows that provincial parks will have trouble in getting existing campers to lengthen their stays or to visit more often (Murray, unpublished).

Between 33 and 50% of the outdoor recreation market in Ontario has camping as its primary accommodation form, while the rest prefers roofed accommodation such as lodges, cabins or cottages (Laventhol & Horvath, 1988). Therefore, parks in Canada which lack roofed accommodation serve, at most, 50% of the outdoor recreation overnight market.

Park visitation that relies on camping is primarily concentrated in the younger sector of the population. In 1982, 34% of the campers were in the 18–24 year old population cohort, compared to only 15% in the 45–64 year cohort (Robinson, 1987). Foot

<table>
<thead>
<tr>
<th>Table 2 Key market issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Provincial parks are too remote from the large Ontario, Canadian and American population centres</td>
</tr>
<tr>
<td>2. The parks lack all-season and roofed accommodation</td>
</tr>
<tr>
<td>3. There is a severe lack of tour packages and the associated connections with the travel industry</td>
</tr>
<tr>
<td>4. There are financial limitations due to the inability to raise funds from the clients</td>
</tr>
<tr>
<td>5. There may be conflicts with the existing market if intensive infrastructure is developed</td>
</tr>
</tbody>
</table>

Source: Laventhol & Horvath (1988).
(1990) stated that the median age of the Canadian and American population will continue to rise as the baby boom generation moves into its senior years. Therefore with an ageing population structure and a lack of roofed accommodation, the park visitation market will shrink in Canada. Park visitation may be at a peak as demographic trends point to a visitation decline.

Laventhol & Horvath (1988) concluded that Ontario provincial parks are poorly positioned to take advantage of the market possibilities and changes over the next 20 years. However, of the key problems shown in Table 2, all can be addressed by park management except for park location.

To sustain or increase visitation to provincial parks it is argued that managers must look seriously at broadening the options available for accommodation. Appropriate connections to the local tourist industry need to be forged. The world-wide tourist industry uses a standardized booking and information system based on travel agents. The Ontario and Canadian parks are isolated from this system, to their disadvantage. The issues of revenue retention and revenue enhancement must be addressed. All of these changes can be made without unduly impacting on existing uses or users.

**FINANCE**

The 1992 World Parks Congress concluded that the economic difficulties facing many countries restrict the investment required for adequate management of protected areas (McNeely, 1993). This problem is particularly severe in the poorest countries, but also occurs in Canadian parks.

In the 1994–1995 fiscal year Parks Canada had a budget of $364 000 000. This money managed national parks, national historic parks, national marine parks, national historic sites, Canadian heritage rivers and world heritage sites (Government of Canada, 1994). An analysis of the budget estimates shows that from 1983 to 1993 Parks Canada lost $70 240 000 through budget cuts. In addition, in the 1980–1991 period inflation cut an additional $17 000 000. The 1994–1995 budget would have been $451 240 000 if the 1983 budget had been maintained. Therefore, expenditure levels are 19% lower in spending power than 11 years earlier.

A detailed analysis of the 1980–1993 period shows that the Ontario provincial parks’ system lost 30% of its purchasing power. Capital expenditures increased in the late 1980s as special funding was made available for projects associated with the 1993 centennial (see Fig. 2). However, starting in 1993 the capital funds fell back to a normal level. The larger cuts in provincial parks correspond to higher levels of budget restraint generally at the provincial level, compared to the federal level in Canada during the study period. However, the 1995 federal government budget contains massive budget and staff reductions across all agencies. The precise implications for Parks Canada are not clear, but further reductions in operating funds are expected.

**MANAGING MORE WITH LESS**

How have the parks systems managed to survive in this period of rapid growth in responsibility and rapid decline in financial resources? Parks Canada’s budget reduction was absorbed through programme reduction and staff loss. In the 1983–1993 period, 155 person years of employment were lost. The management of the new parks was made possible by the transfer of staff positions from existing parks and regional offices. Overall, the field management saw a watering down of activities as fewer people did more activities across a larger park area.

The agency started a major thrust towards the use of volunteers and cooperation with voluntary organizations (D’Anjou, 1989; Environment Canada, 1991) in 1978. By 1986 there were over 5 500 active volunteers in all
aspects of the Parks Canada operation (D’Anjou, 1989). This replaced some of the functions of the lost staff. It also increased the ability of the operation to move into service functions not traditionally undertaken by federal administrations, such as local fund raising, fee for service operations and mercantile operations. The volunteer sector involvement in Parks Canada enables the agency to both strengthen local support and to tap new sources of finance.

The Ontario provincial parks system has had a significant loss of resources over the last 15 years. The losses are many and a few will be discussed. The level of visitor safety protection, such as lakeside life guards, has been considerably reduced. Most parks now have no guarding or rescue services. The park management planning exercise has ground to a crawl. The desire to have each park with its own management statement is only a dream. Very few parks have professionally trained natural resource managers. Natural resources and visitor management research has been reduced to a very low level. Most provincial parks have no resident staff for most of the year, with only 108 having any form of fee collection or gate control. Many of the parks are operated on a District or Regional level as staff within the Ministry of Natural Resources add parks’ management to a broader job responsibility. It has been said that Ontario provincial park operations have been reduced to camp ground management, an overstatement, but too close to the truth to be ignored. Fortunately, the campers and day users still report a high level of satisfaction (Ministry of Natural Resources, 1990; C. Murray, unpublished). In May 1994, the Minister of Natural Resources announced that eight small provincial parks would remain closed throughout the year due to a lack of operating funds (Kitchener-Waterloo Record, 1994).

THE CONSOLIDATED REVENUE FUND

Canada and Ontario have a tradition of depositing all government income into one large pot, the consolidated revenue fund. This money is given out, along with borrowed money in recent years, to expenditure units throughout the administration. The approach is designed to avoid having rich agencies, those who have access to income and poor agencies, those without such access. It also avoids pots of funds scattered around the government administration.

This approach turns parks agencies into expenditure units only. Earned income is
relatively unimportant because it is not relevant to the next budget allocation from the central government. As a result, budgeting in park agencies is the perverse exercise of deciding how much money is to be spent with little emphasis on income. Parks managers during budget cutting exercises sometimes have cut fee collection staff because they were deemed to be of minor importance! Many parks have reduced the period of fee collection, giving those who visit during the rest of the year free access. The expenditures per visitor are higher in those agencies that operate under the expenditure influence of the consolidated revenue fund (see Table 3) i.e. Canada and Provincial. However, it is important to recognize that Parks Canada manages a widely spread set of parks, most located in remote areas. The Niagara parks, discussed later in the paper, have the advantage of having a large number of clients in a small area, a situation conducive to unit cost efficiency.

This standard financial approach also has profound impacts on the psychology of the organization. The lack of emphasis on fees for services means that issues such as service quality, return visitation and client satisfaction have low priority because they do not really matter in the decision structure. Since the government runs a long line of administrators whose job is to allocate money, the key emphasis for a park manager is to please those administrators. Therefore, the agencies spend too much time with internal resource allocation machinations and too little time on the management of the natural resources and park visitation.

The Niagara Parks Commission, with revenue retention, arranges its operations to gain considerably more income per visitor than the other agencies (see Table 4). The Niagara example is noteworthy since little of this income comes from park entrance fees. The viewing of Niagara Falls and the use of the Niagara parkway are free to visitors. Table 4 reveals that a park agency with the ability to operate like a business, with revenue retention, is able to develop successful strategies for increasing the return from their clientele.

T. Riley (personal communication) reports that the City of Etobicoke parks and recreation operation has revenue retention. As budget pressures have mounted in recent years, the earned income has increased to 34% of expenditures, up from 8% a few years ago. He reported that in Ontario municipalities with careful management and aggressive income collection systems, income has been increased.

In the late 1980s the US Congress gave

<table>
<thead>
<tr>
<th>Table 3 Park system expenditure analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park system</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Parks Canada</td>
</tr>
<tr>
<td>Provincial parks</td>
</tr>
<tr>
<td>Niagara parks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4 Park system income analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park system</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Parks Canada</td>
</tr>
<tr>
<td>Provincial parks</td>
</tr>
<tr>
<td>Niagara parks</td>
</tr>
</tbody>
</table>
partial revenue retention powers to the National Parks Service. A modest fee increase occurred and each park was able to retain the income due to the increase. The Canadian Government expects Parks Canada to earn $37,000,000 from operations, the traditional income in recent years. Above this amount, 25% of the total is retained by the agency (Whitfield, personal communication). These two national park management agencies are moving towards higher levels of revenue generation, tied to the reward of increased internal funds if the income increases.

Those agencies operating on standard business principles relating to revenue generation and expenditure provide recreation services to the visitors at a more economically efficient rate. This phenomenon is becoming recognized and administrative alterations are under way to increase the financial efficiency in many parks agencies.

**COMPETITION FOR PARK VISITORS**

Competition for park visitors is increasing. World-wide travel in the outdoor recreation market gives any one park or one park system competition from many sources. Across the world the number of new parks has doubled in the last 30 years. Clearly any one park must recognize its role within a large world-wide market and must handle its affairs accordingly.

The private sector has more flexibility than the government and can rapidly develop services and products that are value added to existing park programmes. A typical example might be at Algonquin Provincial Park, a world class park heavily used by people from Ontario and nearby provinces and states. However, use by international travellers is difficult. Key limitations include weak marketing, isolation from the travel industry allocation system of agents and carriers, the need for sophisticated equipment (tents, canoes, sleeping bags, etc.) and difficulties with language and information. The private sector has stepped into this market niche by providing all the necessary services to the European market. These outfitters provide the missing information, the equipment, multilingual guides and sell their product through the standard tourism provision infrastructure. Therefore the private sector is developing a service-oriented product that the public sector is uninterested in or incapable of developing.

There are emerging examples of the private sector providing the nature reserve as well as all of the tourist infrastructure. Costa Rica has a diverse national park and wildlife refuge system protecting representative examples of every major ecosystem in the country. However, Fennell (1990) found that Canadians who had visited Costa Rica on an ecotourism travel experience ranked the privately operated park, the Monteverde Cloud Forest Reserve, as the most important ecotourist destination park in the country. All of the national parks and wildlife reserves were ranked lower.

The Monteverde Reserve is owned and operated by local conservation organizations, the Tropical Science Centre and the Monteverde Conservation League. The reserve protects 16,675 ha of land, has 28 employees and serves 40,000 visitors a year (Rojas, 1992; Coto, 1994). Monteverde protects an ecosystem of cloud forest and the associated altitudinal variations on the Caribbean mountain slopes, very similar to the ecosystems in nearby Braulio Carillo National Park. However, the visitors ranked Monteverde far ahead of the ecologically similar national park. Fennell (1990) showed that it was more than the natural environment that determined ecotourist visitor satisfaction. He found that the ecotourists were very interested in learning and experiencing nature. Monteverde provided learning services not available in the national park. The visitor centre had displays, books and up-to-
date information. There were many well-marked and managed trails through various ecosystems. There were knowledgeable guides available for hire. The hotels in the local village could be booked in advance through travel agents. These simple but effective visitor services provide the necessary information, accommodation and travel services to the ecotourists and result in higher levels of satisfaction. The Monteverde Reserve has a visitor limitation of 100 people a day and charges $7 US per visit. This income of $700 a day is sufficient to operate the most highly valued ecotour experience in the country.

The national parks in Costa Rica are at a disadvantage. Their income returns to a consolidated revenue fund. Even if they collect money, they cannot keep it. Until recently, they were not allowed to charge the international tourists more than the poorer local people, thereby keeping income levels very low. Their major emphasis is on resource protection, with very few services for the visitors. There is only one functioning visitor centre in all of the parks. There are a few camping sites but visitors must bring all of their own equipment and food which eliminates much of the international camping visitation. There are no lodges or cabins in the parks. Over the last decade the Costa Rican parks have had static or declining budget allocation from the central government. However, the parks see their visitation increasing dramatically as tropical ecotourism becomes popular. As a result, the national parks are experiencing a resource quality decline as the visitation increase impacts negatively on the environment.

The contrast of the private and public ecotour operation in both Canada and Costa Rica reveals some fundamental principles. The private sector can and will provide high-quality visitor services. The public sector could provide those services, but the central budget approach is providing neither sufficient money nor incentives to increase direct revenues. The parks agency cannot run a service for fee operation and therefore needed services are not operated. The public sector has the mandate to provide high-quality natural environments, but sees the environmental quality being reduced by rapid increases in visitation and the associated impacts. The structural defects in the public system direct long-term degradation of the environment and of the associated visitor satisfaction.

THE CRITICAL LINK BETWEEN FINANCE AND PROTECTION

The Canadian and Costa Rican examples show similar trends of increasing park numbers and higher visitation levels, along with decreasing financial resources in the management agencies. Increased resource degradation, decreased ecotourist satisfaction levels and the virtual destruction of management structures are predicted if the existing financial management structure stays in place. This cannot be allowed to occur.

There is a silver lining in this cloud and the discussed examples cast considerable light. Parks management requires two fundamental concepts, the protection of nature and the management of visitors. The former is a proper role for all of society, because everyone benefits. Therefore, governments are behooved to provide continuous, tax-based funding for the maintenance of the ecosystems in the parks. However, the recreation services provided should be paid for by those who do the consumption. There is no good reason why the outdoor recreation of the middle and upper classes of society should be subsidized by tax dollars. Monteverde shows that a large and significant natural area can be managed in an environmentally sensitive fashion with funds entirely derived from tourism.
In Canada, and elsewhere, the parks agencies need to be released from the bondage of the consolidated revenue fund and its stifling influences. The agencies must be encouraged to develop administrative and financial structures that charge the tourists for recreation services. Either the tourists pay their way or the visitor services and the associated environments will deteriorate.

REVENUE GENERATION AND WILLINGNESS TO PAY

Revenue generation occurs in parks, typically from entrance and camping fees. The United States National Parks Service takes in 10% of its expenditures. In a speech given to the Joint US and Canadian Federal/Provincial/State Parks Directors Meeting J. Ridenour (1993) reported that the United States National Parkes Service takes in less than 10% of its expenditures. Parks Canada takes in 10% of a $364 million budget (C. Whitfield, personal communication). The Ontario provincial parks earn 38% of their expenditures (Reid, 1994). Ontario has a province-wide system of conservation authorities, local bodies largely responsible for water management. These agencies come the closest to earning self-sufficiency in their parks and outdoor recreation expenditures, many earning an income amounting to 75–100% of their expenditures.

How can the conservation authorities come close to balancing their budget? These agencies have been given the power to retain all recreation-derived income. Most authorities earn high incomes on intensive recreational operations, such as ski hills and swimming beaches. They use this money to subsidize more extensive recreation activities such as hiking and nature observation.

There is a variety of revenue retention ratios in parks operations. Those systems that have revenue retention and operate in a standard business fashion, earn much higher proportions of their expenditures.

Murray (unpublished) reported that Ontario provincial park campers demonstrate a high level of satisfaction with the value they obtain for their park fees. They also report that lower fees will not lead to longer or more visitation, suggesting that existing fee levels are not a critical decision component of the trip experience. Riley (1989) analysed the Ontario provincial park visitors’ willingness to pay for expanded service levels. She found 41% of visitors willing to pay for expanded levels of specific services in provincial parks. The willingness to pay was most concentrated in the variables—food, restaurants, convenience stores, lodging and rental of equipment. A breakdown of visitor categories showed that 56% of day users and 32% of campers were willing to pay more. She found that collection of increased fees is best done through conditional fees attached to a specific service, rather than an all-encompassing usage fee. She also found an impressive 54% of visitors willing to donate money on a one-time basis, with the average being $64.13 a person. A significant 30% of visitors were willing to donate some time to the park they were visiting. Riley’s (1989) work showed upward flexibility in the users’ willingness to pay for products and services. There is, apparently, a huge potential to raise donated money and time from the visitors.

THE NIAGARA PARKS COMMISSION AS A MODEL

The Niagara Parks Commission is a scheduled provincial agency with the responsibility of managing the tourism facilities in the Niagara Falls area in Ontario. It is a crown corporation with specific legislation outlining its operation. It is governed by a board of directors, some appointed by the province
and some by local municipalities. This commission has financial operations that provide useful ideas for other park agencies.

The Niagara Parks Commission has 240 full-time staff and 1100 seasonal staff. It serves 12,000,000 visitors a year on 1400 ha of land. In 1993, the commission made profit of $5,000,000 on a gross revenue of $44,000,000. In a speech given to the Joint US and Canadian Federal/Provincial/State Parks Directors meeting (D. Schaefer 1993) reported that the commission made a profit of $5,000,000 on gross revenue of $44,000,000 in 1993. Remarkably this profit was generated without charging fees for the primary attraction, the viewing of Niagara Falls and the use of parkland along the Niagara River.

The primary sources of funds for the commission, in order of importance, are gift shops, food services, attractions and hydroelectric generation. The last of these comes from Ontario Hydro, a major local industry. Even without this industrial income, the commission would still come close to breaking even. The attractions’ income comes from parking fees and from special attractions such as boat rides, tramway rides and gorge viewing sites. The gift shops are located at prime sites along the Niagara parkway and sell a typical variety of souvenirs. Speciality shops have recently been opened i.e. a Christmas store and a nature store.

The two primary sources of income for this agency, merchandising and food, are not available to most parks agencies. Neither Canadian national parks nor provincial parks earn significant funds from merchandise sales or from food sales. Typically, the parks give these to the private sector for operation. The Niagara Parks Commission does not use concessionaires for any potential profit-making enterprises.

The operating surplus of the Niagara Parks Commission is used to upgrade facilities and services. For example, a recreation trail from Fort Erie to Niagara-on-the-Lake costing $4,000,000 was constructed and made available for free use. This idea of dispersed recreation services being paid for by specific profit generation centres is innovative and similar to that outlined for the Ontario Conservation Authorities.

There are limits to the use of the Niagara parks as a general example. The agency has a tourism management mandate. The agency does not have a key environmental protection mandate, beyond the protection of scenic landscapes and views. This relieves the agency from the management of large expanses of sensitive lands that do not generate high levels of funds. The Niagara parks also have the significant advantage of large numbers of visitors in a concentrated area. This provides for efficiencies of scale that are not available to parks that provide dispersed outdoor recreation in a sensitive environment.

However, the Niagara example shows that there are lucrative sources of income in merchandising and food. Such sources are generally not being tapped by provincial and national park agencies. The emerging Friends-of-Parks cooperating associations are starting to fill such markets in some national and provincial parks. Where present, these Friends’ operations provide key funds to visitor information and visitor services programmes.

The Niagara Parks Commission and the Ontario Conservation Authorities show that with proper business practices a much higher level of economic efficiency can occur in park agencies. Dispersed wilderness recreation can never earn the level of income that Niagara Falls can, but a park system with a mixture of parks types and facilities can earn a substantial part of its expenditures. A reasonable goal would be to earn at least one-half of the expenditures through recreation-based income. The other half is the responsibility of society for the environmental protection element inherent in parks.
SUMMARY

Canada has a tourism industry centred on the countries’ abundant natural spaces. Parks play an important role in this industry. In Canada, the majority of national and provincial park visitors are Canadians with less than 10% being foreign clientele. However foreign visitors are becoming increasingly important, especially in the western provinces.

A restructuring of parks operations in Canada and elsewhere is needed. In the long-term, either the tourist use must pay for itself or else this use will prove to be destructive to the park on which it depends. This reality must cause the parks to operate with business principles of service quality and financial return. This will require a restructuring of the administrative, financial and personnel structure of most Canadian parks’ operations.

Parks systems have a critically important environmental protection mandate. Environmental protection is a public good and in wealthy countries, such as Canada, should be paid for by general tax revenues. In poorer countries the public good is present but the governments cannot provide environmental protection funds. In these cases there is little choice but the tourists for suitable income. Either the tourists pay the costs of operation or the parks are insufficiently protected and managed.

In 1995, the Province of Ontario, recognizing the need for change, started reorganizing the provincial parks’ management agency. The new agency, Parks Ontario, will operate much like a crown corporation. Key new management principles include a line agency within the Ministry of Natural Resources, internal revenue retention, a board of directors appointed from across the province and a focus on revenue generation. Over time this agency must gain an increasingly larger portion of its finance from visitors, from new services, from volunteers and from donations. The important resource protection mandate will continue and may be strengthened through legislative amendment. The strong environmental movement in Ontario only agreed to this new fiscal arrangement with corresponding legal environmental protection changes, the details of which are beyond the scope of this paper.

This new approach will result in higher general use fees for all visitors. Visitor services, such as food provision, equipment rental, guiding and accommodation, will be increased in scope and will be operated directly by the government agency. The satisfaction of the park visitor will be given a much higher emphasis. Issues such as return rates, length of stay and value added services will have a higher profile. The creation of closer and longer term links between the park agency and the visitor will be undertaken. Some parks may develop membership units so that the visitors can be kept involved with the parks throughout the year. Some parks are already starting to develop special products based upon their inherent values. Examples include advanced educational experiences, high-quality equipment and vanity clothing.

Canada, nationally and provincially, is having to move to a more business-like park management structure. The key concepts must be resource protection, high levels of visitor satisfaction, fees for services and financial self-sufficiency in tourism. Such a mix of ideas is emerging in many operations world-wide, with private ecotourism reserves and a few government agencies leading the way.

ACKNOWLEDGEMENTS

The attendees at the Ontario Provincial Parks Centennial Conference at Trent University in April 1994 provided many insightful comments on an earlier draft of the paper. Special thanks to Gary Babcock, Dan
Mulrooney, John Marsh, Pearl Anne Reich-wein, David Basaille and Norm Richards. Thanks are due to Per Nilsen of Parks Canada and Geoff Dickson of Griffith University in Australia for comments on an earlier draft of the paper.

REFERENCES


Kitchener-Waterloo Record (1994) 8 Ontario Parks to stay shut as money-saving measure, 4 May.


Whitfield, C. Personal communication, Parks Canada, Department of Canadian Heritage, Ottawa, Ontario.