



Submission to Department of Fisheries and Oceans Canada

In relation to proposed Regulations Amending the Marine Mammal Regulations Canada Gazette Part I,  
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IMPACTS OF PROPOSED FEDERAL MARINE MAMMAL REGULATIONS ON THE WORLD RENOWNED

# CHURCHILL MANITOBA BELUGA TOURISM EXPERIENCE

And a proposal for cooperative management of this valued resource.

Prepared for:

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and

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## 1.0 NORTHERN MANITOBA OPERATORS PROPOSE A COOPERATIVE MANAGEMENT OF NORTHERN WHALE VIEWING AS AN ALTERNATIVE TO THE PROPOSED REGULATION

In recent months the Department of Fisheries and Oceans (DFO) staff raised a proposal for whale viewing regulations that have lain dormant for many years. Archived in the Gazette Vol. 146, No.12 in 2012, these proposed regulations as they are written will have a devastating impact on the Beluga experience in Northern Manitoba. This is the view of operators in those waters who are the resident experts on the Beluga whale experience and the very people who have nurtured and protected this population for decades.

*As an alternative to yet additional Federal regulation, the Beluga viewing operators of Northern Manitoba propose to work closely with DFO to manage this valued resource to the benefit of whales, operators, tourists, governments and citizens.*

*The industry proposes to create best practices that recognize the social nature of the species through shared principles and guidelines, through pragmatism and action, and through formal agreement rather than through additional regulation. They begin this process by suggesting amended guidelines which are supplemental to those the industry evolved on its own in the absence of DFO regulations during the past months and years.*

This report, prepared by the Churchill Beluga Whale Tour Operators Association(CBWTOA) in Churchill and the Town of Churchill addresses the key issues and opportunities in three parts:

1. The regulation proposed is facile, dated, lacks evidence and will not accomplish its goals in the Northern Manitoba Beluga environment. Further, the regulation was exhumed from the Archive and proposed without reasonable consultation and time allocated to respondents who are directly and negatively impacted.
2. If the regulation as proposed is enforced aggressively, there will be major negative economic and social consequences, coupled with significant financial losses for tour operators, the tourism industry in Manitoba and for Governments.
3. A Better Way Forward: Voluntary Cooperative Management of the Northern Manitoba Whale Viewing Resource.

Minister, if you respond positively to this proposal, we will sit down to work with you immediately. If you persist in imposing a “one fits all” regulation, we will exercise our right as citizens to protest the manner in which these regulations have been imposed without due process or fair consideration of our very unique and particular situation in Canada’s North. We very much prefer to work with you Minister, and have suggested enhanced guidelines as a starting point in this paper.



## 2.0 ISSUES WITH PROCESS AND LOGIC OF THE PROPOSED REGULATION

***The regulation proposed is facile, dated, lacks evidence and will not accomplish its goals in the Northern Manitoba Beluga environment. Further, the regulation was exhumed from the Archive and proposed without reasonable consultation and time allocated to respondents who are directly and negatively impacted.***

The Impact Assessment document attached to, but not part of the regulation, provides the logic used to support regulation, as follows:

The document accepts that “Voluntary guidelines exist and are generally followed. However, they are not enforceable”. That said, DFO appears to desire regulatory authority over the area that is being well-managed voluntarily by conscientious operators and conservationists.

The document suggests that DFO should be sensitive to the specific environments and situations in regions of Canada... “The objective of the proposed regulations is to [regulate]... without imposing a host of national prohibitions, which may not always be appropriate in some areas in Canada”.

DFO also accepts that “Marine mammal watching can have important educational, environmental, scientific and other socio-economic benefits”. Later, they have assumed that the activity will continue after regulation and that the identified benefits will continue to accrue. The assumption is false, as all Beluga viewing will end in the Churchill and Seal River estuaries if a 50 meter rule is enforced. Therefore these important benefits will be lost in whole or in part as a result of this regulation.

Many statements are made by DFO without evidentiary support. A few examples follow:

- Little, if any evidence, is provided on beluga pod behavior, social orientation, and natural interest in humans; Belugas approach boats, not the reverse.
- No evidence supports the federally proposed Churchill regulation of a 50 meter distance requirement; no statements recognize the socially curious Beluga nature of the species.
- No evidence is presented supporting the contention that snorkelling with Beluga in Northern Manitoba impacts their “normal life processes.”
- Little or no evidence of research conducted with operators in Churchill once the Beluga experience actually got off the ground; a regional operator was contacted in 2005, but until December 2014 area operators were not aware of this proposal and were not consulted.
- No evidence of impacts, best practices or positive results of application of regulation in relation specifically to northern Beluga populations was provided.
- No evidence supporting the DFO contention that the regulations would have no financial impacts on operators in Canada, let alone in the North. Certainly, not one northern Manitoba operator would have indicated “No financial impact”, yet these operators were not party to the “consultation” that occurred a decade ago, which is now being offered as “proof” of no impact.



The situation with respect to the proposed regulations is as follows:

- DFO staff provided little time to consult from their announcement of these regulations to industry in December, 2014. Their statements relating to the “support and lack of issue” by industry are completely false in relation to the Churchill area Beluga viewing industry. Continual efforts by Churchill residents to contact DFO staff for specific clarification of the definitions within the regulations have been ignored.
- DFO staff have provided no evidence to support the proposed prohibitions in relation particularly to a social species, the Beluga, that congregates in the thousands (3,000) at the river estuary and become social visitor to a mere handful of tourist boats while ignoring literally hundreds of “in transit” commercial boats that are exempt from prohibition. While their Regulatory Impact Analysis Statement implies that they have reviewed evidence, the actual text provides no such reference to evidence. The Churchill Beluga viewing industry has years of experience and video evidence that refutes DFO statements and rather suggests the opposite... social interaction between curious Beluga and humans, snorkeling, kayaking, viewing from a boat .... has no apparent negative impact on Beluga populations which are thriving in these estuaries. Beluga whales are habituated to the presence of tour operator activities in the Churchill and Seal River estuaries, and there is no apparent impact on their life processes.

## 2.1 Lack of Meaningful, Current Consultation

While the DFO Impact Analysis Statement contains many references to meetings and focus groups, they occurred more than a decade ago. The latest “round” DFO references occurred in 2005 and did not include consultation from Canada’s North.

They conclude in December, 2014 that “Industry representatives did not have any major objections to the proposed regulations.” This is a falsehood, considering the Northern operators in Churchill were not consulted whatsoever.

DFO stated consultation from the Impact Analysis:

- In 2002....began to consult.
- 2003 – 12 meetings in Atlantic Canada and West coast....“Hunter and trapper organizations were also consulted in several remote communities in Manitoba and Nunavut.” (There are no hunter and trapper organizations in Manitoba).
- “..... 2004.... “Results indicated there was national concern for the welfare of Canada’s marine mammals.” (This conclusion without consulting Churchill operators)
- 2005... workbook, web sites... deck... three public meetings were held on west coast... mail out to 300 in Atlantic Canada. NO apparent calls/contact with the present Northern operators, although contact was made with a former owner.

The above is not meaningful and current consultation by any reasonable definition. No operator was approached for views or information in Churchill until December, 2014. The announcement on December 22<sup>nd</sup>, 2014 (learned via a third party, the Canadian Tourism Commission, and not directly from DFO) surprised operators, and when they were given until early January (initially) to respond, it shocked them.



Northern Manitoba operators take great exception to the DFO statement that we were consulted. None of our present operators in Churchill were consulted when the very southern coastal consultations occurred about a decade ago. None of the Churchill operators were even notified of current discussions until December 22<sup>nd</sup>, 2014. Therefore NO input from Churchill has been included in the DFO report to its government, which renders false or incomplete all the statements made in support of the proposed regulation. Our elected decision-makers must be made aware of this oversight, whether it is accidental or intentional.

## 2.2 The Proposed Regulation will not Reduce Interactions with Beluga as Intended

The regulation provides a definition of disturbance and a setback for Beluga viewers and viewing operations. In the Churchill and Seal River estuaries these prohibitions will not reduce proximity or frequency dramatically, since:

- Fishers are exempt and local private boats are the most common boats in these waters;
- Inuit hunters who have a constitutional right to hunt in these waters, and for whom beluga is part of their food source, will continue to hunt in the area;
- Commercial craft in transit, arguably resulting in a 'disturbance' to Churchill's Beluga whales far greater than tour operator activities, are exempt – another source of proximity;
- All manner of public sector boaters are exempt, and Beluga approach their craft just as they do the boats of tourism operators; and
- Viewing vessels, whether tour boats, zodiacs or kayaks, that stop at 50 meters will be approached "voluntarily" by Beluga as they are today.

The regulations as proposed will end snorkeling (while tethered to a vessel/boat) with Beluga, an activity that is observed to have no negative impact on Beluga whales (and may in fact result in important enrichment for the species) and has brought world acclaim to this area based on media coverage and its recognition on the "world bucket list". This will damage the businesses that conserve Beluga and foster sustainable viewing of the species. It will not change the exempt activities which, in this northern environment, comprise much of the boating in the area.

### Beluga are Social; They Initiate Interaction

Beluga are social and curious. Some 3,000 Beluga reside in the Churchill estuary from June-August. If you stop a boat 50 meters from Beluga and do not signal, approach, attract, feed or otherwise signal them, curious members of the pod will "voluntarily" approach your boat. They will sometimes scratch their bellies on the bottom of your boat. And eventually they will swim away, curiosity satiated until another day. Once operator boats are positioned for whale viewing, the experience is controlled by the approaching mammal and not the reverse. Beluga are not "chased;" rather, out of curiosity Belugas regularly approach tour operator vessels.

### Churchill Reality: Few Tour Boats, Thousands of Curious Beluga

In Churchill there is one 36-seat Transport Canada-approved vessel and a second 20-passenger vessel. There are zodiacs and kayaks that add to the tourism viewing experience. In Seal River there is one operator with zodiacs and kayaks.



On any given day two or three larger tourism boats ply the estuary. There are 3,000 Beluga. Boats idle at a distance and are approached by the curious whales. No research exists that indicates 'disturbances' to Beluga whales are caused from socializing safely with tourists. Churchill's Beluga Whale tour operators have been responding to the market-demand for guests to sustainably experience wild Beluga whales in their natural environment; it is in the best interest of the tour operators to nurture and sustain the Beluga whales that visit the Churchill and Seal River estuaries. With these proposed regulations, DFO appears to be imposing on ONLY the group with the utmost respect for this species.

The North, unlike southern whale touring regions, is sparsely populated with people and with tourists. It has a very short season – 70 days or so. There are thousands of whales, so the frequency of tourist contact with any given pod is very low.

The estuary environments are close, narrow, with tidal changes and shoals. Beluga in these estuaries have adapted to human contact coming from the local people and their boats. Tourism operators are relatively new to this environment.

***National regulations just do not reflect the reality at the Churchill and Seal River estuaries. Specific guidelines for operations in these waters might make more sense, and operators could work with DFO to develop these.***

### **Unintended Consequences**

DFO may find there are unintended consequences of these actions. Does regulating a few tourism boats while exempting ships, hunters, fishers, government boats, research boats, and local, private boats, which far outnumber the tourism boats, make sense? For more than 30 years, Churchill's Beluga whale tour operators have acted as the stewards of this species. Is DFO more- or less-likely to achieve their intended result of reducing Beluga whale 'disturbances' if the whales' stewards are regulated out of business?

A final unintended consequence may impact the Town of Churchill itself. The Municipality has made some inroads with great effort to beautify the community, taking into account the diverse tourist community demands as well as citizen needs. Any reduction in the overall visitation to Churchill will negatively affect the growth and improvement opportunities for the community. This is certainly not intended by DFO, but would be a real consequence if tourism is drastically impacted.

***This is Canada's NORTH. It is not the populous south. Different approaches are needed.***



### 3.0 NEGATIVE IMPACTS OF AGGRESSIVE ENFORCEMENT

***If the regulation as proposed is enforced aggressively, there will be major negative economic and social consequences, coupled with significant financial losses for tour operators, the tourism industry in Manitoba and for Governments.***

In this section we consider the consequences of aggressive enforcement of the regulation as proposed:

- All major operators have been polled, and have been asked to describe the consequences for their business of these regulations if aggressively adopted.
- An operators' estimate of the business and financial consequences of the regulation is provided.
- A second estimate, based directly on operators' submission of financial data on ONLY their Beluga business provides the input for the economic impact estimate provided.
- Additional negative social and economic impacts are identified by the operators.

Suffice it to say, the Town of Churchill and its tourism operators completely disagree with the statements made by DFO in their Analysis document, as will be identified in sections following.

#### 3.1 Area Operators Foresee a Cataclysmic Loss of Summer Season Tourism as a Direct Result of the Beluga Regulation

Area operators offer the following unanimous conclusions on the impacts of aggressive application of the proposed regulation in their unique environment:

Summer tourism in Churchill is Beluga tourism. Virtually all leisure visitors come to see Beluga as their ***primary trip purpose***. While they may engage in other activities while visiting – polar bear viewing, birds, interpretive nature tours etc., without the opportunity to experience Churchill's Beluga whales, dramatically fewer, if any at all, tourists would visit Churchill during the summer.

If Beluga touring is removed, as would be the case if this regulation is passed and enforced, the leisure economy of Churchill, developed so carefully by operators and government partners over the past decade to compliment Churchill's existing autumn polar bear tour season, would be completely devastated.

Estimated losses:

- ***The summer leisure economy of Churchill is estimated to be \$5.6 million in revenue for the period between June and September annually. Inclusive beluga resort operators in the area around Churchill realize an additional \$1.3 million in revenue annually. The industry operators believe that if the regulations are passed as proposed, Churchill will experience \$6.9 million in tourism revenue losses ANNUALLY and permanently.***
- ***It is estimated that the hotel sector in Churchill accounts for 150 jobs during this summer season. These are full time seasonal or full time jobs generally. They would decline to 33 jobs, so a loss of 117 full time seasonal jobs. Area businesses, including the Seal River operations would also experience devastating declines.***



- **Hotel occupancy**, estimated to be around 90% during the summer Beluga season for the 195 local rooms, **would decline to about 20%**. Some hotel properties would likely go bankrupt.
- The remaining losses in annual operating revenue come in the form of losses in restaurant, entertainment, retail, grocery, transportation, fuel and related costs which would be borne by small business operators in the community.
- The remaining losses in annual operating revenue come in the form of losses in restaurant, entertainment, retail, grocery, transportation, fuel and related costs which would be borne by small business operators in the community.
- **Capital Losses** in the several millions would also be incurred by the industry, whether in the form depreciated value of custom-designed tour boats and zodiacs and kayaks, improvements to shoreline infrastructure to handle tourists, or upgrades to accommodations. **Capital losses will snowball** from tour operators to hoteliers to restaurateurs and to other service providers as the industry tumbles.
- **Investment Losses** – perhaps an even greater loss is the loss in entrepreneurial investment that has occurred recently in the area by operators who view the future tourism growth opportunities as positive. These operators are leveraging net income from Beluga and polar bear operations to invest in the northern region. This investment will be curtailed or will stop altogether as a result of the \$5.6 losses from Beluga and related tourism. Again, **investment losses will snowball downward**, as the business and investment ideas of entrepreneurs come crashing to a halt.

The operators have the most to lose, and their view is that losses in this particular region would be virtually total. Operators know tourism, and they know it as a globally competitive industry. They know that if tourists from overseas cannot obtain a meaningful wildlife viewing experience in Canada, they will go to Norway or Finland or to a different experience for whales altogether in another country. **Thus total loss of the viewing experience is, in fact, a real possibility.**

Contrast this view with what DFO concluded in its “analysis” document:

*“DFO does not foresee that there would be a reduction of tourism in marine mammal watching operations given that the proposed Regulations would have to be respected in all regions”*

*“There are no anticipated costs to the tour operators to implement the proposed regulations.”*

Clearly, DFO does not understand tourism as a global business in the way Manitoba’s successful tour operators understand it.

### 3.2 Churchill Area Operators Retained Expertise to Measure Economic Losses Conservatively

What would be the economic impact if we lost JUST the Beluga portion of the summer leisure industry in Churchill? While operators believe the entire \$6.9 million industry will be lost, a more conservative estimate would see just the Beluga business being lost.



Tourism economic impact specialists Econometric Research Limited worked with WMC Management Consultants to derive the more conservative estimate of impacts of the regulation. They measured the value of the Beluga economy only, and thus provide a conservative estimated of impacts. Each operator confidentially shared their financial information on their Beluga business with the consultants, and thus the projected impacts are based on the actual financial results of the collective group of operators.

The detailed analysis and economic impacts resulting from the aggressive regulation of the Churchill area industry is documented in Appendix I. The **economic losses** resulting from loss of the Beluga economy in the Churchill area can be summarized as follows:

- Some **\$1.9 million** in direct Beluga spending in 2014 **would be lost** to Churchill.
- The Value-Added impact estimated at **\$2.4 million Manitoba-wide**, with \$1.25 million accruing in Northern Manitoba **would be lost**.
- About **\$1.32 million in wages and salaries** annually **would be lost**.
- An estimated **34 person-years of employment would be lost** annually.
- Finally, over **\$1million in taxes would be lost**, with almost \$600,000 of that lost to the Federal Government.

Capital losses, investment losses and their associated snowballing effect would also be part of the associated losses to the region.

Over a ten year period, Manitoba would **lose \$24 million in tourism revenue** as a result of aggressive implementation of these regulations.

**Table 1**  
**Economic Impacts of**  
**Beluga Whales Tourism**  
(2014 Dollars)

The detailed estimates of the economic impacts of Beluga tourism are summarized in the adjacent table. While these figures represent the value of this area of tourism today, the application of this value would generate the losses estimated. The full impact report can be found in Appendix I.

*[Source: The Economic Impact of Churchill Manitoba Beluga Tourism Experience in 2014, Western Management Consultants & Econometric Research Limited. February, 2015, Appendix I]*

**This conservative approach to estimating losses finds that the loss of the Beluga viewing experience in Churchill will reduce its total tourism economy by some 8.9%. This is a very significant loss to a tourism economy, impacting all business in the area.**

*Operator and third party assessment of Churchill financial and business losses **FAR EXCEED** the unsubstantiated statements of DFO. Under the circumstances a complete review of the past approach should be undertaken.*

	Manitoba	North
<b>Initial Expenditure</b>	\$1,908,194	\$1,344,052
<b>Value Added</b>		
Direct	\$1,112,671	\$548,528
Indirect & Induced	\$1,324,560	\$702,950
Total	\$2,437,231	\$1,251,478
Multiplier	1.28	0.93
<b>Gross Output</b>		
Direct	\$1,949,774	\$1,385,632
Indirect & Induced	\$1,678,707	\$308,403
Total	\$3,628,481	\$1,694,035
Multiplier	1.90	1.26
<b>Wages &amp; Salaries</b>		
Direct	\$512,735	\$230,735
Indirect & Induced	\$802,032	\$445,956
Total	\$1,314,767	\$676,691
<b>Employment (P.Y.)</b>		
Direct	18	13
Indirect & Induced	16	9
Total	34	22
Multiplier	1.89	1.69
<b>Taxes</b>		
Federal	\$594,733	\$312,777
Provincial	\$352,439	\$162,326
Local	\$111,352	\$57,026
Total	\$1,058,524	\$532,129
<b>Imports</b>		
From Other Provinces	\$178,542	\$110,935
From Other Countries	\$186,446	\$116,184
Total	\$364,988	\$227,119

Source Econometric Research Limited & WMC



### 3.3 Collateral Damage: Education Impacts

Operators estimate significant impact on the eco-tourism education business near Churchill as a result of this decision. In addition to tour operators who host visitors and provide opportunities to view the whales, there is significant investment in opportunities to research and provide education about the whales. The Churchill Northern Studies Centre (CNSC), a not-for-profit, independent research and education facility offers non-credit courses about the Belugas and their habitat in July. Students engage Beluga by kayak and zodiac, learning about the curiosity and social nature of these whales. The centre also offers courses on other subjects at that time of year, but the Belugas are also included in those courses because of their importance to the ecosystem. Students stay in the 84 bed LEED gold facility. In addition to non-credit courses, the centre also hosts university credit courses, many of which take the opportunity to see the Belugas and incorporate them into their curriculum. The CNSC also hosts researchers working with the whales, and the CNSC is a base for learning about the whales and their habitat. All of these activities depend on the experienced local Beluga operators to deliver the Beluga visits.

This centre of conservation and ecotourism offers its educational product on its website as follows.

#### **“Belugas in the Bay: The White Whales of Churchill”**

The many rivers of western Hudson Bay are the summering ground for the largest population of Beluga whales in the Arctic. During the long days of summer, whales migrate to the Churchill River estuary to feed, give birth and moult their skin. Nowhere else can you get as up close and personal with these charming, curious and highly vocal white whales. With the aid of underwater hydrophones, you will be able to listen to the ethereal calls of these “canaries of the sea”. As a participant in “Belugas in the Bay,” you will have three opportunities to view Beluga whales in their natural habitat - once by large jet boat, once by zodiac and, finally, under your own power by river kayak. Walking tours of Prince of Wales Fort and Cape Merry National Historic Sites, coastal hikes, evening lectures by marine biologists and local cultural presenters complete this truly educational experience.”

**National Geographic Traveler** has named Churchill one of Canada’s **“Places of a Lifetime”**, those places that should be on your global bucket list. The following from their material:

“If it looks like a Beluga whale is turning to look up at you from the water, you’re probably right. Not only are Belugas among the most vocal cetaceans (early whalers called them sea canaries); they are the only whales with a flexible neck. Unlike other whales, the Beluga’s seven neck vertebrae aren’t fused, making it possible for a Beluga to nod and turn its head.”

Source: Vancouver-based Robin Esrock is author of The Great Canadian Bucket List and host of the National Geographic Adventure TV series “World Travels.”

**Conservancy organizations, educational organizations, conservation media and scientists have not raised the clarion call to save the Beluga from tourism. A species that has played a delightful role in educating Canadian youth will no longer play that role in the future, in the view of operators.**



### 3.4 Collateral Damage: New Investment Impacts

Operators have indicated that they are reinvesting almost all of their net income from Beluga experience revenue in new facilities and services in the North. Investments in new remote lodges attracting overseas visitors, upgrades to polar bear facilities, and reinvestment in equipment, new boats and related expenditures were identified.

Thus, net income from Beluga operations is also an important factor in growing the private-sector economy in the region. In the view of operators, this investment activity would be significantly diminished by the loss of the Beluga viewing experience.

### 3.5 Collateral Damage: Reputational Impacts

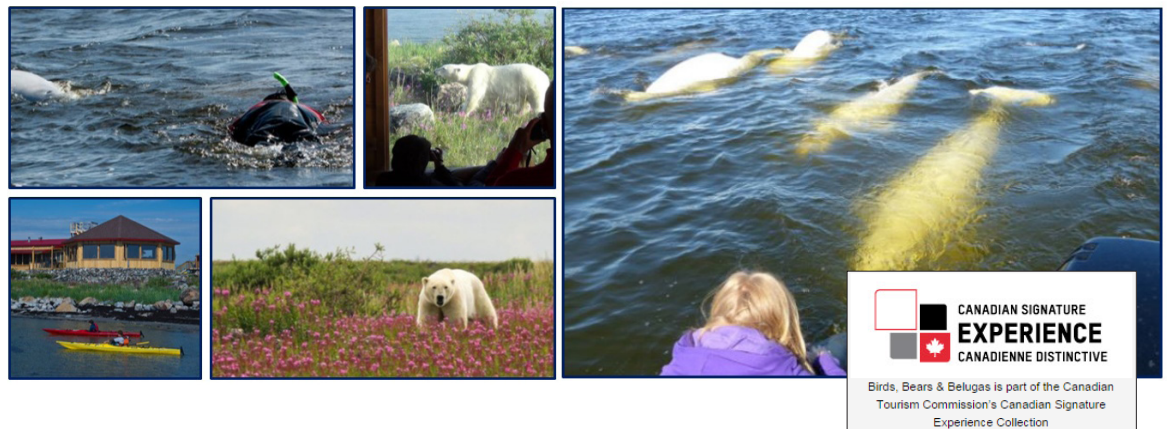
Churchill has been successfully positioned as “Polar Bear Capital of the World,” and recognized as one of the world’s best, if not the best, places to see the great white bear of the arctic. Industry has increasingly grown the positioning of the Beluga experience as the “summer counterpoint” to bear viewing.

By way of example, is a popular and highly respected summer tour known as **Birds, Bears, and Beluga**. This experience was so compelling and exceptional; the federally-funded Canadian Tourism Commission certified it as a **Canadian Signature Experience** and is positioning/marketing this experience globally. Signature Experiences are those that the Canadian Tourism Commission markets as representative of the highest quality of experience we have to offer our international visitors.

“*The Birds, Bears, and Belugas* safari in July and August combines the thrill of swimming with Beluga whales with a Churchill Wild signature “on the ground” safari of summer polar bear viewing. With a backdrop of tundra alive with flora and fauna, this is our most diverse and unique program.

Aside from the Belugas and bears, you’ll have the opportunity to see a whole host of other wildlife on this trip – you may see caribou, fox (red and Arctic), wolves, moose and birds galore (such species as ptarmigan, Smith’s Longspur, Ross’ and Bonaparte gulls, jaegers, et cetera). In fact, it isn’t unusual for birders to see 100 species over the course of their adventure. Also keep your ears open for the sounds of other sub-arctic wildlife, including wolves howling in the distance.”

Welcome to **Birds, Bears and Belugas**...



If the regulation as proposed is applied aggressively and operators must reverse their sales, the damage to the Canada and Manitoba tourism reputation will be palpable. International tourism booking cycles are from 1.5 to 1.8 years ahead. Operators have offered net rates and guaranteed bookings to overseas visitors well in advance. In some countries, failure to deliver the experience promised requires the tour operator to provide compensation to the full value of the trip. These would be tangible losses to Manitoba, as we would have to cover the tour operator in order to maintain reputation in the market. Furthermore, if the required distance of 50m between operator and mammal must be maintained at all times, the experience currently offered is no longer viable, given the Beluga whale controls the distance between vessel and mammal.

*Much has been spent marketing the summer experience in Churchill, with partners in marketing including tour ground operators, packaging operators, and Travel Manitoba. Furthermore, implementation of the proposed guidelines would see an elimination of this product offering, which is not recoverable in the remote Churchill and/or Nunavut North.*

### 3.6 Collateral Damage: Social and Community Impacts

Northern operators and the mayor of Churchill, his worship Mike Spence feel strongly that the loss of the Beluga economic will impact Churchill immensely:

- Lost jobs in Churchill will put more people on social security;
- Social cohesion in the community will be negatively impacted;
- Crime has been very low in the summer months, partly as a result of tourists circulating throughout the community during this time;
- Loss of tax revenue will impact Churchill which has a small budget to provide services for local people and tourism; and
- Entrepreneurship and economic development in the North is even harder than in the south, with more obstacles, fewer opportunities, lack of capital access and short seasons in which to succeed. When operators overcome all this and create a product, they should be celebrated and recognized. DFO's proposed regulation suggests that efforts of entrepreneurs can be dashed with a decision, based on little understanding, from the south.

While these impacts have not been measured specifically in this report, they are considered both real and significant.



### 3.7 Collateral Damage: Canada's Northern Development and Diversification Policy

On a recent visit to Churchill, Prime Minister Steven Harper spoke expansively on the support Ottawa is putting behind northern communities, and how important it was to arctic sovereignty:

*"Through history and destiny, it has become Canada's destiny to protect a large portion of our planet's North."*

*"Canada has been a consistent champion of the Arctic as a zone of responsible development, environmental protection and international peace."*

*"Yet, we also remain determined to assert our national interest and to protect our sovereignty in these lands."*

*"I, like many of you, am among those Canadians who have been fortunate enough to see so much of the wild and vast beauty of Canada's North."*

*"And I believe our country's greatest dreams are to be found in our highest latitudes."*

*"For us, the North is more than just a great land."*

*"The North is Canada's call to greatness."*

***The impact of Federal regulation, at least in the Churchill region, will certainly call into question the statements of Mr. Harper above as DFO regulations dash the "greatest dreams...found in our highest latitudes."***

Source: Remarks of Prime Minister Stephen Harper made in Churchill, Manitoba, August 24<sup>th</sup>, 2012, found in [www.pm.gc.ca](http://www.pm.gc.ca)



## 4.0 A BETTER WAY FORWARD

### ***A Better Way Forward: Voluntary Cooperative Management of the Northern Manitoba Whale Viewing Resource***

#### 4.1 Basis for Collaboration

The Churchill Beluga Whale Tour Operator Association and the Town of Churchill are prepared to work directly with the Minister or with DFO to prepare workable guidelines and protocols for safe Beluga whale tour operations in the unique Churchill area environment. As a starting point for further collaboration it should be recognized that the Churchill Beluga Whale Tour Operators Association (CBWTOA):

- Have been substantially the only people providing protection and positive management of the Beluga populations in the Churchill and Seal River estuaries for some decades;
- Have nurtured growth in the Beluga population, reduced Inuit hunting of Beluga by mutual agreement, and helped to preserve the species in the wild;
- Have grown the Beluga experience to an internationally recognized complement to the polar bear experience for which Churchill is renowned. The industry has built a summer tourism experience, thereby enhancing Churchill as a year round tourism economy; and
- Anticipates drastic economic and social impacts if these proposed regulations are passed and implemented.

*Where DFO and the Manitoba industry can and should agree is on the need to ensure this social species of whale thrives in our northern waters. From this common ground, we believe DFO and the Manitoba industry can evolve a cooperative management approach to Beluga whale viewing that will ensure species conservation, lower costs of enforcement, and potentially recognition as a best practice globally.*

#### 4.2 Getting Started – Conservation Principles of CBWTOA

The Beluga viewing experience operators have independently acted to develop shared conservation principles in the past:

- Creating a series of voluntary understanding, policies and protocols that protect the species, including:
  - » Use of jet props and silencers;
  - » Protected propeller housings;
  - » Approach principles and protocols;
  - » Tacit hunting protocols with Inuit hunters that has reduced legal disturbances during the tourist season; and
  - » Differentiating kayak, zodiac and tour boat experiences and protocols.
- Created education, interpretation and communication that celebrate the value of this social marine species in the world.



CBWTOA suggests that DFO and industry can begin a dialogue on specific guidelines for Beluga viewing in the Churchill area by addressing some of the following as principles:

- Recognize low volumes of tourists and a high volume of Beluga;
- Recognize that Beluga is a social species, and it “voluntarily” approaches craft, swimmers in a benign and curious manner;
- Identify activities that are environmentally sound, evidence-based and best practice;
- Develop shared protocols through industry, DFO involvement and support;
- Create protocols to monitor by industry, and with DFO support;
- Summative evaluation at regular intervals, with associated changes in protocol; and
- Celebration – present our globally unique system to the world.

A good starting point for future discussions would be:

- To agree that the regulation as proposed must not go forward; and
- To agree on the principle that working with industry to create a pragmatic, self-managed Beluga viewing industry that is a stellar example of inspired voluntary management and ecological practices is a preferred solution to government regulation in the Churchill and Seal estuaries.

With these understandings, principles and agreements as a starting point, CBWTOA believes that together we can develop an excellent set of sustainable and manageable guidelines.

### 4.3 A Beginning on Guidelines

In an effort to begin the process, CBWTOA operators have revised and upgraded their approach to guidelines for management by considering best practice approaches, and tailoring those approaches to our specific situation in Churchill. We offer these guidelines as a basis for our future discussion.



## CODE OF CONDUCT

### OUR MISSION:

It is our mission to provide guests with an experience through which they can learn about, respect, care for and enjoy marine wildlife and Manitoba and Nunavut coastal environment without causing harm to that environment or its inhabitants.

We believe that when our guests learn about and care for the marine environment, there will be a direct benefit to the creatures that live there. To reduce negative impacts to Churchill's beluga whales during our tour boat operations, we have agreed to observe the following Code of Conduct.

### OUR MARINE ENVIRONMENT:

The Manitoba and Nunavut cold ocean gains its productivity from the instability of the water column that mixes oxygen rich and nutrient rich waters.

Our coastal environment is dominated by the Hudson Bay Current, a river in the ocean of cold Arctic waters.

These conditions provide the primary productivity that builds the rich web of marine wildlife on which our Province and Territory depend.

### OUR CONDUCT IN THE MARINE ENVIRONMENT

**Our work environment is the ocean, but it is home for the multitude of creatures that live there. In our operation we will strive in every way to minimize our impact on the quality of the environment while maximizing the comfort, enjoyment and satisfaction of our guests.**

- We will always operate our vessel safely in accordance with Department of Transport regulations.
- We will always operate our vessel with courtesy and we will be helpful to other vessels.
- We will operate our vessel in a manner which minimizes the release of any foreign material such as noise or pollutants.
- We will be cautious within the vicinity of any fishing gear.
- When small vessels such as kayaks are present, we will ensure they will not be affected by the wake of our vessel.
- We will operate our vessel in a manner which will minimize any harmful impact on the aesthetics of the marine environment.
- We will conduct an accurate and informative interpretation program on the marine environment.
- We will participate in training programs so that our staff has accurate, in-depth and up-to-date information on the marine environment and its inhabitants.
- We will report to the appropriate authorities any misconduct that is deemed to have a negative impact on the marine environment.



## OUR CONDUCT AROUND WHALES

Whales are important and plentiful animals in the Churchill Manitoba area and in the northern Manitoba and Nunavut coastal environment. As it is in the observation of all wildlife behaviour, it is important to allow the whale to control any interaction. If the animal is curious, it will approach our vessel. If it is disturbed by our presence, it will move away. The key to our conduct around whales is to recognize that they are wild animals that must rest, forage, feed, socialize and complete other life processes to survive. We recognize that any activity by a vessel that disturbs or prevents animals from completing life processes represents a threat to the conservation and survival of these majestic creatures.

- Prior to whale watching tours, we encourage realistic expectations of encounters with whales to avoid disappointing our customers and to reduce pressure from them to undertake risky vessel activities.
- We will operate our vessel in a manner that does not disturb whales. Disturbance is indicated when the animal changes its behaviour because of our presence or activities. A change in behaviour is observed when whales change their swimming direction or speed, when they cease or increase specific behaviours, or when they leave an area.
- We recognize that Beluga are social animals and will approach a vessel or a swimmer voluntarily. In such cases we will interpret the visit and the interaction while at all times ensuring the safety and respectful treatment of the Beluga.
- We will not operate our vessel in a manner that changes the behaviour of the whales, causes disruption to their social groups, or makes them leave an area.

To ensure our vessel does not disturb the whales we are in the act of viewing:

- When animals are within 25 m of our vessel we will allow the animals to completely control the interaction and operate our vessel with due caution.
- We will ensure that animals are not surrounded by boats.
- We will not pursue or chase whales.
- We will operate our vessel at speeds that are appropriate for Beluga viewing and will minimize disturbance to the animal.
- We will not knowingly cut across the paths of animals but will approach slowly from the rear, parallel to the animal's path.
- When whales approach our vessel during viewing we will reduce our speed and be aware of the noise our vessel makes under water.
- We will take special care when mothers and calves are present to ensure that we do not separate them.
- When vessel traffic is intense and persistent near animals, we will conduct searches to find other, less disturbed animals.
- We will provide our passengers with accurate, up-to-date information about whales, and inform them of their role in the marine ecosystem. We will urge them to appreciate and support the conservation of the animals and preservation of the marine habitat animals require.



## USE OF THE CODE

We will provide our passengers with copies of this Code of Conduct, on request, so they understand the constraints on the operation of our vessel.

- We have formulated this Code based on our experience with the animals and the marine environment. We are committed to providing a memorable experience for our passengers without harming the wildlife. We will review the code annually with input from recognized science and regulatory authorities who can provide new and current evidence. We will review and maintain behaviour of our operators under the code as a practical method of ensuring a secure habitat for wildlife while continuing to provide a first rate experience for our guests.

*Note: This Code of Conduct includes many of the best practices developed by: the Adventure Tourism Association of Newfoundland & Labrador.*

## 4.4 Proposed Next Steps in Pursuit of Co-Management

If the Minister wishes to proceed with this recommended approach to defining voluntary and tailored best practice guidelines with a voluntary co-management environment the process can begin immediately with an organizing meeting between Minister Shea, DFO administrators and the CBWTOA. There may be enlightening best practices here in Manitoba in First Nations co-management agreements through Resource Management Boards.

## 4.5 If DFO Insists on Pursuing the Present Regulation Approach

Should you decide to continue to pursue the regulatory approach in the Churchill area despite our best advice to the contrary, the CBWTOA would provide the following advice on changes to the regulation in relation to the Churchill and Seal River estuaries:

- Recognition of the particular characteristics of the Northern Manitoba Beluga environment and the density, population volume, estuarial characteristics, underwater geography and other factors that make the Churchill area unique and requiring a different treatment. Recognize the social nature, smaller size, large number of animals in the Beluga populations of these confined areas and the virtual impossibility of maintaining an approach distance given that the mammals approach the vessel.
- Remove kayak from the definition of vessel, as it is not motorized. Develop particular regulations to apply to kayaks in terms of operating distance and approach protocols. (See Malcolm and Penner, below)
- Permit tethered snorkeling with appropriate conditions. Pragmatic conduct codes can be developed with operators
- Redefine the terms “disturb” and “disturbing” (S7. (1) and S7. (2) to reflect the particular social propensities of Beluga. A national “rule” will not be effective in the Churchill and Seal estuaries as Beluga will approach vessels. The present definition in S7.(2) includes “approaching a marine mammal to, or attempt to....a) feed it; b) swim with it c) move it or cause it to move.....d) tag or mark it (7.1(2)). Establish a more clear and better definition of the meaning of “approaching” in relation to the 25 metre proscription.
- Set an operating minimum approach distance of 25 meters per the recommendations of Malcolm and Penner who recommended as follows:



*"It appears, from observations collected during this study, that 25 meters would be an appropriate minimum approach distance for the Churchill River, given the geography of the river, the density of Belugas, their apparent habituation to vessels, and propensity to approach and interact with them. Maintenance of 25 meters will allow Belugas to initiate and control approach and interaction."*

Source: *(Behavior of Belugas in the Presence of Whale-Watching Vessels in Churchill, Manitoba and Recommendations for Local Beluga-Watching Activities, Malcolm, Christopher D. and Penner, Heather C. in Chapter 4: Arctic Environmental Dimension in Polar Tourism: Human, Environmental and Governance Dimensions, Maher, Patrick, Stewart, Emma and Luck, Michael Editors; Cognizant Communications Corporation, New York ISBN: 978-1-882345-55-7*

## 5.0 CONCLUSIONS

Tourism based on Beluga whales in Churchill Manitoba has become one of the cornerstones of a year-round recreational infrastructure and tourism in northern Manitoba. It generates modest but meaningful, stable and nature-based employment for northern Manitobans and has the potential to grow into a significant activity. Its growth rate so far has been phenomenal, exceeding at some locations 50% per year. In 2014, the industry and its related activities represented 8.9% of the tourism base of Churchill.

Operators believe that the entire tourism industry will be lost if the beluga whale experience cannot be offered as a result of the proposed regulation. Summer tourism in Churchill is beluga tourism.

***The summer leisure economy is estimated to be \$6.9 million in revenue for the period between June and September annually, accounting for 150 jobs during the summer season. Loss of the beluga whale tourism economy will have significant impact on the Churchill community and the surrounding Northern region.***



# APPENDIX I

## ECONOMIC IMPACT OF CHURCHILL MANITOBA BELUGA TOURISM EXPERIENCE IN 2014

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### The Economic Impact of Churchill Manitoba Beluga Tourism Experience in 2014

Submitted To  
**Tourism Industry Owners and Operators in  
Churchill, Manitoba**

Submitted By  
**Western Management Consultants  
& Econometric Research Limited**

**February 2015**



## Introduction

Tourism associated with Beluga whales in Churchill Manitoba is now a significant recreational activity for Manitobans and tourists from other provinces, the US and overseas. It is an exclusively summer activity but being so, it balances the menu of tourist activities in the region that are predominately winter based. It is not hitherto a major economic activity but it has already grown at very rapid rates and promises to develop into a growth pole in Northern Manitoba.

This Beluga Tourism Experience is responsible for many spin-off economic benefits in Northern Manitoba and the province. These spin-offs leverage the direct impacts that are on the whole poor estimates of Beluga tourism's total value in Churchill, northern Manitoba or the province.

These spin-offs include:

- Jobs for many in northern Manitoba, particularly in the summer; jobs which enable them to further stimulate the local economy through additional expenditures on goods and services. These jobs also provide income tax revenues to provincial, local and federal treasuries and reduce governments' unemployment and welfare payments.
- Thousands of dollars in tax revenues derived from Beluga tourism activities and related businesses including, but not limited to manufacturers, suppliers, distributors, dealers, resort and hotel facilities, campgrounds, restaurants, service stations, insurance agencies, hardware stores, clothing suppliers, etc.
- A few millions of dollars in tourism spending which support remote local economies in and outside the large urban areas of Manitoba.

This study is commissioned by Tourism Industry Owners and Operators in Churchill, Manitoba and conducted by Western Management Consultants and Econometric Research Ltd to assess the impact of new regulations on Beluga whales' related activities that could wipe out the fledgling Beluga tourism and all of its economic benefits to the economy of Churchill, northern Manitoba region and the Province of Manitoba.

## Methodology

A dollar spent on operating a resorts or boats to host and meet the demand of tourists attracted by the Beluga whales circulates and re-circulates within the economy, multiplying the effects of the original expenditures on overall economic activity.

This process is referred to as the economic multiplier process. It operates at several levels. The initial expenditures on wages and materials are generally referred to as the direct expenditures and their effects are referred to as the initial (direct) effects. Subsequent purchases by suppliers of materials and services to sustain the original and derivative expenditures are called the indirect effects. Induced effects emerge when workers in the sectors stimulated by initial and indirect expenditures spend their additional incomes on consumer goods and services. The circulation and recirculation of impacts are contingent, however, on local sourcing of materials and on the maturity and diversity of the local economic base. To the extent that imports are purchased, the circulation process is aborted. Moreover, the less diverse and incomplete the local industrial base, the less the local community is likely to retain and capture any of the spin-off effects of the original expenditures.

Operating and capital expenditures of operators and resorts to meet the demand of Beluga whale tourists will be assumed to be new monies that are not spent on other uses and purposes in the province and as such can be treated as incremental expenditures to the local economy.



Typically expenditures are divided into two types—capital and operating expenditures. Capital expenditures are generally concentrated in space and time. Employment generated by these expenditures is considered to be temporary and often non-sustainable. It is necessary in such cases then to draw a distinction between permanent jobs and person-years of employment. It is also not easy to translate person-years into jobs. Our preference is to avoid using any arbitrary conversion and to simply distinguish between capital and operating employment, the former being temporary and non-sustainable and typically considered over a few years, whereas the latter is more likely to be recurrent and sustainable. Under the operating phase it is not difficult to claim that the person years associated with the operating expenditures (tourism) sustain jobs. It is not justified to claim the same for capital expenditures particularly if these expenditures are lumpy and bunched together and are not expected to be made regularly. In the case of Beluga whale related capital expenditures refer to new vehicles and while these are not made annually, it is assumed that they are made over a number of finite years but made regularly. Capital expenditures associated with Beluga whales' tourism will be treated differently here as will be seen below.

Economic impact analysis is a useful mathematical tool capable of quantifying the patterns and magnitudes of interdependence among sectors and activities. It is predicated on two fundamental propositions.

- Regardless of the inherent value of primary activities such as recreation or enjoyment of nature and whales, to the extent these activities involve the use of scarce resources they generate economic consequences that can be measured and compared.
- Economic impacts are only partially captured by assessing direct expenditures. Inasmuch as the economy is a complex whole of interdependent and interacting activities, there are some significant indirect and induced impacts associated with direct expenditures. These indirect and induced impacts are often larger than the direct impacts.

## The Model

The impact model used here is a special application of a regional impact model developed by Econometric Research Ltd. It is a unique model that captures the economic impact of investment projects and activity related expenditures at the local level (counties or economic regions), the provincial level (Manitoba) and the national level. The model is based on a novel technology that integrates input-output analysis and location theory. The system in Manitoba is known as DEIM (Demand-side Economic Impact Model). It has already been applied to the study of The Economic Impact of Tourism in Manitoba, several Manitoba Economic Development projects, The Economic Impact of the Wheat Board, and several activities of Manitoba Hydro.

Generally, the economic impact of activities is measured from the demand side by considering the expenditures of tourists in the local area. But it can also be made from the supply-side by considering the operations of tour operators, resorts and boat owners. The system adopted here measures impact basically from the supply side. Our main motivation for such an emphasis on the supply-side is based, in part, on the structure of data and on our findings in several applications that the two sides may be made to reconcile to a very small difference (this reconciliation procedure is unique to our system).



## Economic Impact Measures

Economic impact may be measured using a number of indicators, each measuring a different aspect of this impact. For example, gross output includes the total value of goods and services sold by businesses to sustain tourism activities related to Beluga whales. Direct sales include the value of goods and services bought for on-site operations but exclude taxes, depreciation, wages and salaries and net profits. Total sales represent the entire turnover of goods and services needed to sustain the activity. The limitation of this measure is that, by including the sales of both inputs and outputs, it double counts a certain amount of economic activity. For example, the sale of dressed wood to a furniture manufacturer is counted as is the selling of the chairs that result.

In contrast, value added avoids double counting of products sold during the accounting period by including only final goods. For instance, only chairs are included, whereas the wood that goes into making them does not appear separately. Total value added is the equivalent of Gross Provincial Product (GPP). It may be calculated by adding wages, interest, rent and profits or by subtracting the total cost of purchased inputs from revenues.

Since there is no reason to expect a one-to-one correspondence between value added and jobs, employment measures become a necessary addition. Different industries exhibit different labour intensities and employ different grades of labour; hence they generate different employment impacts per unit of output. Further, because compensation levels (wage rates) vary by sector and from place to place, it is important to include as measures both person-years of employment and employment income.

Another measure of impact is the amount of tax revenue generated as a result of operating, capital and tourism expenditures. Tax revenues associated with different activity levels measure the relationship of government to the economy. Since more than one level of government collects taxes (and each level collects an assortment of different taxes), federal, provincial and local tax impacts are itemized separately.

Not all of the impacts generated are retained by the local (Churchill or northern Manitoba) economy. Some fraction will also leak to neighbouring economies. The volume of imports provides a good indicator of the magnitude of these leakages. And since imports from other provinces are different from out-of-country imports, the import measures in this study are separated into these two components. Imports from other provinces are taken as a direct estimate of the benefits derived by other provinces from the project under study.

The impact measures will not be restricted to the economic sphere. Equally important are measures of social impacts, particularly on small northern or rural communities with limited economic bases. Tourism expenditures on accommodation and food and beverage, and operators' expenditures on equipment, gas, labour etc. will create economic opportunities in areas where there may be few alternatives.



## Inputs

Detailed input data on capital equipment, maintenance and operating (tourism) expenditures were supplied by the major operators serving tourists attracted by Beluga whales. They provided, in most cases their audited financial statements for 2013 and 2014. These statements (P&L and Balance Sheets) contained detailed information on all sources of revenues and operating, administrative and capital expenditures. In few cases the Beluga whale related activities were rolled up with their other activities. The detailed information supplied by the operators in the field allowed us to separate the revenues from Beluga activities from revenues derived from other activities, but we had to assume that operating and other costs were in proportion to the share of Beluga revenue activities in total revenues. In most cases Beluga related revenues were about a third (36.8% in one case and 32.8% in another case) of total revenues and as such only a third of total operating and administrative costs were allocated to Beluga activities. Revenues from Beluga whale tourism are principally bundled into packages of which accommodation constitutes the largest share. The data provided fell short of a full account of the industry. This is why we felt it is necessary and reasonable to raise the total provided revenues by a factor of 20% to take account of the many small businesses that did not report their finances and to account for expenditures outside the resorts in Churchill.

An expanded and open version of the DEIM: Manitoba model was run using the estimated expenditures on operations expenditures and overhead to calculate all the other rounds of impacts generated to sustain the new final demands associated with these components. First, total gross output by industry was calculated and this is then used to calculate value added, labour income, taxes and employment utilizing the various industry and commodity specific parameters.

The model also utilizes a large set of economic and technical databases that are regularly published by Statistics Canada. A short list includes the inter-provincial input output tables, employment by sector, taxes by type of tax and the level of government collecting it, prices of products, energy used in physical and energy units, etc.

## The Economic Impact of Operating and Other Expenditures Sustaining Beluga Whale Tourism

The economic impact of operating expenses to sustain Beluga whales' tourism in Churchill Manitoba in 2014 is the focus of this report. Capital expenditures made to acquire equipment and boats are not processed separately. We opted to consider only the depreciation expenses associated with these capital assets and these were included as part of the annual operating expenses. The rationale for excluding the impact of capital expenditures is motivated by the fact that these expenditures, whether on boats or machinery, can have alternative uses in other activities if the Beluga related activities are phased out. We also did not have accurate or detailed numbers on the expenditures of Beluga tourists in Churchill outside the venues and resorts that attracted them; we considered these to be part of the additional 20% that we added to the estimated revenues to cover the shortfall of what was supplied by the reporting operators and what is considered to be the comprehensive magnitude of the industry in Churchill. On the other hand, we included some of the expenditures in Winnipeg on accommodation and meals that were part of the packages these tourists bought. In this respect, our impact estimates below, even with the 20% addition to the reported revenues, are conservative and underestimate the magnitude of losses if this activity were to be wiped out or scaled down.



## Standard Impact Indicators

Our estimates show that Tourism outlets supplying services and products to sustain Beluga related tourism activities in Manitoba generated over \$1.9 million in expenditures in 2014. These expenditures supported and sustained a steady stream of impacts in Manitoba and the northern region. The standard impact results are displayed in Table 1 and Figure 1. The major quantitative benefits include:

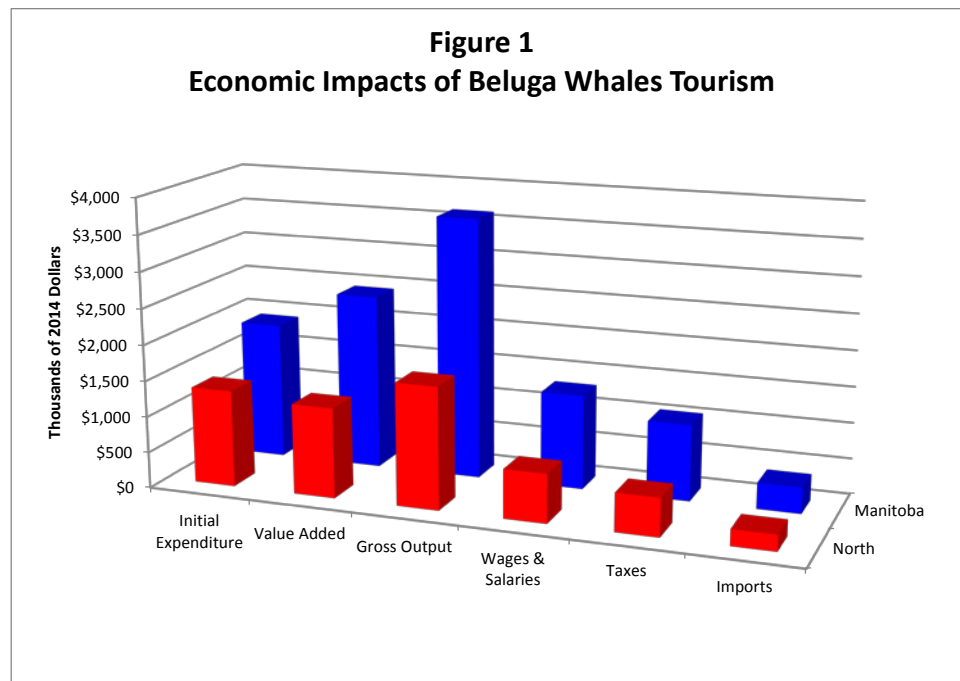
- The Gross Provincial Product of Manitoba is permanently increased annually by nearly \$2.44 million as a result of these recurrent expenditures. Of this total, over \$1.25 million were generated in Northern Manitoba in 2014.
- More than 34 Manitobans owe their full time jobs to the recurrent operational expenditures of these Beluga whale tourism suppliers. The share of northern Manitoba is 22 full time equivalents. The latter underestimates the number of jobs created in the province or in Churchill. Given that the Beluga operations are for only 70 to 80 days in the summer, it is reasonable to suggest that the total number of jobs in Churchill is around 100 persons and the direct jobs are over 60 persons.
- Wages and salaries in Manitoba are augmented by a total of over \$1.31 million annually by operational expenditures in the Province in 2014, of which nearly \$677 thousand is in northern Manitoba.
- All three levels of government realize nearly \$1.06 million in taxation revenues annually from operating expenditures. The federal government collects the largest stream of about \$595 thousand annually. The provincial government nets over \$352 thousand, whereas local governments in Manitoba collectively collect over \$111 thousand.

**Table 1**  
**Economic Impacts of**  
**Beluga Whales Tourism**  
(2014 Dollars)

	Manitoba	North
<b>Initial Expenditure</b>	\$1,908,194	\$1,344,052
<b>Value Added</b>		
Direct	\$1,112,671	\$548,528
Indirect & Induced	\$1,324,560	\$702,950
Total	\$2,437,231	\$1,251,478
Multiplier	1.28	0.93
<b>Gross Output</b>		
Direct	\$1,949,774	\$1,385,632
Indirect & Induced	\$1,678,707	\$308,403
Total	\$3,628,481	\$1,694,035
Multiplier	1.90	1.26
<b>Wages &amp; Salaries</b>		
Direct	\$512,735	\$230,735
Indirect & Induced	\$802,032	\$445,956
Total	\$1,314,767	\$676,691
<b>Employment (P.Y.)</b>		
Direct	18	13
Indirect & Induced	16	9
Total	34	22
Multiplier	1.89	1.69
<b>Taxes</b>		
Federal	\$594,733	\$312,777
Provincial	\$352,439	\$162,326
Local	\$111,352	\$57,026
Total	\$1,058,524	\$532,129
<b>Imports</b>		
From Other Provinces	\$178,542	\$110,935
From Other Countries	\$186,446	\$116,184
Total	\$364,988	\$227,119

Source Econometric Research Limited & WMC





- Imports from other provinces fall short of imports from the rest of the world. Other provinces support about \$179 thousand in exports to Manitoba on account of operational expenditures of this activity. Imports from the rest of the world are over \$186 thousand.

## Tax Impacts

All levels of government collect tax revenues on the economic impacts of operating expenditures in Manitoba. We present the tax impacts by tax category and level of government in Table 2 and Figure 2.

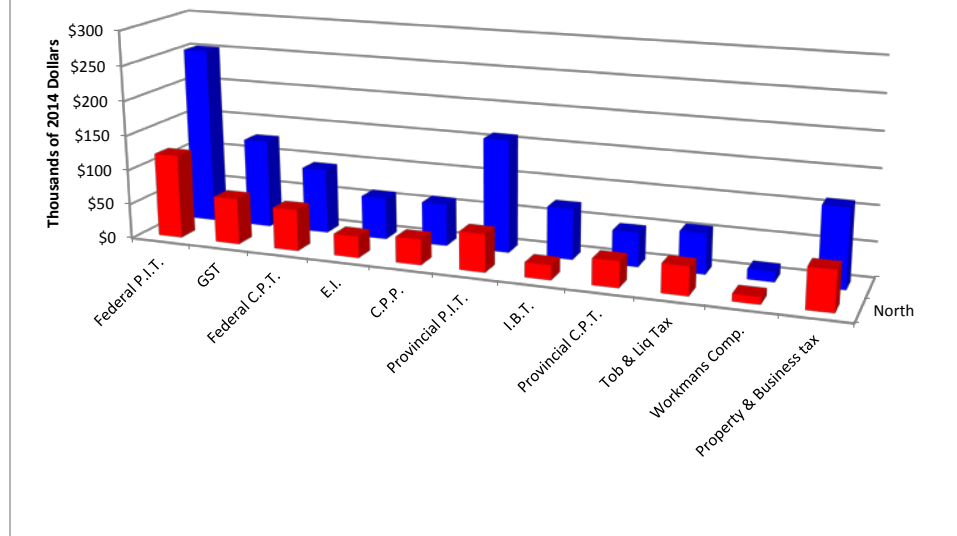
**Table 2**  
**Tax Impacts of**  
**Beluga Whales Tourism**  
(2014 Dollars)

	Manitoba	North
<b>Federal</b>		
Personal Income Tax	\$253,974	\$120,326
Goods & Services Tax	\$127,201	\$65,840
Corporate Profit Taxes	\$93,268	\$59,203
Employment Insurance	\$60,194	\$30,738
CPP Contributions	\$60,096	\$36,670
Subtotal	\$594,733	\$312,777
<b>Provincial</b>		
Personal Income Tax	\$160,446	\$53,921
Indirect Business Tax	\$72,181	\$20,976
Corporate Profit Taxes	\$48,205	\$36,803
Tobacco & Liquor Tax	\$57,082	\$40,312
Workmans Comp.	\$14,525	\$10,314
Subtotal	\$352,439	\$162,326
<b>Local</b>		
Property & Bus. Tax	\$111,352	\$57,026
<b>Total</b>	<b>\$1,058,524</b>	<b>\$532,129</b>

Source Econometric Research Limited & WMC



**Figure 2**  
**Tax Impacts of Beluga Whales Tourism**



### Employment Impacts

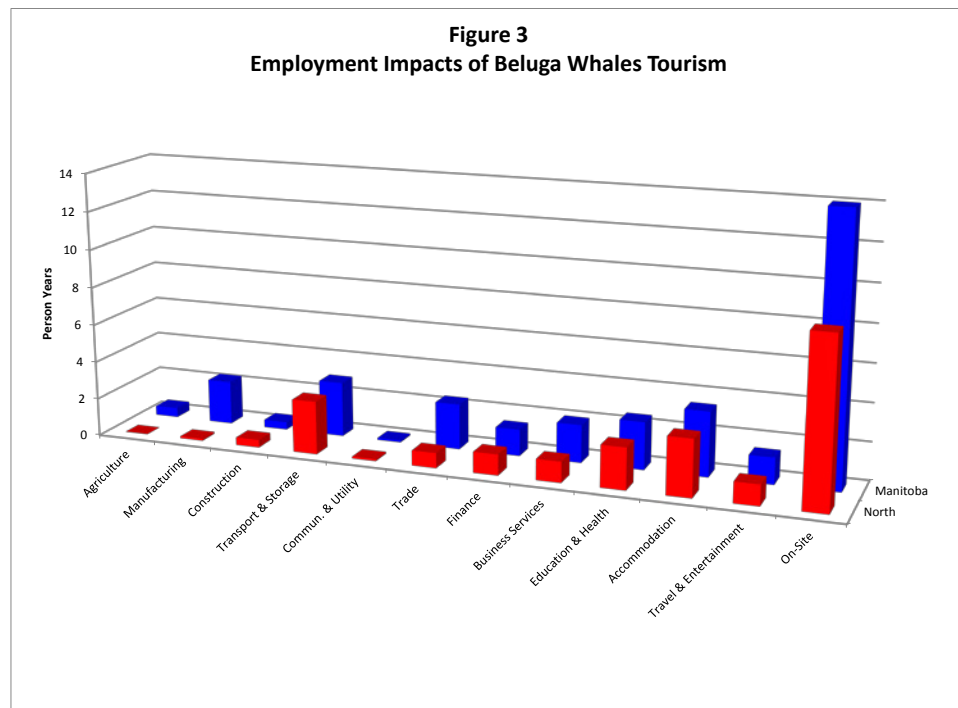
In Table 3 and Figure 3 we present the employment economic impact of the operational expenditures by sector. Most sectors in Manitoba show employment impacts, albeit differentially. Operational expenditures tend to show their largest impacts in accommodation services & meals, transportation & storage, and in the private education sector due to the large amount of expenditures on training.

**Table 3**  
**Employment Impacts of**  
**Beluga Whales Tourism**  
(Person years)

	Manitoba	North
Agriculture	0.5	0
Fishing	0.0	0
Forestry	0.0	0
Mining	0.0	0
Manufacturing	2.3	0.1
Construction	0.4	0.4
Transport & Storage	2.9	2.8
Commun. & Utility	0.1	0.1
Trade	2.4	0.8
Finance	1.4	1.1
Business Services	2.0	1.1
Education & Health	2.5	2.2
Accommodation	3.4	3
Other Services	0.7	0.5
Operating Office	0.0	0
Travel & Entertainment	1.4	1.1
Transportation Margins	0.0	0
On-Site	14.0	8.8
<b>Total</b>	<b>34.0</b>	<b>22.0</b>

Source Econometric Research Limited & WMC

**Figure 3**  
**Employment Impacts of Beluga Whales Tourism**



## Limitations

The following outlines salient limitations imposed on the approach and findings of this analysis:

- An effort has been made to ensure estimates in the report are made in a conservative manner to avoid overstating the results. We did not consider the impacts of capital expenditures and did not fully account for the tourists expenditures in Churchill outside the resorts that hosted them.
- Benefits are not always easily expressed in monetary terms. For example, social and recreational benefits and costs from tourism and the development of trails are not easily measured. This report presents exclusively the quantitative estimates of economic impacts.
- Econometric Research Limited and Western Management Consultants used data provided by the operators, previous surveys and extensive secondary data sources. We are not in a position to evaluate the accuracy of this data or its complete applicability to Manitoba.
- The model used is a simulation model and, as such, it creates a theoretical picture of the future of the economy. It does this on the basis of a series of assumptions, which may or may not hold true over time.

## Conclusions

Tourism based on Beluga whales in Churchill Manitoba constitutes a new industry that has become one of the cornerstones of a year-round recreational infrastructure and tourism in northern Manitoba. It generates modest but meaningful, stable and nature-based employment for tens of northern Manitobans and has the potential to grow into a significant activity. Its growth rate so far has been phenomenal, exceeding at some locations 50% per year. In 2014, the industry and its related activities represented 8.9% of the tourism base of Churchill.



Our estimates show that the expenditures of suppliers of Beluga whale tourism products and services on operations have generated over \$1.9 million in direct annual expenditures in Manitoba in 2014. These expenditures supported and sustained a stream of economic benefits in Manitoba. Among the most relevant impacts we include:

- The Gross Provincial Product of Manitoba is permanently increased annually by about \$2.44 million of which over \$1.25 million is the share of northern Manitoba.
- More than 34 Manitobans owe their full time jobs to these impacts. Northern Manitoba's share is 22 person years. The latter translate into 100 jobs in the summer in Churchill.
- Wages and salaries in Manitoba are augmented by a total of over \$1.31 million annually of which about \$677 thousand are made in northern Manitoba.
- Nearly \$1.06 million in tax revenues are realized annually by the three levels of government from the impacts of this industry in Manitoba.
- The provincial government annually collects over \$352 thousand in taxation from these operational expenditures, whereas local governments in Manitoba collect over \$111 thousand.
- Other provinces realize gains on the operations of the industry in Alberta. Imports from other provinces (\$179 thousand) fell short of the imports from the rest of the world (\$186 thousand).
- The employment impacts of these operational expenditures are widely spread over most industries in the province through the extensive forward and backward linkages that these activities maintain in Manitoba.

Even though the focus of this report is upon quantification of the economic impacts of the operational expenditures of tourism operators who provide Beluga whale related tourism products activities in Manitoba, it is important to remember that the economic impact indicators presented here cannot measure in terms of dollars alone the importance of the diverse and profound recreational and tourism contributions to the province and its regions made by this industry.

All of these impacts could be lost if the Beluga whale based tourism was compromised in Churchill. This constitutes a significant loss to Churchill, particularly in the summer where few alternatives to Beluga tourism exist.

More importantly, the high growth rates registered by this industry suggest that the magnitude of the losses in the future could be far larger than what we have estimated. In northern regions, where employment opportunities are scarce and summer tourism has not been fully developed, the elimination of Beluga whale related tourism could be felt more pronouncedly than in diversified southern economies.

