Pergamon

Tourism Management, Vol. 19, No. 3, pp. 225–235, 1998

0261-5177/98 $19.00 + 0.00

PII: S0261-5177(98)00017-X

Budgets, pricing policies and user fees in Canadian parks' tourism

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The nature-based tourism industry in Canada is substantially based upon an extensive system of national and provincial parks. Over the last two decades public demand has resulted in increases in the number of parks and in tourism use. However, fiscal restraint has caused budget reduction with the associated loss of management effectiveness. What fiscal and management responses have there been to this problem? This paper summarizes the data from a national survey of all provincial, territorial and national park agencies' budget, fiscal and pricing policies. Two major observations are evident. One is the continuing loss of management capability due to the reliance on insufficient government funding for capital and operational needs. The other is a shift from government budget funding to a higher utilization of tourism-based fees and charges. Overall the trend is away from tax-based government allocations, towards income derived from fees for the services and facilities provided to the park visitors. © 1998 Elsevier Science Ltd. All rights reserved

Keywords: national parks, Canadian park management, recreation management

Introduction

In the USA and Canada the use of recreation areas and facilities has grown at a greater rate than the funding available for maintaining, refurbishing, and improving these areas and facilities.[1] A growing demand for public services, combined with government budget cutbacks and resistance to tax increases, means park agencies must search for sources of revenue beyond tax revenue to sustain their activities.[2] Typically park agencies generate only small revenue flows, leading to weak political and fiscal rationale to increase government grants. The vicious cycle of low revenue and weak government budget allocation leads to inadequate management, including further weakness in financial operations. Owing to the long history of financing through government grants, pricing and revenue generation policy in parks and protected areas is seriously neglected in public policy.[3]

Canada has large park systems at both the federal and provincial levels of governments. The national parks and national historic parks are managed by a federal government agency, Parks Canada. All provincial and territorial governments have a parks system, each with its own management agency. During the last decade in Canada many parks were created, especially in British Columbia, Ontario and Nova Scotia, while government monetary allocations were frozen or reduced. While society demanded more parks, less tax money was provided for the operation and maintenance of parks. Because of this trend, many parks do not have sufficient funds for maintaining facilities, to enforce management decisions, or to stop destructive activities.[4]

A technique to offset dwindling tax-based government budgets is user fees and charges. The imposition of user fees and charges for public services is an old idea. In 1908, Mount Rainier National Park became the first US park to impose visitor fees.[5] In Canada, user fees have been an aspect of national and provincial park use for decades. Therefore, users of national, state or provincial parks in North America are familiar with the idea of paying fees for park facilities and programs.

There are four pricing strategies evident in parks and protected areas. First, token charges are an accepted way to impute value to visitation. Second, fees for revenue are frequently used to offset some or all of the operating costs of a park. Third, fees can also be used as a management tool, for example higher fees may be used at peak times to shift use to off-peak hours. Fourth, high fees to produce a profit is an available, but seldom used, option for public agencies.[3]

Traditionally, governments in Canada place all income, including taxes, licences and user fees, into one central consolidated revenue fund. In turn, central government administration distributes this money to expenditure units, including park agencies. Under this funding scheme, internal revenue generation by a park is unimportant because park agencies obtain budget allocations annually from the government, often irrespective of the revenue earned at individual parks. This means that there is little incentive for site managers to emphasize revenue generation, and the allied issues of service quality and customer satisfaction. This funding approach forces managers to focus on internal agency monetary allocation, with little focus given to the management of park visitation.[4] However, in recent years policy changes took place that allow some park agencies in Canada to retain all or part of their fee income, with the goal of allowing these agencies to become partially self-sufficient in their financial operations.

Parks Canada had a 1994/1995 fiscal year budget of $364 million for managing National Parks, National Historic Parks, National Marine Parks, National Historic Sites, Canadian Heritage Rivers and World Heritage Sites. As a result of budget restraint, it is estimated that Parks Canada's budget had been reduced by $70 million in the 10 years preceding the 1994/1995 fiscal year. Additionally, inflation cut $17 million more from the budget between 1980 and 1991. Another $25 million was cut in 1995.[4] In 1995 the national government started removing 24% of Parks Canada's remaining budget, $98 million over the following 3 year period.[6,7] Owing to budget reductions, Parks Canada reduced both staff and programs, and between 1983 and 1993 155 person years of employment were lost.[4] In 1996 this federal agency started laying off one-third of its remaining work force.[7] To manage the new parks being created in this period, Parks Canada transferred staff from existing parks and offices, thereby further diluting the existing management structure. As a way of dealing with dwindling resources, Parks Canada actively sought the participation of volunteers and volunteer organizations to assist in park operation. The use of volunteers and volunteer organizations helped Parks Canada deal with reductions in staff, and introduced non-traditional functions such as fund raising and fee for service operations.[4]

Provincial parks in Canada also had budget reductions. Using Ontario as an example, between 1980 and 1993, the Ontario Provincial Park System lost a minimum of 30% of its purchasing power while the number of parks doubled.[4] This loss of financial resources had a devastating effect on this system. All parks dropped waterfront life guarding or rescue services, management planning decreased, many parks lost trained managers, and research was curtailed.[4] In 1994, eight provincial parks closed because of insufficient operating funds. In 1996, 15 more were closed due to a further $9 million budget cut, approximately 20% of the government-allocated budget.[8] Clearly, both national and provincial parks in Canada have had massive budget restraint and cuts over the last decade. However, Canada's important nature-based tourism industry is largely centred on these parks. There is concern that the budget cuts will impair this industry and could lead to environmental damage due to ineffective site management.

Given the Canadian trends of increasing park numbers and decreasing budget allocations from government, it is important to understand the trends in budgets, pricing policies, and fees. This paper explores the use of charges and fees by senior park agencies across Canada, a subject of increasing importance to public policy discussions in this country. The primary objective is to assess the status of national and provincial park agencies in regards to: levels of government funding, sources of non-government funding, fees and charges levied, level of private sector involvement, volunteer involvement, and the future funding strategies.

Methods

A survey instrument was developed to explore the status of fee structure and fee policy of national and provincial parks in Canada. The questions focused primarily on operational factors, such as written fee policies, the variables considered when establishing fees, and different types of fees being used. Seven of the 12 questions were multiple choice, five were open-ended.

The first question of the survey asked park agencies to indicate budget information for the 1994/1995 fiscal year. The second question asked whether agencies have formal written fee and charge policies, and if so, how often these policies are reviewed. These questions were meant to provide background information on budget allocations, how many agencies have formal policies, and how often they are reviewed.

Question three asked the agencies to list their revenue sources in dollars earned from each source for the 1994/1995 fiscal year. Questions four and five asked for information on budget allocations during the past 5 years, and for changes in funding provided. If funding levels had changed, agencies were asked to indicate how these increases or cuts impacted their parks. Several options were provided for each agency to indicate the effects of changing budget allocations. The answers provided information on the trends in park funding levels, and the associated changes in the operation of parks.

Question six asked the agencies if they felt pressure to increase revenue and if so, to indicate from whom they felt pressure.

Questions seven and eight asked agencies to specify the three most important factors considered when establishing fees, and whether agencies could retain any fees collected at parks. These questions identified the various rationales for price setting and the considerations made when implementing fees.

Question nine asked which sources of funding/support agencies were used within the past 5 years. Question 10 asked park agencies whether differential fees were utilized. If such different pricing policies were in effect, information was to be provided as to why this was so.

Questions 11 and 12 asked the agencies to detail various funding techniques and initiatives they may pursue in the future. Survey respondents were then provided space to note any additional information about the survey, and whether they wished to receive findings of the study when complete.

The survey was presented to the agencies in a booklet format, consisting of six pages, with instructions for completing each question. A cover letter explained the purpose of the survey and how the information would be used. The survey was mailed in early 1996 to the provincial park agencies of each province and territory, and also to Parks Canada. No regional or municipal park agencies were surveyed. Phone calls stimulated responses and answered questions. The response rate was 100% with all Canadian provincial and territorial park agencies and Parks Canada participating in the survey.

Results

Park budgets

For the 1994/1995 fiscal year the park agency budgets in Canada totalled $462 163 095, with British Columbia not reporting. This money managed the vast majority of the 640 protected areas in Canada over 1000 ha in size that total 82 545 492 ha, or 8.32% of Canada.[9] In addition, it managed hundreds of small parks. The individual agency budgets ranged from $1 743 700 for Prince Edward Island, to $348 307 000 for Parks Canada (*Table 1*), revealing the very significant differences in funding levels between park agencies. One agency, Parks Canada, had 75% of the Canadian park budget while managing a minority of the parks. The 10 provinces and two territories spent the other 25% while managing the majority of the parks. The variation in funding levels for park agencies obviously influenced the type and level of services provided. It must also be kept in mind that the number of parks, the area in parkland and the level of visitation varies among the systems, but it is beyond the scope of this paper to document these differences in detail.

The operating budgets ranged from $1 743 700 for the Northwest Territories (NWT), to $193 581 000 for Parks Canada. The capital budgets ranged from none in Prince Edward Island, to $133 973 000 for Parks Canada. In all cases the capital budgets are lower than the operating budgets. On average, 30% of the parks' budget was for capital construction, but this varied from 0% in Prince Edward Island (PEI) to 60% in the NWT. Clearly, the PEI parks have a problem with deferred capital construction and maintenance of the physical plant in the parks, a common problem in underfunded park agencies.[10] Gladwell and Sellers [11] reported that in municipal park and recreation departments in the southeastern US 17.8% of budgets was used for capital spending.

In the 1994/1995 fiscal year the provincial and national park agencies of Canada serviced approximately 116 000 000 visitor days of tourism.[12] This large volume of activity was sustained by a government expenditure of $4.00 per person a day, calculated by dividing the total budgets by the total visitation, a very modest amount.

Agency fee policies

Among the 13 agencies, 62% had written fee policies (*Table 2*), a figure similar to the 66% found

Table 1 Park agencies' 1994/1995 budgets

Parks Agency	Total Parks Budget	Capital Budget	Operating Budget
Alberta	$38 572 000	$2 503 000	$36 069 000
British Columbia	no data	no data	no data
Manitoba	$17 400 000	$2 800 000	$14 600 000
New Brunswick	$7 346 000	$700 000	$6 561 100
Newfoundland	$5 405 000	$850 000	$4 555 000
NWT	$5 000 000 (approx.)	$3 000 000 (approx.)	$2 000 000 (approx.)
Nova Scotia	$5 000 000 (approx.)	$1 176 000	$3 800 000 (approx.)
Ontario	$47 711 395	$6 575 018	$41 136 377
PEI	$1 743 700	none that year	$1 743 700
Quebec	$10 000 000 (approx.)	$2 000 000 (approx.)	$8 000 000 (approx.)
Saskatchewan	$10 990 000	$990 000	$10 000 000
Yukon	$3 260 000	$1 730 000	$1 530 000
Parks Canada	$348 307 000	$133 973 000	$193 581 000
Totals	$462 163 095	$138 693 000	$287 507 177

Table 2 Fees and charges policies

Parks Agency	Fee Policies	Review Period
Alberta	yes	2–3 years
British Columbia	yes	annually
Manitoba	yes	annually
New Brunswick	yes	annually
Newfoundland	yes	annually
NWT	no	n/a
Nova Scotia	no	n/a
Ontario	yes	annually
PEI	no	none
Quebec	no	none
Saskatchewan	no	none
Yukon	yes	2 years
Parks Canada	yes	1–2 years

by Baedemas and Readnour[13] in a survey of park agencies in areas near the Great Lakes in the US. Five of the 10 agencies with written policies say that their policies are reviewed annually, while three agencies review their policies every 2–3 years, or as needed. Parks Canada reviews its policies every 12–24 months. Of the five agencies that do not have written policies regarding fees and charges, one agency said that written policies have never been considered, one agency is currently developing them, one agency indicated that fees were considered in their overall parks policy, one agency said fees were set by regulation which must be approved by the Governor in Council, and one agency stated their fees are set by Minister's Order under the Parks Act.

While some agencies do not have written pricing policies, they have informal pricing policies. The lack of written fee policies and the lack of regular policy review in agencies indicates a low level of emphasis on fee collection. This is probably due to the consolidated revenue fund effect (i.e. a lack of a direct connection between fee income and budget allocations). In these agencies the fees are token charges, with little attempt to use them as a budget supplement. This relatively low level of fee policy in some park agencies is surprising, given the strong budget reduction and restraint that has occurred in senior park agencies in Canada over the previous decade. The lack of fee policy and the associated lack of emphasis on fee collection might be seen as a benefit to the tourism industry. No tourist likes to pay fees. However, the resultant fiscal weakness of the park agency will reduce management effectiveness, with negative implications for the long-term sustainability of nature-based tourism.

Government funding

Ten agencies, 77% of the total, reported lower government funding over the previous 5 years (*Table 3*). Only Newfoundland had an increase in government-allocated funding. Saskatchewan's funding remained relatively constant. Manitoba received an increase in capital funding for a special initiatives project. Generally, capital reductions ranged from 16 to 50%, and operating budgets dropped by 10% or more.

The impacts of budget reductions ranged from staff losses and the closure of campgrounds to the selling of parks (*Table 4*). All agencies lost staff complement during the last 5 years due to budget reductions. Nine agencies experienced program elimination or downsizing, and a reduction in facility maintenance.

Eight agencies closed campgrounds or facilities. The Northwest Territories reported considering such closure in 1996. Seven agencies reported a hiring freeze. Eight agencies reported limited or closed operation of facilities, and eight agencies

Table 3 Changes in level of government allocated funding

Park Agency	Changes in Level of Government Allocated Funding
Alberta	1994/95 budget was $38 572 000, reduced by 16% since 1989/90. While budgets were decreasing, responsibility expanded with other program merged with the Provincial Parks Programs.
British Columbia	3 tier administrative structure reduced to 2.
Manitoba	Allocated $325 000 capital for special initiatives.
New Brunswick	Capital budget of $700 000 in 1994/95 reduced to $500 000 in 1995/96.
Newfoundland	1995 $6 300 000 Major policy changes in 1995/96 due to 28 1994 $5 400 000 parks closing. Eight permanent staff and 1993 $5 200 000 four full-time temporary staff positions lost.
NWT	Budget drop of 10% and capital budget drop of 25% over past five years. Privatization of many services. Closure of facilities anticipated in 1996.
Nova Scotia	Capital reduction of 50%, operating reduction of 12% over past five years.
Ontario	1994 $47 711 395 Major program reductions plus 3 1993 $53 089 112 reorganizations within the past 5 years. 1992 $67 247 659 Budget reduction in 1996/97 is $9 000 000.
PEI	Parks lost $430 000 in 1993/94 when the central administration office was eliminated.
Quebec	Operating Capital 1994/95 $7 990 000 $2 050 000 1993/94 $9 400 000 $2 650 000
Saskatchewan	The parks' budget remained constant over the past 5 years.
Yukon	Zero-based budgeting caused frequent budget reductions. Operating Capital 1995/96 $1 500 000 $1 200 000 1994/95 $1 530 000 $1 730 000
Parks Canada	1994/95 $348 307 000 A structural re-organization took place 1993/94 $409 787 000 in '93 when Parks Canada merged into 1992/93 $413 586 000 the Dept. of Canadian Heritage

Table 4 Effects of budget reductions

Change	AB	BC	MB	NB	NF	NT	NS	ON	PE	PQ	SK	YK	PC
Staff loss	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Program downsize	Y	Y	N	Y	Y	N	Y	Y	N	Y	Y	Y	N
Lower facility maintenance	Y	Y	N	Y	Y	Y	Y	N	Y	Y	N	N	N
Closure of facilities	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y	N	N
Hiring freeze	Y	Y	N	Y	Y	Y	N	Y	Y	N	N	N	N
Limit or close facilities	Y	Y	N	Y	Y	Y	Y	Y	N	Y	Y	N	N
Contract services	Y	Y	N	Y	N	Y	N	Y	N	Y	Y	Y	N
Sell park(s)	N	N	N	Y	Y	Y	N	N	N	N	N	N	N
Efficiency strategies	Y	N	N	Y	Y	Y	N	Y	N	N	Y	Y	Y

contracted services to private operators. Two agencies sold parks, and the Northwest Territories reported the possibility of selling parks in 1996. Eight agencies carried out efficiency strategies, such as Ontario's self-service registration in some parks. The Yukon maintained service levels with fewer resources by turning to self-service. Alberta integrated government departments and services. Eight agencies contracted services to the private sector. It is obvious from the responses of the survey that most park agencies were adversely affected by budget cuts or restraint within the last 5 years.

Nine of the 13 agencies experienced no budget increases within the past 5 years. Four park agencies reported budget increases, including: Newfoundland, Manitoba, Saskatchewan, and Nova Scotia (*Table 5*). Newfoundland hired more staff, increased the number of programs offered, and experienced increases in capital expenditures. Manitoba received an increase in capital expenditures and Saskatchewan saw an increase in the number of staff and in capital expenditures. Nova Scotia reported an increase in capital expenditures. Alberta increased its number of programs, but with no budget increase. British Columbia received money from Forest Renewal B.C., which was directed to in-park developments, and approximately $4 million was allocated for trails and campground development.

Over the 10 year period prior to this study, Canada's park estate expanded considerably. Major system expansions took place with national parks and with the provincial park systems of Ontario, British Columbia and Nova Scotia.[4]

The lack of budget increases for most parks in Canada resulted in a system of parks and protected areas that was becoming more impoverished over the period studied. The lowered levels of capital construction and maintenance leads to a deferred maintenance situation that will cause large problems as the infrastructure ages.[10,14] The lack of hiring causes an aging work force, without the infusion of new ideas and education of younger staff. The decrease in programs makes the parks less attractive to consumers. What is being done to counter this depressing and unacceptable situation?

Revenue generation

In addition to government allocations, a wide variety of user fees and other income sources are used in parks to raise money. User fees comprise the single largest revenue source after government allocations (*Table 6*). Concessions, land rent and land sales also commonly generate income. On average the fees provided 17% of the budgets, a very similar amount to the 18% found by Brademas and Readnor.[13] Saskatchewan is the national leader in Canada, earning 52% of expenditures in 1994/1995. Ontario is next, earning 36%. The current Conservative Government in Ontario has dictated that this level of revenue generation be increased to well over 50% of expenditures.

No agency received money directly from private sector contributions, but a few used volunteer groups for this purpose. Only the Northwest Territories received money through the sale of retail merchandise. No agency reported food sales. Increasingly membership organizations, such as 'Friends of the Park', are developing these funding opportunities. These non-profit groups frequently solicit donations from members of the public, corporations and foundations. They often operate retail sales outlets to fulfill tourist needs, usually with an emphasis on environmental education programs. Therefore, the lack of reported park

Table 5 Budget increases

Change	AB	BC	MB	NB	NF	NT	NS	ON	PE	PQ	SK	YK	PC
Hiring more staff	N	N	N	Y	N	N	N	N	N	Y	N	N	N
Increase programs	Y	N	N	N	Y	N	N	N	N	N	N	N	N
Increase capital expenditures	N	N	Y	N	Y	N	Y	N	N	N	Y	N	N
Improved	N	N	N	N	N	N	N	N	N	N	N	N	N
Other	N	N	N	N	N	N	N	N	N	N	N	N	N

Table 6 Non-government revenue sources

Park Agency	Revenue Sources	Revenue	Percent Recovery
Alberta	Camping fees, land dispositions, user fees and permits (showers, marina fees), special user facilities, contracts, concessions, miscellaneous revenue.	$4046585	12%
British Columbia	Government provides 99% of revenue. Campgrounds operated by commercial contractors who retain all revenues.	No data	1%
Manitoba	Lodge/private land/commercial leases, golf, camping/park entry.	$6002410	35%
New Brunswick	User fees, leases	$1000000	14%
Newfoundland	Camping fees	$570000	11%
NWT	Fees, retail merchandise, licences, permits	$205500	4%
Nova Scotia	Camping fees	$535686	11%
Ontario	User fees, concessions, miscellaneous	$17119363	36%
PEI	User fees	$330000	19%
Quebec	Contracts, user fees, camping and other activities	$450000	5%
Saskatchewan	User fees, lease fees, permit fees	$5663886	52%
Yukon	Camping fees	$230000	7%
Parks Canada	Rents, entrance fees, camping permits, living accommodations, boat lock fees, municipal services, permits and licences.	$40037000	11%

agency activity in the solicitation of donations and the sale of retail merchandise, is being partially made up through cooperation with park friends groups. However, there is considerable opportunity for senior Canadian park agencies to become much more involved in the lucrative fundraising opportunities of donations, food and retail sales.

All provincial agencies reported receiving pressure to increase their revenue (*Table 7*). Parks Canada did not answer this question, but McNamee reports that this agency plans to double its fee revenue from $35 million in 1995 to $65 million in 1999.[7] Ten agencies suggested the pressure to increase revenue came from their central government. Ten agencies indicated pressure came from within their own parks program, and only the Northwest Territories and Newfoundland reported not feeling pressure from their own internal park program.

Only four agencies (Manitoba, British Columbia, Quebec and Ontario) indicated that they felt pressure from the public to increase their revenue. These data reveal that the Canadian public is not aware of the problems caused by decreasing park budgets and the need for agencies to increase revenue to solve these problems. There is obviously a serious problem in the public knowledge and understanding of the severe budget problems of Canadian parks. Part of this is certainly the result of the lack of information being provided by park agencies and by their constituencies, such as outdoor recreation and environmental groups, to the public. However, until the research was undertaken for this paper, the scale of the problem has neither been clearly identified nor documented in Canada outside of government agencies, and therefore could not be properly addressed in a systematic, national fashion by forces external to government. The tourism industry needs to be aware of the long-term problem caused to the sustainability of this industry, when the managerial and resource base on which it depends is deteriorating.

Table 7 Level of pressure to increase revenue

Park Agency	Pressure	Central Government	Own Program Direction	The Public
Alberta	yes	yes	yes	no
British Columbia	yes	no	yes	yes
Manitoba	yes	yes	yes	yes
New Brunswick	yes	yes	yes	no
Newfoundland	yes	yes	no	no
NWT	yes	yes	no	no
Nova Scotia	yes	yes	yes	no
Ontario	yes	yes	yes	yes
PEI	yes	yes	yes	no
Quebec	yes	yes	yes	yes
Saskatchewan	yes	yes	yes	no
Yukon	yes	no	yes	no
Parks Canada	no data	no data	no data	no data

The widespread pressure from the central government to increase revenues indicates that park agencies are increasingly being asked to become more financially self-sufficient. As 86% of the agencies felt pressure to increase their revenue based on their own program direction, the need for greater fiscal return and the need to sustain their operations with lower government allocations comes to the fore. Since agencies which retain revenues have greater incentive to increase revenues to put toward programs and facilities, the pressure from the central government to increase income leads to demands for internal revenue retention.

Fee setting priorities

The most important considerations reported in setting fees were the 'type of service' offered and the 'price charged by other agencies', both at an importance ranking of 23. Since each agency ranked each of the fee setting priorities from 1 to 6, with 1 being most important, the highest possible ranking could be 13 (1×13) and lowest possible could be 78

Table 8 Importance rating of fee factors

Factors	Importance Rating*	Response Rate
Cost per Participant	31	73%
Type of Service	23	87%
Residence of Participant	31	40%
Price Charged by other Agencies	23	87%
Age of Participant	38	60%
Income of Participant	32	40%

*Rating could vary from 13, highest possible, to 78, lowest possible.

(6 × 13) (*Table 8*). Clearly most agencies recognize that the fees being charged relate to the type of service provided. More *et al.*[15] found that campers expect to pay costs related to the level of service that is being provided. This market-oriented approach leads to better links between the costs of operation and the fees charged. However, the fee justification of charging levels similar to other agencies is based less on the costs of providing the service, and more on setting fees compared to others. 'Cost per participant' was also ranked highly. The agencies are recognizing the need for understanding the cost of services for each recreationist. This may lead also to higher managerial emphasis on the amount and quality of service provided for each tourist.

Less important factors were 'residence of the participant', 'income of the participant', and 'age of the participant.' However, age-related fees, such as lower fees for seniors and children, are an element of fee establishment. There is some consideration given to differential fees according to the place of residence. Clearly, a recreationist that resides outside the jurisdiction of the agency is not paying taxes towards the relevant government and is therefore susceptible to the argument of paying higher fees. This justification for charging higher fees for foreign visitors is becoming widespread in poorer countries with nature-based tourism industries, but is not yet common in North America. However, 40% of park agencies in Canada are considering this option.

Parks Canada considers several factors when establishing or increasing fees. The process of establishing or increasing fees for services within Parks Canada's system is based upon whether the service provided is a public good or of personal benefit. If the service provided is of personal benefit, it must be decided if the fee is going to be based on partial-cost recovery, full-cost recovery or is market-based. The agency also examines whether the costs associated with the service are appropriate or if they can be reduced.

The Northwest Territories considers the cost of collecting fees when deciding whether to establish or increase fees. This is a form of cost accounting and is important when justifying the fee amount. The

Table 9 Revenue retention

Park Agency	Revenue Retention
Alberta	no
British Columbia	yes
Manitoba	no
New Brunswick	no
Newfoundland	no
NWT	yes
Nova Scotia	yes
Ontario	yes
PEI	no
Quebec	no
Saskatchewan	yes
Yukon	no
Parks Canada	yes

Yukon considers the cost of providing the service and British Columbia considers the occupancy rate of campgrounds when deciding whether to establish or increase fees.

Six agencies retain the revenue they collect, while seven agencies do not (*Table 9*). In the Northwest Territories and British Columbia, revenues go directly to contractors to offset their costs. Within Saskatchewan, parks operate under a Commercial Revolving Fund (CRF) which is established through legislation. Under this system, park revenues are deposited to the CRF and operating expenses are paid out through this fund. The CRF is currently operating at a deficit of approximately $3.5 million. In Nova Scotia, an estimate of anticipated revenue is deducted from the requested operating budget. In Ontario, all park revenue will be kept for park management purposes starting in 1996/1997. Parks Canada was given the authority in 1994/1995 to reinvest revenues generated into the operation and services of the Parks Canada system. Quebec is working on regulations to enable revenue retention.

The national trend is toward revenue retention by park agencies. Combining this with dropping tax-based allocations, the pressure is on the managers to gain higher levels of income from tourism sources.

A variety of funding or support sources were used across the park agencies in Canada (*Table 10*). Eleven agencies used the services of volunteers and volunteer organizations within the past 5 years. Twelve agencies used the private sector more frequently to provide services. Three used fundraising and donations. Seven used entrance or user fees, and nine increased such fees over the past 5 years. Three agencies benefited from grants. Eight agencies charged for facility rentals, 10 charged reservation fees, three charged for parking, and three charged for equipment rentals. Alberta charged for filming within their parks, and the Northwest Territories used inmates from correctional centres to perform maintenance work.

All park agencies have differential fees (*Table 11*). Differential fees based on the location of a campsite

Table 10 Sources of funding/support

Sources	AB	BC	MB	NB	NF	NT	NS	ON	PE	PQ	SK	YK	PC
Volunteers	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Private Sector Involvement	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
Volunteer Organizations	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	N	Y
Fundraising or Donations	Y	Y	N	N	N	Y	N	N	N	N	N	N	N
Introduce user fees	N	N	Y	Y	N	Y	N	Y	N	N	Y	Y	Y
Increase user fees	N	Y	Y	N	Y	Y	Y	Y	Y	N	Y	N	Y
Grants	Y	Y	Y	N	N	N	N	N	N	N	N	N	N
Facility rentals	Y	Y	Y	Y	N	N	N	Y	N	Y	Y	N	Y
Reservation fees	Y	Y	Y	Y	N	Y	N	Y	Y	N	Y	N	Y
Parking charges	N	N	N	N	N	N	N	Y	N	Y	N	N	Y
Equipment rentals	N	N	N	N	N	N	N	N	Y	N	Y	N	Y

were utilized by four park agencies. Differential fees based on the season of the year were used by seven agencies. Seven agencies used differential fees based on the type of group, and two agencies used differential fees which were based on the residence of the visitor. Seven agencies had differential fees based on a particular park and Manitoba proposed this for the 1996 season. Agencies which charge differential fees based on the particular park, charge extra for more popular parks and parks which have more facilities. Alberta offers a discounted fee for mid-week use and at under-utilized parks. Manitoba and Nova Scotia use differential fees based on the level of services offered to the visitor. Parks Canada bases fees on the type of packaged service a visitor desires (i.e. guided tours).

The use of differential fees will probably become more widespread. Differential fees based upon the level of service provided are already common and will continue to be used. Ontario is considering charging differential campsite rates according to the environmental amenities of each site. For example, waterfront sites would be more expensive. The research by More *et al.*[15] shows that campers will accept differential fees if they can be clearly related to the level of facilities and amenities being provided. This is not a surprising finding since the hotel industry uses this approach universally.

All park agencies are exploring a wide range of funding opportunities (*Figure 1*). All agencies are looking for cost efficiencies in their operation. Increases in existing user and entrance fees as well as the introduction of new user fees will take place in virtually all agencies. Clearly tourists can expect higher levels of user fees in parks across Canada. Eight agencies are considering selling park publications, eight are considering charging for facility rentals. Ten are examining increasing private-sector involvement. Four agencies are considering increasing reservation fees, five are considering leasing campsites, five are thinking about charging for parking, three are thinking about charging for equipment rental. Alberta is introducing a new initiative to charge for cross-country skiing in a pilot project operated by a private operator. Prince Edward Island is considering marketing initiatives and transferring parks to municipal operation. British Columbia is examining all options and uses information gathered through household surveys as a guide when considering increasing fees. In the 1996 federal budget, a proposal was made to give Parks Canada 'agency status'. Legislative changes to implement the changes were introduced before the 1997 election, and will probably be introduced by the re-elected Liberal government in 1997 or 1998. This new agency structure will be designed to provide more business-like financial structure, with target marketing, differential fees, innovative private-sector involvement and revenue retention.

As evidenced from the above findings, 87% of the agencies are considering introducing new user fees and 93% of the agencies are considering increasing the fees they currently charge. All park agencies are looking to use more cost-efficient strategies, and 87% of the park agencies are considering more involvement with the private sector. These findings reveal park agencies becoming pro-active in their quest to seek tourism-based funding strategies.

Environmentalists are becoming concerned about the new emphasis of fundraising. The fear is that

Table 11 Differential fees

Factors	AB	BC	MB	NB	NF	NT	NS	ON	PE	PQ	SK	YK	PC
Location of Campsite	N	N	N	N	N	Y	N	N	N	Y	Y	N	Y
Season	Y	Y	N	Y	N	N	N	N	Y	Y	Y	N	Y
Type of Group	Y	Y	N	Y	N	N	N	N	N	Y	Y	Y	Y
Residence of Visitor	Y	N	N	N	N	N	N	N	N	N	N	Y	N
Particular Park	Y	Y	Y	Y	Y	N	N	Y	N	Y	N	N	Y
Other	Y	N	Y	N	N	N	Y	N	N	N	N	N	Y

tourism development in parks may be encouraged for its financial benefit, with potential negative impacts on the parks' natural resources.[7] The tourist industry is very vulnerable to this argument. In the future when environmental deterioration becomes obvious due to a lack of proper park management, it is distinctly possible that the environmental movement could blame the tourism industry for this damage, and could move to have tourism severely reduced.

Summary

The significant variation in budgets between agencies, ranging from $1.7 to $348 million, reflects the area of the parkland to be managed, the visitation levels and the financial strength of the various governments. The national parks system, operated by the federal government, has much higher budgets than all provincial or territorial parks' systems combined, due to the higher levels of taxation income available to the national government.

The average park agency expenditure of $4.00 per day of tourist visitation can be seen as an impressive example of government efficiency. Or it can be seen as an expenditure that is so low that it is not sufficient to maintain the natural resource and infrastructure base upon which park tourism in Canada depends. It is difficult to believe that the resource management, police services, information provision, recreation programs, accommodation services and planning of Canadian parks can be sustained in the long-term on such a small amount of money.

Three-quarters of all senior Canadian park agencies had budget reductions in the last 5 years. Only modest increases occurred for the others. Most aspects of park operation were reduced, including the loss of staff, the closure of facilities and programs, the selling of parks, and the transfer of programs to private enterprise. Only two systems hired staff, one increased programs and four increased capital expenditures. No agency improved infrastructure maintenance. Along with the budget reductions were major expansions of the number and area of parks to be managed. Clearly the management capability of Canadian park agencies was reduced over this period.

The lack of written fee policies in five agencies reveals a low emphasis on user income in those agencies. This is due to the consolidated revenue fund effect, with income returning to the central government and local budgets not directly related to tourist income or use. In this circumstance tourism-

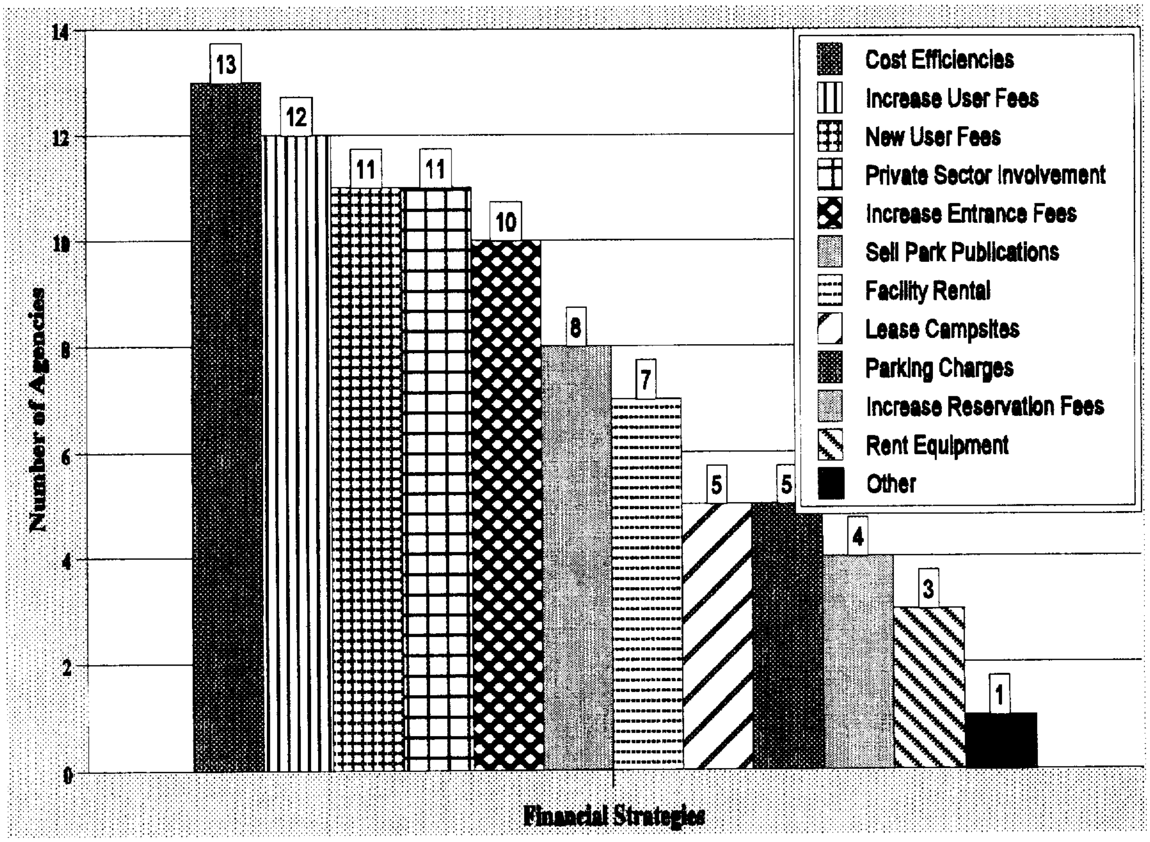

Figure 1 Future funding strategies.

based fee income has relatively low priority.[5] However, the situation is changing rapidly. Six agencies have revenue retention, enabling them to operate like a business, with fees applied to the related services. Most of the others are moving in this direction. A major shift in the finance of parks in Canada is underway, moving away from government budget allocations towards higher levels of income derived directly from fees and charges made of park visitors.

All park agencies feel political pressure to increase their income from sources other than tax allocations. Considerable experimentation with various income sources is occurring. The use of volunteers and volunteer groups is increasing, often associated with fundraising. Entrance fees and use fees are being introduced and increased. Differential fees, based upon such factors as the season of the year, the type of program, the level of service and the home locality of the user are being introduced. Small amounts of equipment rental and retail sales occur and are likely to increase in scale. Donations from individuals and corporations, now seldom used by government agencies, are being considered.

As governments decrease budget allocation, park agencies show two possible responses. They can terminate their operation of programs and services, or they can attempt to earn income from other sources. Both options are being used in Canada. Two major income-earning management models are developing. One sees the parks withdrawing from recreational service delivery and turning this function over to the private sector which charges fees for those services. British Columbia, Canada's largest provincial park management agency, adopted this model. The other model sees the parks operating similar to private enterprises. Ontario, with Canada's oldest and second largest provincial park management agency, adopted the private enterprise within government approach. The next few years will be very interesting as these two national leaders move in dramatically different fashions.

After 110 years of park management by senior governments in Canada, a major refocusing of finance is now occurring. Even as the amount of parkland increases, governments reduce the amount of money available for management. One result is the income source shifting from the general tax payer to the recreationist. This shift moves management towards much higher levels of client focus. Therefore, issues of visitor satisfaction, program quality, length of stay and return rate become much more important to park managers in Canada.

This evolving focus in park finance is creating a new management structure, which moves park management much more into mainstream business management than in the past. Such a move should be positive for the average recreation consumer, who will attain a higher profile than ever before. It also means that park-based tourism in Canada will see much higher levels of fees for a broad range of programs and services. These fees will be charged either by the private corporations that are providing the services, or by the park agency. It remains to be seen if environmental conservation will be negatively impacted with higher levels of visitor service management, a major concern of environmental groups.

It is important that the tourism industry understands the reasons for the increases in the fees and support these increases. It is in tourism's self interest to have a healthy park environment, both ecologically and managerially. Without sufficient funds for park management the natural environment and its associated nature-based tourism industry will be harmed. However, if both the environmental movement and the tourism industry support the development of a healthier and more financially self-sufficient park management structure in Canada, there will be a much higher managerial capability to attain both the goals of environmental protection and tourism in the future.

Acknowledgements

The authors thank all those people who took the time to respond, including: Tracey Albourne, Manitoba Department of Natural Resources; Kirby Burtt, New Brunswick Natural Resources and Energy; Alain Charlebois, Ministère de l'Environnement et de la Faune; Kerry Edwards, Alberta Natural Resources Service; Peter Frankish, Yukon Department of Renewable Resources; Steve Furness, Parks Canada, Alberta Region; John Furney, British Columbia Ministry of Environment, Lands and Parks; Greg Haverstock, Nova Scotia Department of Natural Resources; Don Hustins, Newfoundland Department of Tourism, Culture and Recreation; Susan McIntosh, Saskatchewan Environment and Resource Management; Gene Murphy, Federal-Provincial Parks Council; Douglas Murray, Prince Edward Island Department of Economic Development and Tourism; Ted Phillips, Parks Canada, Ontario Region; Walter Raschkowan, Parks Canada, National Headquarters; Robin Reilly, Northwest Territories Department of Economic Development and Tourism; Bruce van Staalduinen, Ontario Ministry of Natural Resources; Paul Heintzman, Anne Ross and two referees commented on an earlier draft of the paper.

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Received September 1997
Accepted November 1997