Submission
No 896

INQUIRY INTO RECREATIONAL FISHING

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Date received: 18/03/2010

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18/3/2010

Submission to Select Committee on Recreational Fishing
Delivered by email – fishinginquiry@parliament.nsw.gov.au

Dear Director,

We have read the Press Release and Terms of Reference for the establishment of a select committee to examine recreational fishing in New South Wales for both coastal and inland fisheries.

We applaud the establishment of this committee and thank you for the opportunity to be invited to provide a submission on behalf of BRP Australia Pty. Ltd.

BRP Australia Pty. Ltd. is the wholly owned subsidiary of the Bombardier Group, an internationally recognised manufacturer of a range of land based vehicles, water and aircraft. All these products encompass cutting edge technology and environmentally sustainable design principles. BRP Australia Pty. Ltd. Is a founding member of the Australian Marine Engine Council (AMEC).

From the outset it is important to note BRP is supportive of the establishment of a well balanced approach to Marine Protected Areas and structured Bioregional Planning processes for the long term sustainability of the marine environment.

Indeed, BRP is engaged in the development of new technology and together with industry is leading the marine sector for self regulation in Australia to reduce emissions for outboard motors. In fact the outboard engine industry has made significant investment into research and development of there product range, providing Clean, Green engines and as such should be afforded the same right to gain access for any recreational use or activity within Marine Protected zones

Much of the enthusiasm of the Greens and the environmental movement is to over regulate within the Zone Management Plans of Marine Protected Areas with the establishment of No Go (PWC) and No Take (FISHING) Zones without taking into full consideration the biological science, cultural and socio economic impact of these actions.

We are concerned that both State based and Federal environmental policy appears to be driven by well funded extremist international environmental groups pressurizing local environmental organizations , lobbying Government authorities seen as a soft touch to expand there goals.

We are of the opinion that no creditable studies have been completed or conducted with current data having regard to the impact on displaced activities and what this will have on local businesses and Australian families affected by closures in the current Marine Protected Area Zones, let alone any proposed future areas of interest.

Within the frame work of the establishment of Marine Protected Areas there must be a Socio-Economic Assessment, a clear and defined Displaced Activities Policy needs to be developed based on current data to determine the effectiveness of Marine Protected Areas.

We have included a report on the Economic Value of the NSW Recreational Boat Industry dated September 2007 for you perusal.

In conclusion, allow me to thank you for your time and attention.

Yours Sincerely,

David Heyes
Executive Director
BRP Australia Pty Ltd

Prepared for :

Grow Boating Australia

Draft Report - The Economic Value of the NSW Recreational Boat Industry

September 2007

Prepared by :

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<u>**Report Contents**</u>

EXECUTIVE SUMMARY

The Recreational Boating Industry plays a significant role in NSW tourism. Currently, recreational boaters account for 9.7% of NSW's overnight stays.

Most domestic overnight visitors are from NSW, they have average to higher incomes and are in the family lifestages. They also have a strong association with Caravan Parks in terms of where they stay when on holidays with their boat.

The Recreational Boating Industry has a 4.3% share of NSW's total day trip market.

In both the overnight and day trip markets, recreational boating is one of the top 10 activities people undertake when on holiday or day trip. This is higher than such comparable tourism activities such as going to sporting events.

In total, the Recreational Boating Industry generated $1,380M (05/06) in expenditure on holidays and day trips in NSW, therefore making it a significant contributor to the tourism market.

Size and Economic Contribution of The Industry

The industry generates $3,380M in spending attributable to NSW operations. This includes industry turnover and also net additional tourism spending.

In total, the Recreational Boating Industry in total generates a direct industry revenue of $2,000M in NSW, including $100M in overseas export sales.

The Industry contributes $1,167M to the NSW economy and supports just over 20,000 jobs both directly and indirectly. Seven thousand seven hundred people are directly employed in the sector.

In terms of economic size, the Recreational Boating Industry is nearly double the size of the NSW Ski Resorts.

In NSW, the Industry's' direct employment contribution is bigger than Life and Insurance funds and employs more people than employed in parks and gardens.

Industry Development and Impact

Increasing the consumer participation in the Industry will have a significant economic benefit to NSW

If the Industry increases in size by 5%, this will add $69M in tourism spending, $100M to Industry revenues and provide $58.4M in economic contribution to NSW. It would also support an additional 1005 full time jobs.

SECTION 1 : BACKGROUD, PROJECT OBJECTIVES AND METHOD

In this section the background to the project, project objectives and study methodology are outlined.

1.1 Background

The Boating Industry Association of NSW, in conjunction with Grow Boating Australia, has commissioned this study to determine the economic significance of the Recreational Boating Industry in NSW in 2005/06. This is the first part of a National study.

1.2 Project Objectives

This project has the following objectives.

Objective 1 : Quantify the economic impact of recreational boating on the NSW economy (including expenditure and sales revenues, employment, contribution to GDP) and tax revenues generated for Governments.

Objective 2 : Quantify the tourism value of the Recreational Boating Industry in NSW. This includes spending by recreational boaters both on day trips and overnight trips and compares the level of recreational boating activity with other tourism related activities.

Objective 3 : Compare the economic size (value added and employment) with other industries in NSW.

1.3 Method

In response to the project objectives, EMDA has undertaken a five step approach in assessing the economic significance of the Recreational Boating Industry in NSW.

Step 1 : Industry background information.

This step involved examining the number of Industry participants, the scope of their operations and the number of boat registrations.

Step 2 : Analysis of existing information and market research reports.

This involved an extensive research into existing research and statistics available on the Recreational Boating Industry.

Sources identified included the BIANSW, Australian Bureau of Statistics (ABS) Labour Force, and the Australian Government Department of Agriculture, Fisheries and Forestry.

Step 3 : Detailed analysis of the National Visitor Survey.

This survey is run by Tourism Australia and covers all aspects of the tourism markets, including domestic overnight and domestic day trips.

Stage 4 : The NSW Boating Industry Survey

This step involved the surveying of NSW Industry members about their economic significance.

This included revenue, wages paid, capital expenditure, exports and employment levels.

Step 5 : Calculation of the Economic significance of the Industry.

This step involves calculation of the economic importance of the NSW Recreational Boating Industry. This includes economic value added and employment supported by the industry and also the possible future economic impact of growing the industry.

SECTION 2 : INDUSTRY TRENDS AND PREVIOUS STUDIES

In this section industry trends such as the number of boats registered and the relevant findings from previous studies are also examined.

2.1 The scope of the Industry.

The BIA covers the following types of industry operations :-

- Boat and Yacht Manufacturing
- Boat Trailer Manufacturing
- Marine Products
- Retailers and Dealers
- Spar and Sail Makers
- Boat and Yacht Importers
- Marinas (boat operations)
- Marine Industry Service Providers
- Marine Tourism Operators.

From a consumer perspective the industry covers the following activities :-

- Sports Fishing, Pleasure Power Boating
- Sailing, Water Skiing
- Others (cruises, sight seeing).

2.3 2005 Research Works Industry Study

This survey sampled the Boating Industry in 2005. For NSW, the study found the following :-

- Total turnover in 2004/05 was $2.0 Billion and includes exports and interstate sales.
- The industry employed 9,000 people in NSW (full-time, part-time and casual).

2.4 The National Recreational and Indigenous Survey July 2003

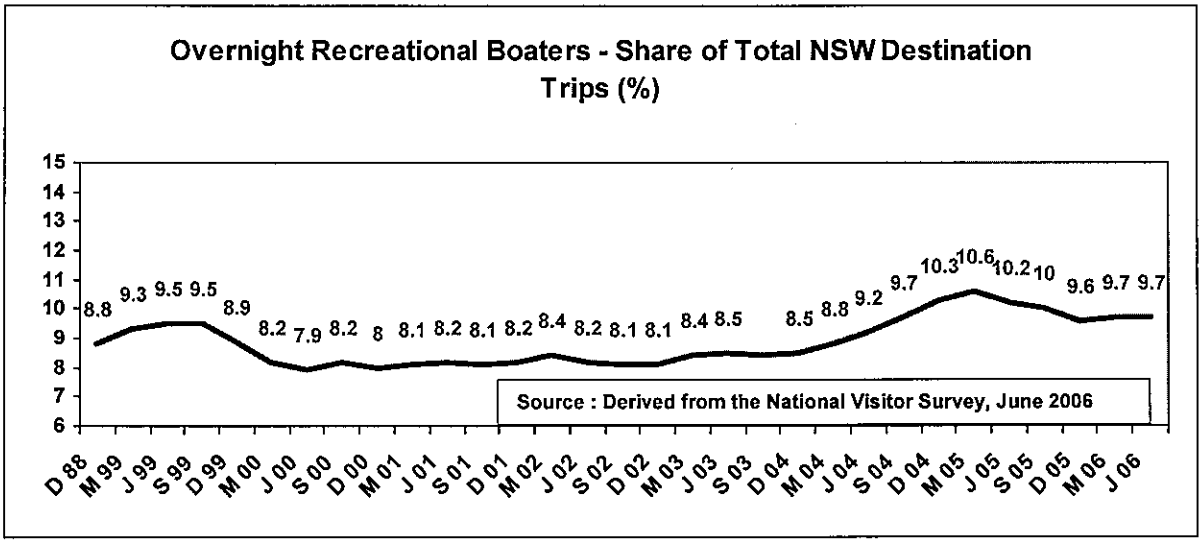
This was a very extensive survey conducted in 2001. In summary the relevant findings are :-

- In total recreational fishers spent $1.8B that was attributable to recreational fishing nationally. In NSW an estimated $554.2M was spent.
- Of the $554.2M spent by fishers - $303.9M was spent on boats and trailers and $8.7M on fees and licences.
- The core appeals of fishing, for consumers in NSW are to relax and unwind (40%) , spend time with family and friends (17%) , to be outdoors (15%) and the sport of fishing (21%) – fishing for food is a small appeal (5%).

3.0 DOMESTIC TOURISM

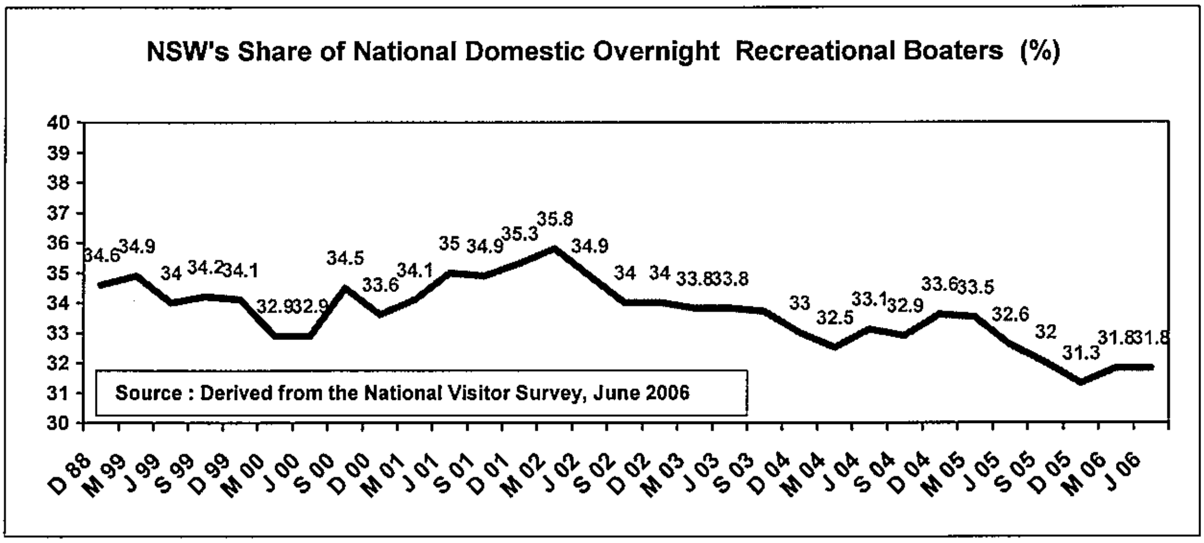
In this section the value of the recreational boating industry to the tourism sector in NSW is examined. The source of the data is the National Visitor Survey June 2006.

3.1 Share of total NSW (main destination state) - Trends (overnight)



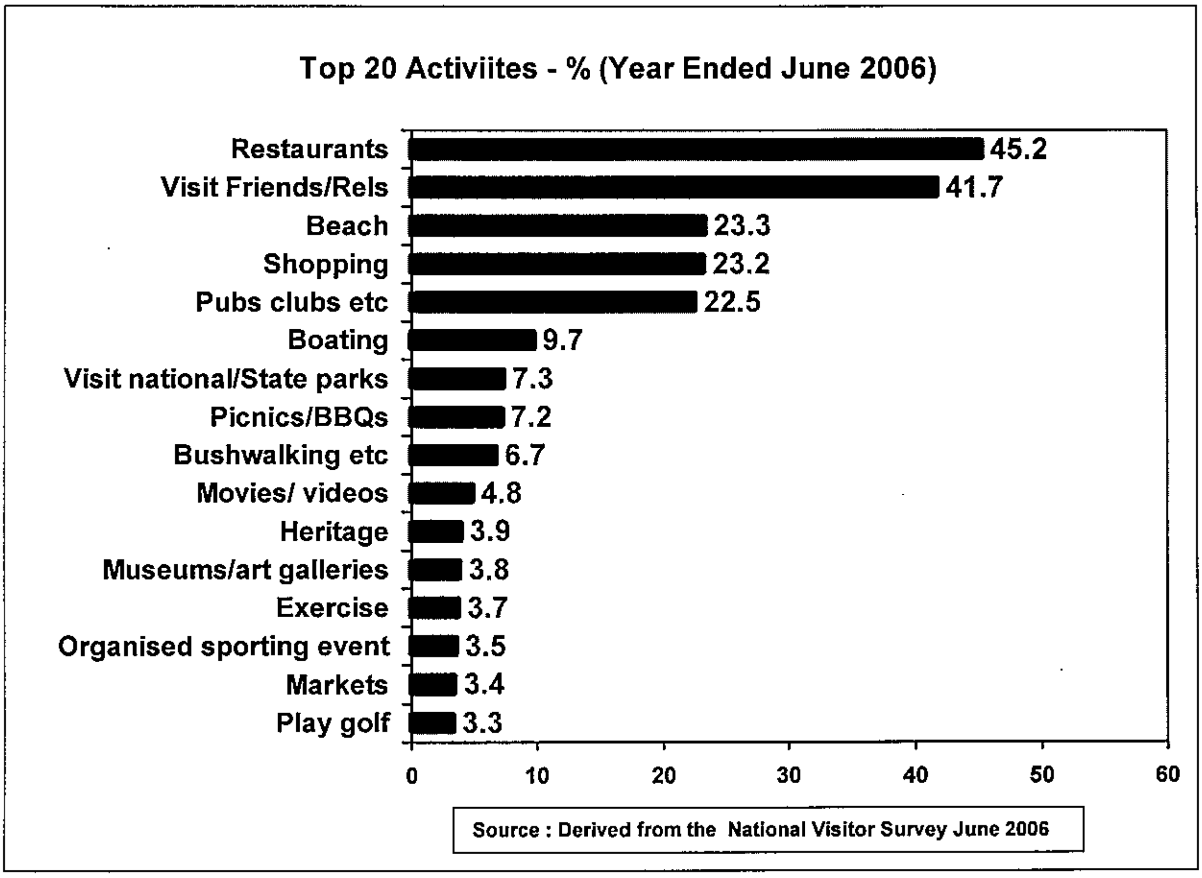
In the overnight market, recreational boaters account for 9.7% of overnight trips to NSW. The impact of the Olympics and the 2000/01 economic slowing had a negative effect on market share. Since 2000/01 market share has improved, until the fuel price rises hit in 05/06 and softer economic conditions dampened share.

3.2 NSW's Share of the National Domestic Overnight Recreational Market



NSW's share of the Australian market has been softening over the last few years. This is consistent with the general economic weakness in NSW. This has affected NSW's share in many markets.

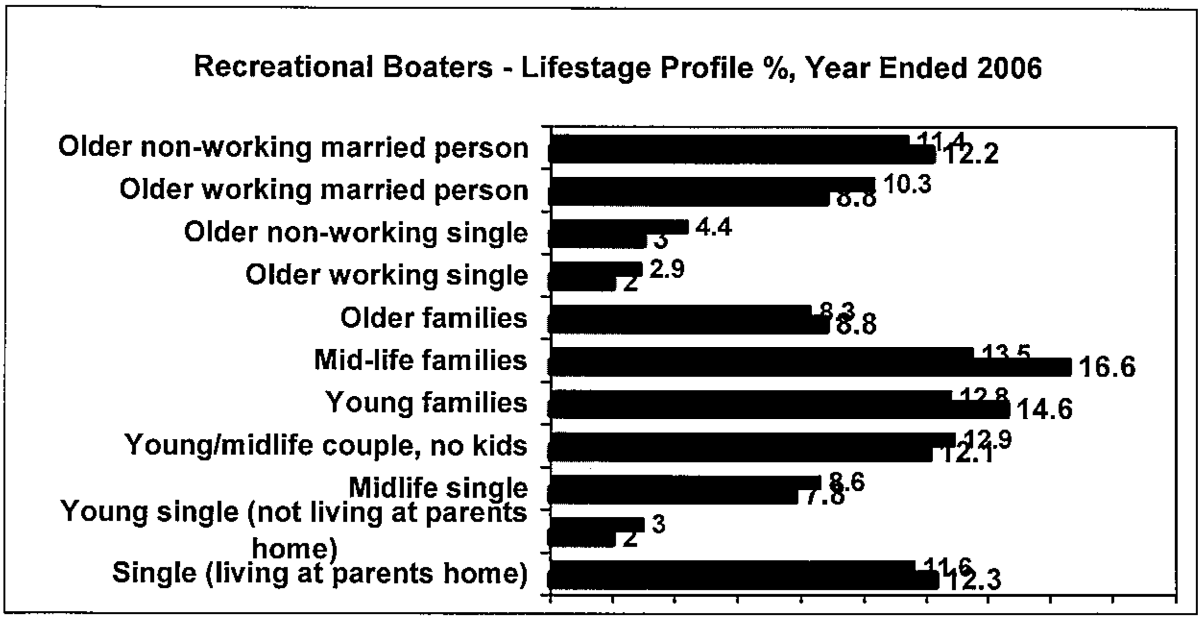
3.3 Domestic Overnight Visitors to NSW – Activities.



Most visitors to NSW eat at restaurants and also visit friends and/or relatives. However, 9.7% also have some experience with the Recreational Boating Industry. This is nearly triple the percentage that goes to organised sporting events and it is over triple the number that go to a market.

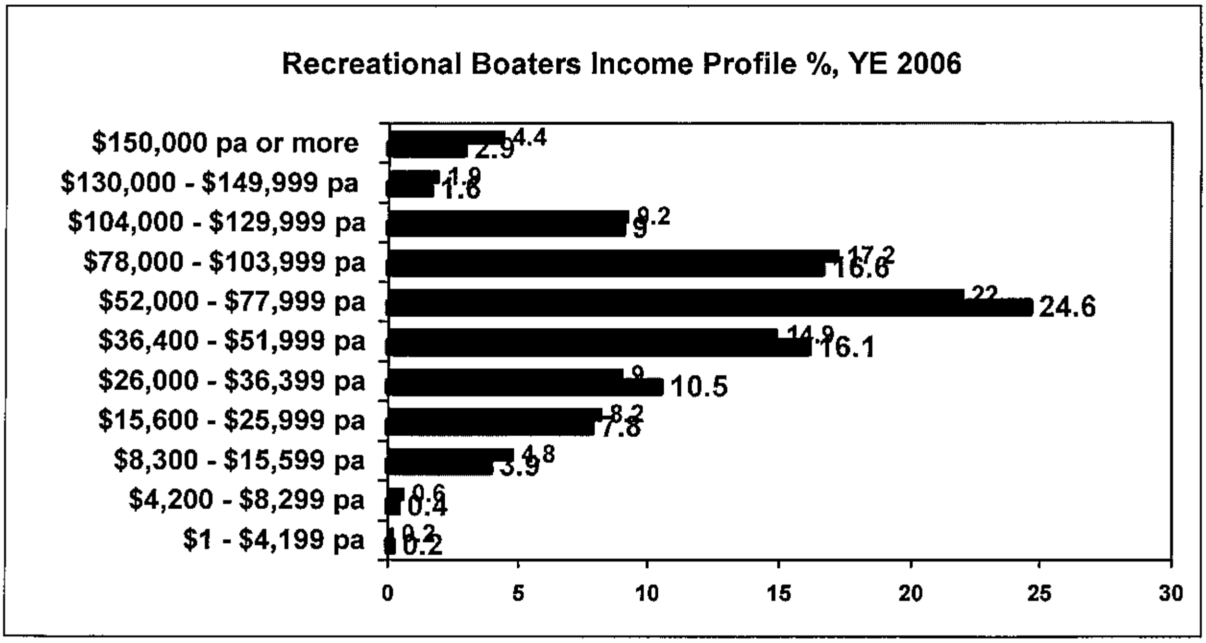
3.4 Lifestage Profile (domestic overnight)

Recreational boaters (shown in red) in the chart overleaf, identifies that recreational boaters are more likely to be travelling as mid-life or young families. Recreational boating has a limited appeal to the older singles (compared with all holidays).



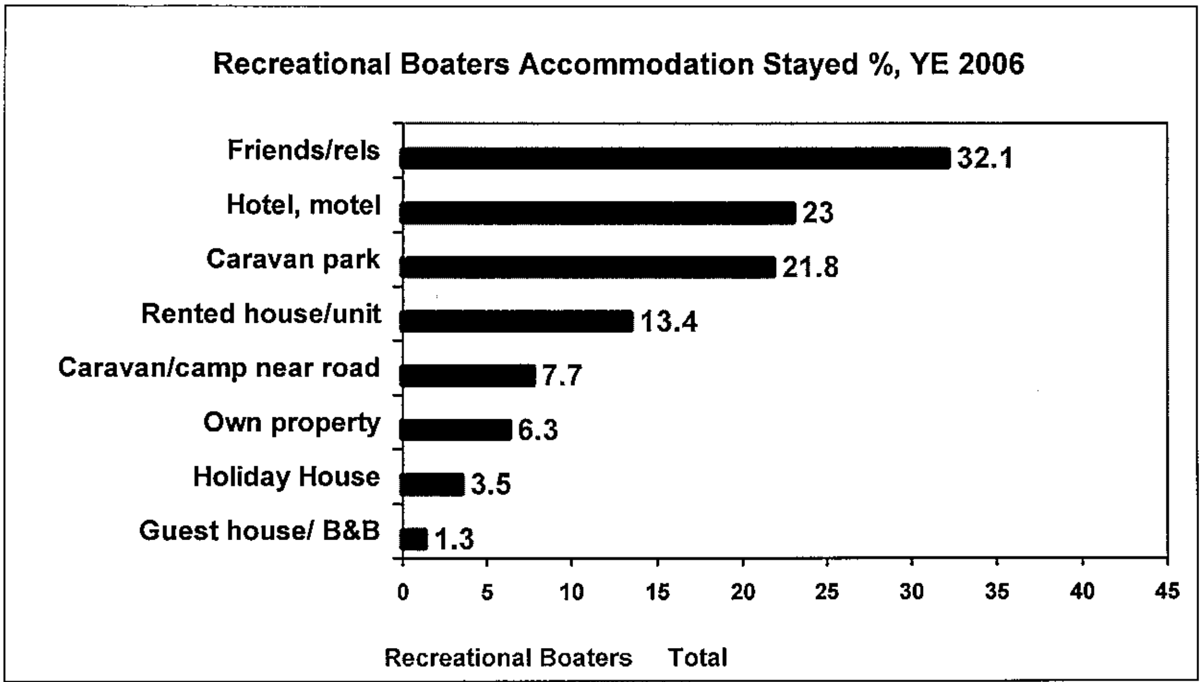
3.5 Income Profile (domestic overnight)

Recreational boaters in the chart below are more likely to have average incomes. This is an activity that appeals to middle income Australia. Of course, it does also have appeal to higher income groups as well, but these are below average.

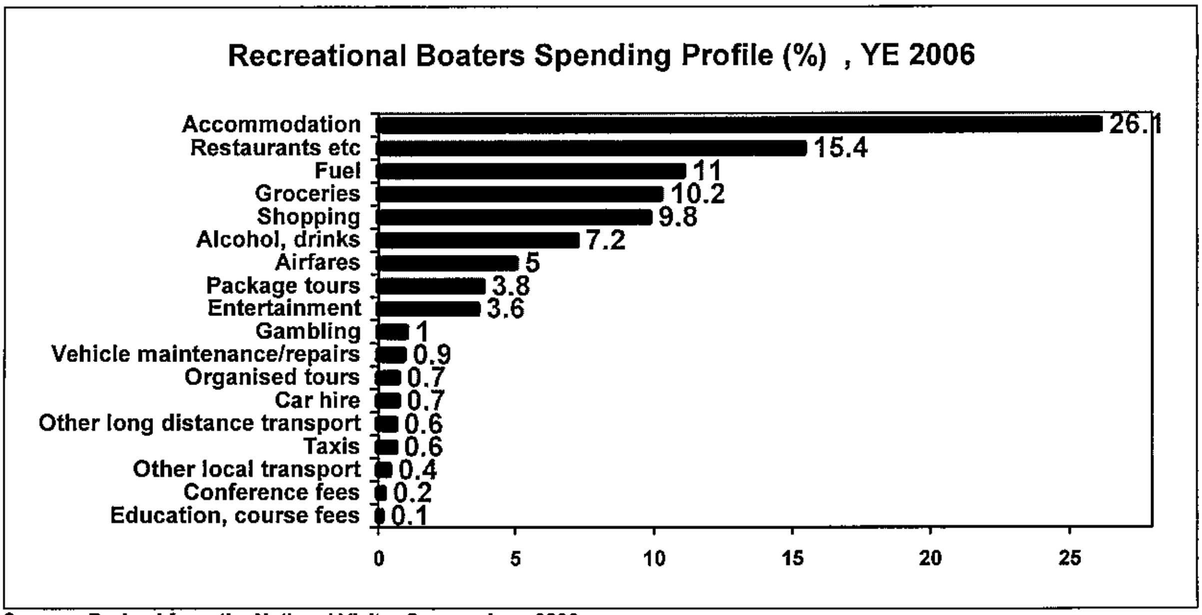


3.6 Accommodation Profile (domestic overnight)

Recreational boaters (shown in red) in the chart below, are much more likely to stay with Friends/relatives, Hotel and Motels (23%), Caravan Parks (21.8%) or camp near the road.



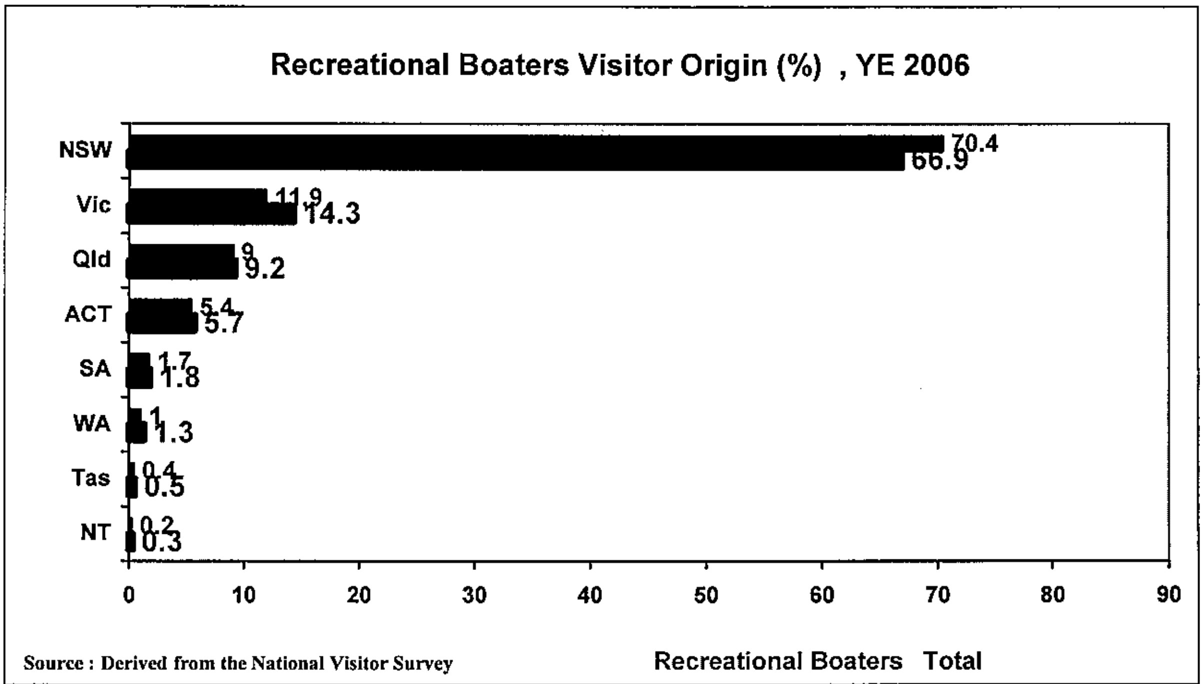
3.7 Spending (domestic overnight – total trip)



Source : Derived from the National Visitor Survey, June 2006

Overnight recreational boaters direct the highest proportion of their spending to Accommodation (26.1%), Fuel (11%) and food and drinks.

3.8 NSW - Visitor Origin (interstate and intrastate) -domestic overnight



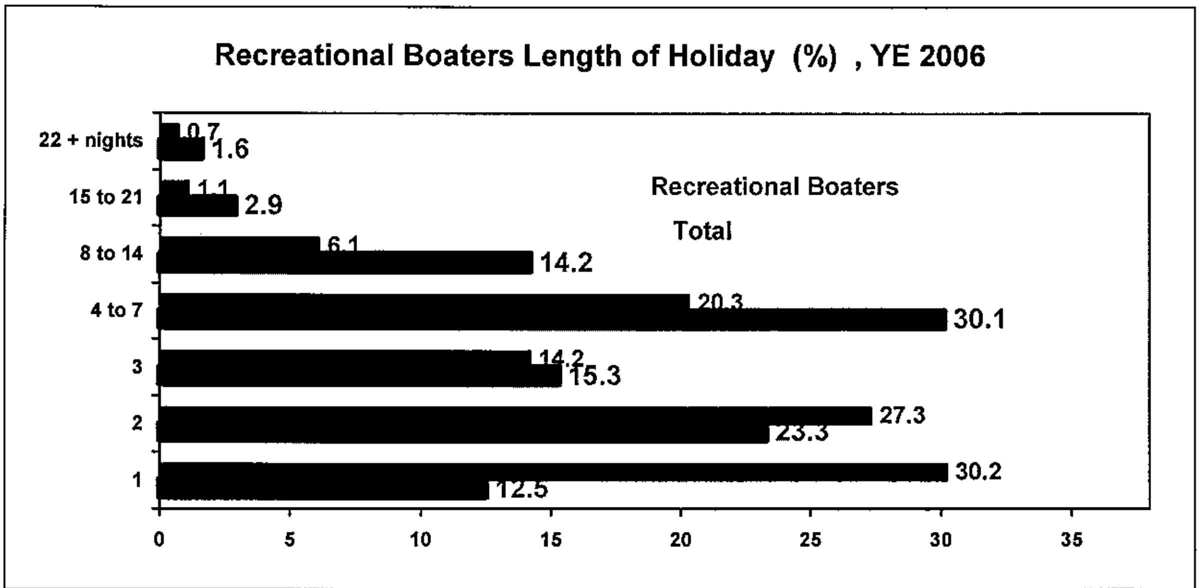
Recreational boaters are much more likely to originate from NSW – 66.9% of domestic overnight recreational boaters come from NSW. There is a smaller interstate market as well, with 14.3% originating from Vic and 9.2% from Queensland.

NSW has a higher level of interstate visitors than the other States.

In discussion with Industry participants interstate, visitation to NSW is often triggered by a special event relevant to the Boating Industry, such as the Sydney to Hobart Yacht Race.

3.9 Length of Stay (domestic overnight)

Most recreational boaters are staying 4 to 7 nights. However, if the 1 to 3 night holidays are grouped together (the typical long weekend), then this is the most common overnight trip.

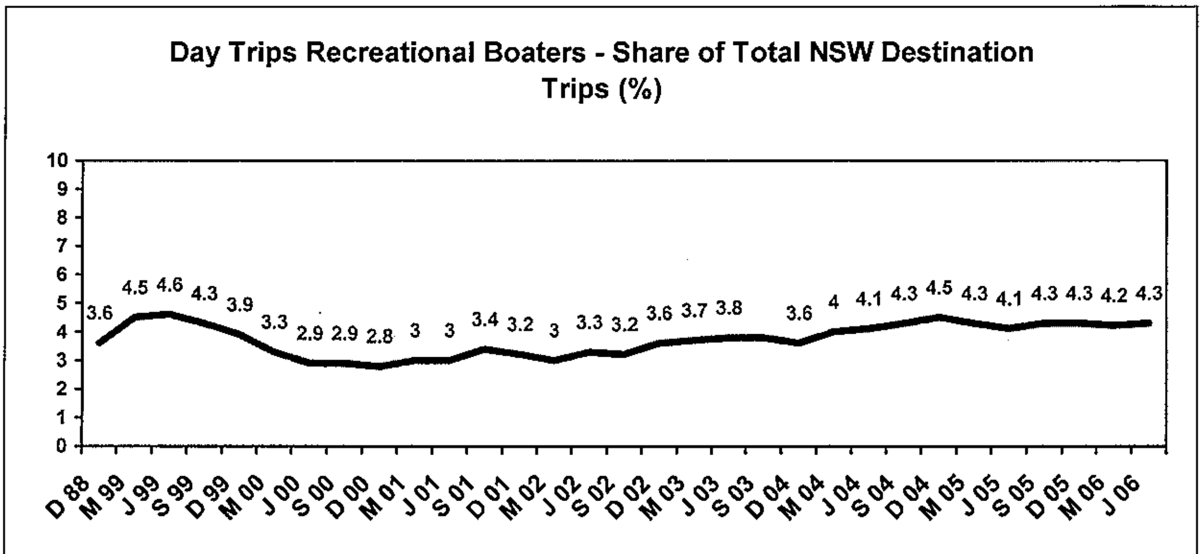


Source : Derived from the National Visitor Survey, June 2006

3.10 Recreational Boaters – NSW Day Trips (Source : National Visitor Survey 2006)

In this sub-section day trip recreational boaters are examined.

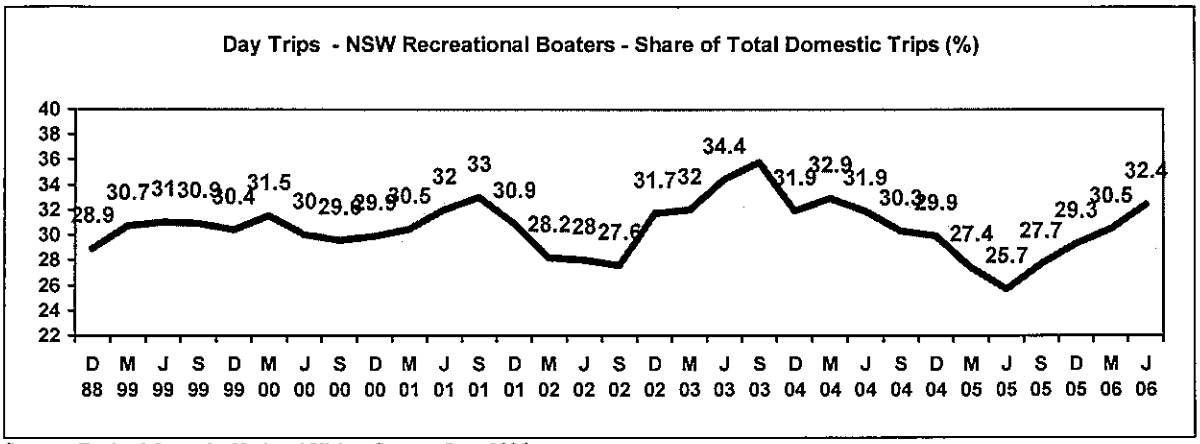
3.11 Recreational Boat Users –Share of NSW's day trips



Source : Derived from the National Visitor Survey, June 2006

Recreational boaters account for 4.3% of NSW's day trips. Market share has grown over the last four years despite the changes in economic conditions and the higher price of fuel.

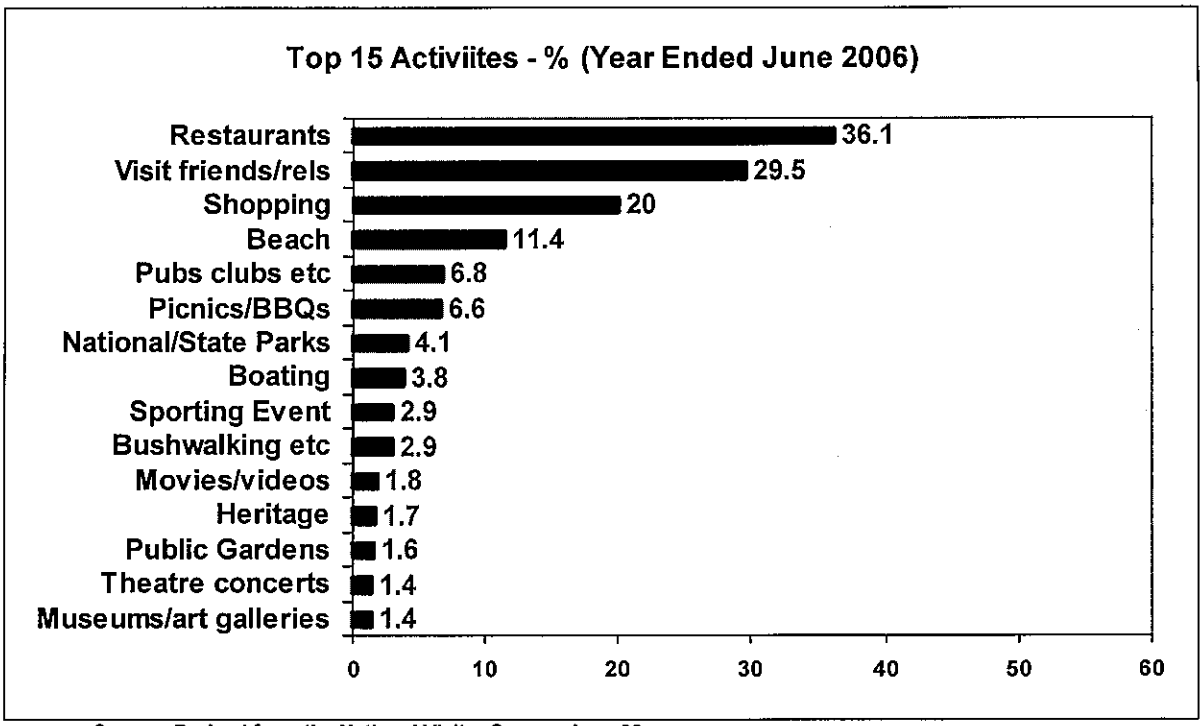
3.12 National Share of Recreational Boat Trips - day trips



Source : Derived from the National Visitor Survey, June 2006

NSW's share of the national market varies. It peaked in 2003, then softened and is now growing again.

3.13 Day tripper – activities.



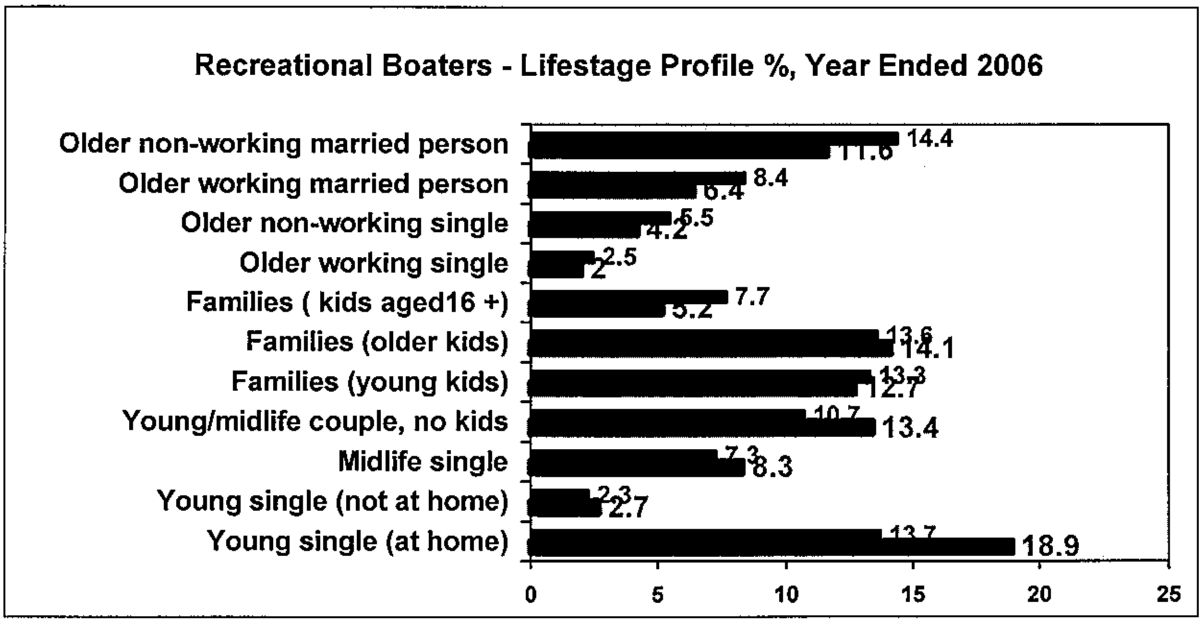
Source :Derived from the National Visitor Survey, June 06

In terms of day trip activities, the biggest activity is going to a restaurant. Visiting friends and relatives in the second biggest activity, with shopping for pleasure the third biggest activity.

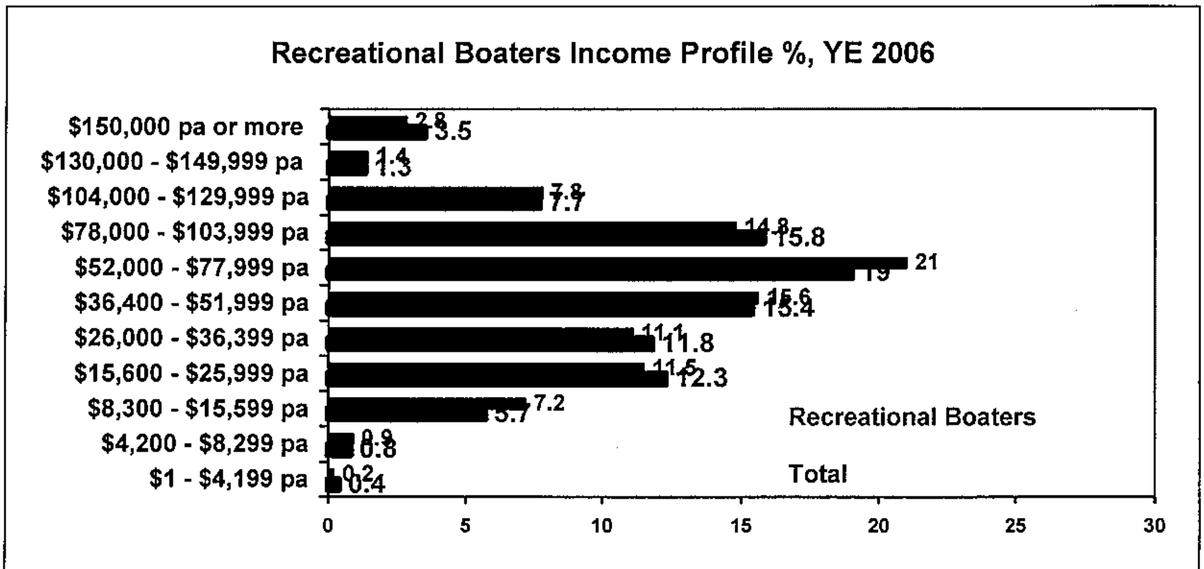
Recreational boating is in the top 10 – No. 7 at 3.8% and is larger than sporting events.

3.14 Day trippers - Lifestage

Recreational Boating Day trippers are much more likely to be families or younger singles at home, probably using their parents boat.



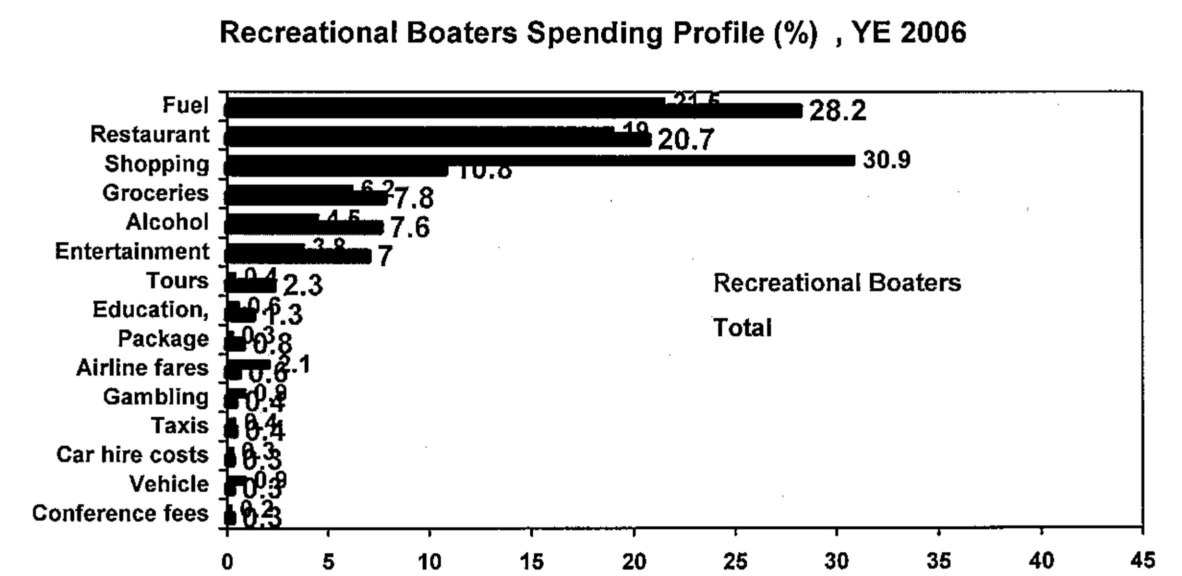
3.15 Recreational Boaters – Income Profile (day trippers)



Source : Derived from the National Visitor Survey, June 2006

Recreational boating Day trippers are much more likely to be in the middle income brackets of the total population.

3.16 Day trippers - Expenditure Items



Source : Derived from the National Visitor Survey, Dec. 06

As to be expected they are big spenders of fuel (28%). They have a low interest in gift shopping.

3.17 Tourism Expenditure (Domestic overnight and day trippers)

3.17.1 Sports Fishing using a Boat

The 2003 recreational fishing study found that NSW accounted for $554.2M in recreational fishing in 2001 and that 41% of all fishing trips used a boat. The National Visitor Survey (NVS) found that in total those fishing in NSW spent $1037M p.a. on their total trip. This means that 53% of the fishing expenditure recorded by the NVS was attributable to fishing in 2001.

By 2006 the NVS quantifies that fishers spent $1286M on their trips in NSW. Using the ratio derived in 2001, this means that by 2006, recreational fishing using a boat accounted for $311.5M..

3.17.2 Power Boating and Sailing

The National Visitor Survey also provides expenditure data by those who undertake sailing and power boating. In total in NSW this group spent $719M on their trips. This includes overnight and day trips in NSW.

3.17.3 Other recreational boating

This includes other recreational boating activities such as whale watching, dolphin watching, river cruises, sea cruises and scuba diving. In total these categories provided a total expenditure of $350M in 05/06. This includes NSW overnight and day trips.

3.17.4 Total Tourism Spending

Therefore recreational boating provided $1380M in total in tourism spending in the year ended June 2006.

SECTION 4 : INDUSTRY SURVEY

In this section the results of the Industry survey are presented.

4.1 Industry Survey

As part of this study, EMDA, in conjunction with the Boating Industry Association of NSW, conducted a detailed survey amongst the members of the BIA NSW in 2007.

4.2 Survey Method

A two page mail out survey was sent to all members of BIA NSW. The survey asked respondents the following :-

- The nature of their business activities.
- Revenue (NSW, rest of Australia, overseas).
- Market share of the Industry Segment.
- Expenditure (wages, cost of sales, capital expenditure).
- Regional source of Expenditure (NSW, rest of Aus, overseas).
- Taxation revenue paid (Commonwealth, State and Local).
- Number employed (total and full time equivalents).

In NSW a low response rate was achieved (16.2% of the total value). Due to this the 2006 Research Works Study was used for all base data. Where this study did not collect data ratios were derived from the EMDA survey and applied to the totals quantified in the Research Works Study. Due to the low economic growth in NSW over 2006, 2004/05 values have been used for the 05/06 year as an estimate.

4.3 Total Revenue - NSW Recreational Boating Industry

The table below summarises the revenue generated by the industry from their NSW operations.

Sales	Value ($M 05/06)
Australia Sales	**$1,900**
Overseas Exports	**$100**
TOTAL REVENUE	**$2,000M**

Sales in Australia accounted for the highest percentage (95%) of sales. There is also a small export component. Total revenue is estimated at $2,000M.

4.4 Capital Expenditure

The industry also invests in terms of capital expenditure, with an estimated investment level in 2005/06 of $120M across all operations.

4.5 Value add – wages salaries and supplements and gross operating surplus

The wages, salaries and gross operating surplus is the major contribution to the economy. Imports for example are a significant item, but they essentially add value to their country of origin.

The industry in NSW paid a total of $369M in wages, salaries and supplements in 2005/06. Gross operating surplus generated was $78M (3.9% of sales).

This provides a total value added to the NSW economy of $447M.

4.6 Direct Employment Levels

The industry is also a significant employer in NSW, with 9,000 employed either full time or part time. The Industry however, has a high proportion of full-time workers with 80.5% in this category. This is significantly higher than the Australian average (71%).

Category	Number
Full time	7,245
Part time	1,755
Total (Full Time equivalents)	7,771

4.7 Taxes paid

The industry is also a significant tax payer.

Category	Taxes Paid $M (05/06)
Commonwealth	241.4
State (excluding GST)	9.6
State (including GST)*	22.6
Local	1.4
TOTAL	252.4

* GST component is a transfer component and is not added into the total twice.

In total, industries operating in the NSW Recreational Boating Industry paid $252.4M in taxation revenue in 2005/06. This includes PAYE taxation.

The Commonwealth received the largest share of these payments.

The State received directly $9.6M and also indirectly, NSW's share of GST payments. Taking this into account, NSW received a total of $22.6M in taxation revenue from the Industry. Fees and Licences generated by boat owners are estimated at another $9.7M (based on the recreational fisher survey 2001, updated for inflation). In total therefore, the NSW Govt. is estimated to have received $32.3M in revenue derived from recreational boating.

4.8 Total Industry Revenue

In providing the total industry revenue, EMDA has included the industry revenue ($2,000M) and added the net additional tourism spending ($1380M). This second component excludes capital spending (boats and trailers) and also boat fuel which is included in the industry total. Therefore, this excludes double counting. Using this method, the industry generates $3,380M in spending attributable to NSW operations.

SECTION 5 : ECONOMIC CONTRIBUTION

In this section the economic contribution the Recreational Boating Industry makes to NSW is analysed.

5.1 Economic Framework

There are two basic components of economic impact analysis – a direct component and a flow on component. The direct employment and economic activity impacts of the Recreational Boating Industry are activities such as the number of people employed in say boat manufacturing. Flow on impacts generated by the Recreational Boating Industry are not so obvious, they are the subject of the "multiplier effect" of direct activity.
EMDA normally provides two key economic indicators when undertaking an economic impact analysis.
These include:

- Value added: a calculation of the contribution to Gross Domestic Product (GDP), consisting of the gross operating surplus and wages/ salaries of employees;
- Employment: the total number of employees.

5.2 Industry Economic multipliers

In developing the multipliers for the recreational boating industry, two key multipliers have been developed.

- <u>Output Multipliers</u> – the output that is generated by additional unit of demand for Recreational Boating.

  All the multipliers take into account the first round effects (the initial amount produced for one unit of output). So for example, one extra dollar of construction activity will induce 0.28 cents of manufacturing output. Then of course, the induced manufacturing output will produce additional output in other industries. The total amount of these induced impacts and the first round effect are called simple multipliers.

  On top of this there are the consumption multipliers, here the household sector receives income from production, which they then spend on goods and services. This induced production of extra goods and services by industries in the economy is termed the consumption induced effect. The combined simple multiplier and the consumption induced effect are termed the total output multipliers.

- <u>Employment Multipliers</u> - this is the total number of additional jobs generated to satisfy a dollars worth of demand from a particular industry.
  These are also calculated in the same manner as the output multipliers.

5.3 Economic Multipliers for Recreational Boating

As the recreational boating Industry covers a number of different areas, we have weighted the multipliers developed for each industry by the proportion that each sub-component is of the total. That is, the manufacturing components have different multipliers from the service industry components and the multipliers have been mathematically weighted for this.

The table below summarises the multipliers calculated for the recreational boating industry.

Multiplier	Total Value of Multiplier
Output	2.61 times per unit of output
Employment	14.97 Jobs per $1M in output

These multipliers means that for each additional unit of output generated by the Victorian Boating Industry, an additional 2.61 times of output will be generated in total.

In the case of employment, each $1M in output will generate an additional 14.97 jobs.

5.4 The Economic value of the Recreational Boating Industry

In calculating the industry value add and employment contribution of the recreational boating industry, the multipliers derived above have been applied to the direct value added and employment levels derived from the survey.

The results are summarised in the table below.

Factor	Direct Contribution	Indirect Contribution	Total Contribution
Output ($M)	$447	$719.7	$1,166.7
Employment (Full Time Equivalents) - number	7,772	12,324	20,095

In total, the industry generate $1,166.7 M in output for the economy and generates 20,095 jobs, nearly 7,772 directly.

5.5 Comparisons with other Industries

The ski resorts in their recent study (The Economic Significance of Alpine Resorts 2006), quantifies the direct expenditure of the NSW Ski Resorts of $537M for NSW, with an increase in Gross State Product of $621M. ($2005).

In terms of <u>direct</u> employment comparisons (ABS NSW , Year ended June 2006), the industry compares favourably : -

- Clubs 34,000
- Accommodation 30,225 jobs
- TCF 16,700 jobs
- Pre school Education 8,555 jobs
- Life Insurance and super funds 4,000 jobs
- Parks and Gardens 3,225

SECTION 6 : INDUSTRY DEVELOPMENT MODEL AND IMPACT

In this section the development options from a consumer perspective are examined using the consumer information and economic model constructed in Section 5. This enables the impact of changes in the industry to be econometrically modelled, facilitating the development of goals for the Grow Boating Australia Initiative.

6.1 Economic Model Objective

The purpose of this model is to develop quantified scenarios that link the following :-

- Number of people participating in the Recreational Boating Industry.
- Increases in Tourism spending.
- Increases in Industry Revenue.
- Increases in Economic Contribution.
- Increases in employment.

6.2 Economic Model Results

The table below summarises the results form the model.

NSW Economic Development Model 2005/06

Increase in Participation (people) - %	2.5	5	7.5	10	12.5	15
Increased Tourism Spending ($M)	34.5	69	103.5	138	172.5	207
Increased Industry Revenue (Victoria Only) - ($M)	50	100	150	200	250	300
Increased Economic Contribution ($M) - Direct and Indirect	29.2	58.4	87.5	116.7	145.9	175.1
Increased Employment - Direct and Indirect	502	1005	1507	2010	1512	3014

Increasing consumer participation by 5% from current levels would :-

- Increase tourism spending by $69M.

- Increase the NSW component of Industry revenue by $100M.
- Increase the GDP of NSW by $58.4M.
- Add 1005 full time equivalent positions to the NSW economy.

6.3 Increasing Participation

Growth prospects for NSW is mainly concentrated amongst NSW, either taking overnight trips or day trips.

Facilitating this growth can be achieved by :-

- Improving facilities – the difficulties surrounding the boat launch areas in particular are singled out by users as a barrier. The delays in launching take up valuable time, and as people are becoming increasingly time poor, this aggravation about delays at boat launch areas, will only get worse and could impact on the market.
- Increasing the use of boats amongst current boat owners. Reminding them of the reasons why they bought the boat, coupled with the above point will encourage further usage.
- The provision of areas / access for recreational boat activities, near population areas and near holiday locations in an appropriate manner that is environmentally sound.
- Improved levels of fish stocks which would encourage further use of boats for fishing as this is a major reason for participating in recreational boating.

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