

PROVINCE OF BRITISH COLUMBIA

Harvest Allocation Policy Review

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March 31, 2011

Mr Tom Ethier
Director, Fish, Wildlife and Habitat Management Branch
Ministry of Forests, Lands and Natural Resource Operations

Dear Tom

Please find enclosed my report on the Harvest Allocation Policy. Wildlife management is a challenge and I hope this helps in your deliberations. I received a great deal of assistance in my work from Ministry staff without which I would not have been able to complete this project. You have many committed and passionate people who were very patient with me.

The guide industry, represented by GOABC and its executive as well as unaffiliated members I met with, also provided much insight and constructive commentary as I worked through the issues.

While I did have two discussions with the BCWF they were very high level.

The conclusions and recommendations however are mine and I would be pleased to discuss them with you at your convenience.

Sincerely

Chris Trumpy

EXECUTIVE SUMMARY

The full implementation of the new Harvest Allocation policies and procedures (the allocation policy) will have a material impact on the guide outfitting industry in British Columbia. Although the new policy is transparent and consistent, it is too inflexible to deal with the diversity of circumstances that exist throughout the province. To accommodate the unique circumstances throughout the province changes to the allocation policy are proposed which push responsibility to respond to regional differences out to regional managers.

Recommendations are provided for consideration which will deal with these issues but they will require some further analysis. No changes should be made without discussions with all user groups.

RECOMMENDATIONS

Recommendation 1

The split between resident and guided hunters should not be set by species at the regional level using the new allocation model. While the model should inform the decision, the Ministry should also consider actual splits using data available for the last 10 years and circumstances unique to each region. A base level of guided hunter split should be available to every guide but regional managers should have some discretion to allocate individual guide share above the base level up to a regional split determined by the Ministry.

Recommendation 2

The splits should be set, beginning in 2012, for a minimum of 10 years.

Recommendation 3

Allocation within a region to individual guides should consider access, level of resident hunter activity and be determined by the regional manager. The reasons for variances from the base level of regional splits should be disclosed.

Recommendation 4

Individual guides with small allocations (less than 5 animals over a 5 year period) should be permitted to harvest all their allocation in a single year provided there is no impact on population sustainability.

Recommendation 5

All of the allocation in areas where there are no guide territories should be allocated to resident hunters.

Recommendation 6

Species on GOS for residents should not be on quota for guides.

Recommendation 7

If guides in a region fail to use their allocation over a two or three year period then it should be made available on a temporary basis to residents through a one or two year increase in LEH authorizations where such actions have no impact on population sustainability. There would be no possibility for reduction to guide split until the end of the 10 year period.

Recommendation 8

Regional managers should have access to a wide range of tools to support industry achievement of its split, at both the regional and individual guide level. Tools dropped in the new policy should be reconsidered and new options explored provided they are consistent with good wildlife stewardship.

Recommendation 9

Guides not utilizing their allocation should be encouraged or required to transfer it to guides in adjacent territories provided there are no impacts on population sustainability.

Recommendation 10

The Ministry needs to clarify its policy for vacant guide territories to provide certainty for the industry. Fractional sales which provide marginal additions to strengthen existing operations should proceed.

Recommendation 11

The Ministry should consider facilitating the consolidation of guide territories in regions where small territories are the norm to encourage more viable operations.

INTRODUCTION

The purpose of this report is to provide the Ministry of Forests, Lands and Natural Resource Operations with an assessment of the effects of the Harvest Allocation policies and procedures and implementation rules, scheduled for full implementation in 2012, on the operation and viability of the BC Guide Outfitting industry.

The work undertaken consisted of review of the allocation policies and procedures with extensive briefings with:

- Ministry staff, including headquarters and regional staff responsible for the implementation of the allocation policy;
- The Guide Outfitters Association of British Columbia (GOABC) executive and each of their regional vice presidents;
- Non GOABC affiliated guides in the Cariboo Region; and
- Several experts in the field.

High level discussions were also held with the British Columbia Wildlife Federation (BCWF).

There is little doubt that the implementation of the allocation policy will affect the value and viability of many guide outfitter territories. The Ministry's policy for valuing new guide territories for sale as well as industry practice is to estimate value based on the number of animals available to the guide. Since there is a reduction in the number of animals available to most guides the policy will reduce values.

While recent currency fluctuations, economic events and animal quality are also impacting the industry generally, the impact is uneven. Guides primarily dependent on the US market and relatively low value hunts have been hit harder in the past two or three years relative to those who offer higher value hunts for animals unique to BC such as Roosevelt Elk and Stone Sheep. Guides with a more diverse client base also report being able to weather the last two years better than their peers.

The industry has estimated the cost to them of implementing the allocation policy at \$8 Million annually. This estimate is high for a number of reasons explained in detail in the body of the report but the impact is still substantial.

This report has been organized in the following manner:

- Overview of wildlife management objectives
- A brief history of why the current allocation policy was developed
- A description of the allocation model and implications for hunter groups
- A more detailed section on the implications on the guide industry
- Impact of US recession
- Assessment of GOABC estimate of revenue Loss
- Conclusions
- Recommendations

No changes to the current allocation policy should be undertaken without discussions with all user groups.

Three terms are important to define at the outset of this report:

- Split – refers to the relative proportion of animals available to be harvested allocated between guided hunters and resident hunters – a 75/25 split is 75% resident and 25% guides. Splits are different for each species in each region of the province. Splits generally apply for five year periods, called allocation periods.
- Allocation – is the number of animals made available to guides and resident hunters over an allocation period and can apply, in the case of guides to both all guides in a region and to each individual guide (i.e. an individual allocation).
- Quota – is the number of animals (e.g. moose) available on an annual basis to an individual guide for their clients.

WILDLIFE MANAGEMENT OBJECTIVES

Managing wildlife is a very difficult. The primary goals of the Ministry, as defined through the Wildlife Program Plan, are to conserve species and maintain the health of wildlife populations, and to provide a variety of opportunities for the sustainable use, enjoyment and appreciation of wildlife. There is debate in the wildlife biologist community about what constitutes sustainable use and healthy populations and this is further complicated by changes taking place due to climate change, and particularly the pine beetle infestation which has changed the landscape throughout a significant portion of the province.

The *Wildlife Act*, Ministry policy frameworks and its practises attempt to balance the following four interests:

- (i) Conservation – The primary goal is to ensure healthy, sustainable animal populations;
- (ii) First Nations – First Nations have traditional rights to hunt and fish which are only fettered by conservation requirements;
- (iii) Resident Hunters – Residents of British Columbia (approximately 90,000) hunt whether for sport or food. Resident hunting rights are limited for certain species of animals using a variety of legal tools such as limited seasons, male only hunts and limiting the number of hunters; and
- (iv) Guided Hunters – There are about 240 guide outfitter territories in British Columbia. All non-resident hunters must use a guide and guides have exclusive rights in their territories for non-resident hunters. Guides are restricted by season and species using similar tools as those which apply to resident hunters.

Although resident hunters have priority over non-resident hunters in policy and practice, the Ministry also supports having a viable guide outfitting industry in British Columbia.

In theory the Ministry collects wildlife inventory data, and conducts population assessments, to estimate the number of animals available for harvest. In practise the quality of inventory information, due to resource limitations, which go back decades, is not very good for many wildlife populations. Estimates for the number of animals available for harvest depend on the quality of information available, the sex and age composition of animals, habitat suitability, predation levels and other factors.

For species with very healthy populations, such as Black Bear, there are general open seasons (GOS). With a GOS, subject to annual limits on the number of animals a hunter is allowed to kill, there are no limits on the number of hunters who can hunt or the number of clients a guide can take out. For other species, where demand exceeds sustainable use, Ministry biologists estimate the number of animals that can be harvested without jeopardizing population

sustainability before allocating it to the user groups. For example, let's say a region has a moose population estimated at 13,000 animals and that the sustainable harvest level is estimated to be 10%. That means that this level of harvest can proceed and the herd will remain at a level of 13,000. A 10% harvest level for a herd of 13,000 means that 1,300 animals can be harvested annually.

Before the 1,300 animals can be allocated for use, First Nations needs must be accommodated and set aside. If First Nations required 650 moose for food, social and ceremonial uses, then that leaves 650 animals for resident and guided hunters. This is referred to the annual allowable harvest (AAH). Resident hunters have priority and this is reflected in the actual allocation split between the two user groups and the Resident Hunter Priority policy.

Allocation is an issue only for those species where hunting pressure exceeds the number of available animals and this varies by region and species. According to ministry policy, allocation is intended to prevent or reduce causes for conflict between hunter groups. The animals which fall under the allocation policy, by region, are set out in the table below:

Species	Regions
Grizzly Bear	1,3,4,5,6,7A,7B
Elk (Bull)	1,2
Elk (Archery)	1
Moose (Bull)	3,4,5,6,7A,8
Goat	3,4,5,6,7B,8
Bighorn Sheep	3,4,8
Caribou (Bull)	5, 6
Thinhorn Sheep	6,7B
Elk (Antlerless)	7B
Bison	7B
Moose (Cow)	5,7A

DEVELOPMENT OF THE ALLOCATION POLICY

Prior to 2003 the split of animals between resident and guided hunters was done on a regional basis in negotiations between the regional manager and representatives of the resident and guided hunter communities. While all parties report that this process generally worked well, over time it led to different outcomes throughout the province and in several regions negotiations became quite acrimonious. As special deals were made, often to reflect special circumstances but sometimes for reasons which were not clear, it became increasingly apparent that consistent principles were not being applied across the province.

Beginning in 2003 negotiations were undertaken to develop a province-wide model and policy that could be applied consistently in all regions for all species. The intention was to develop an approach which was consistent, transparent and adaptive while maintaining the primacy of the resident hunter and providing stability for the guiding industry. This work was brought to a close in 2007.

The new model takes away a significant amount of discretion from the regional managers to avoid special deals for any of the user groups. It took over three years of intense discussions to arrive at the allocation model which is scheduled for full implementation beginning in 2012. Representatives of both the BCWF and the GOABC report that they did not get what they wanted out of the process. The BCWF does however feel that there was a deal agreed to by all parties. GOABC feel that there was agreement in principle with significant implementation consultation to be undertaken which, according to them, did not occur.

Prior to 2003, various regional managers adopted different tools to manage the relative splits and allocations, particularly at the level of the individual guide outfitter territory. Most of these will disappear upon full implementation of the policy. The tools used included:

- (i) Allocation of vacant land share to guides – In most regions there are areas which are not occupied by guides. Previous guide allocations included a pro rata share of these areas as if they were guide territories. This had the effect of increasing guide allocations above what their territory alone would justify. Under the new policy all animals attributable to vacant land are allocated to resident hunters.
- (ii) Remote access factor – Some areas are easily accessible by road and heavily used by resident hunters, while others are remote and very difficult to access even with equipment like all-terrain vehicles. In some regions this was recognized and a higher share of animals in remote guide territories was provided to guides operating in those areas. This was usually offset by relatively lower allocations to guides in areas where there was better access for resident

hunters. This tool disappears under the new policy as allocations are set at the regional level, and for guides, are applied at the guide territory level with no consideration of accessibility.

- (iii) Success factors – There is no guarantee of hunting of success whether you are a resident hunter or a guided hunter. Some regional managers, based on experience, provided higher allocations based on how successful a guide has been historically, or on how successful guides were in a region. The irony is that the more successful guides would have a lower success factor and the use of this tool amongst regions varied tremendously. Guide revenue is dependent on the number of hunters not the number of animals killed.
- (iv) Habitat suitability – Under the negotiated model, some regional managers make adjustments to guide shares based on habitat suitability if particular territories are particularly productive.
- (v) Administrative guidelines – Since hunting success is never certain, the Ministry allows guides to harvest more than their annual allocation in any one year provided they do not exceed their total over the 5 year allocation period. Administrative guidelines remain in place under the new policy.

THE NEW MODEL

The allocation model involves two steps which adjust the allocation from a starting point assumption of 75% resident share and 25% commercial share to a final allocation which will apply for the next five year period. Final results are subject to minimum shares for each user group.

In the first step, the relative importance of each hunt is determined for each region. Importance is measured, for the commercial hunters, by the total value of the hunt (number of hunters times price) and in the case of resident hunters by demand. The value for each allocated hunt is ranked across the province, with the highest being a 10 (top 10 percentile) and the lowest being a 1 (lowest 10 percentile). Ranking is forced and each 10% band has approximately the same number of hunts in it.

Demand for residents is based on a formula that calculates the number of potential hunters by species by region. The formula is designed to provide an estimate of the potential number of hunters who would hunt if there was a GOS for each species in each region.

Where there are differences between the relative ranks the allocation to the higher valued group is increased. For each point difference a reallocation of 2% of share occurs. For example if Grizzly Bear hunts in a region have a guide rank of 5 and a resident rank of 3 then the guide allocation would increase by 4% (5 – 3 times 2%). This would mean that the guide share of the Grizzly Bear hunt in this region would increase to 29% and the resident share would decrease to 71% (from the starting points of 25% and 75% respectively). The larger the gap, the higher the adjustment toward the user group which places a higher value on the hunt.

The use of a dollar value in the case of the guided hunters and demand in the case of residents as proxies of relative importance to each user group is not perfect. In the case of the guided hunters it does not take into account the importance of the species to commercial viability of individual operations in a region. For residents the number of applications to hunt is likely based to some extent of the likelihood of being drawn, proximity to urban areas and food needs all of which means that there is more pressure in any area with good access.

The second step in the model involves a measure of utilization for each of the user groups. Utilization is based on the proportion of the previous period's allocation that was actually harvested by each group and is measured on a 10 point scale where 10 means 91% to 100% utilization and a 1 means 0% to 10% is utilized. Again for each point difference a reallocation of 2% of share occurs. Using the example above where our step one adjusted shares are 71/29 and both user groups utilize all their animals then there would be no adjustment. However, if either party harvested less than their full allocation then the model makes an adjustment to increase the allocation of the other user group.

In the case of resident hunters the Ministry attempts to assure the resident hunters achieve their share by issuing Limited Entry Hunting (LEH) authorizations based on assumptions of likely success. For example if history suggests that residents hunting moose in a region are successful 50% of the time, and there are 100 moose available for residents, then the Ministry would issue 200 LEH permits (200 permits times 50% equals an expected harvest of 100 animals). Under the allocation policy, guides do not have success factors although the Ministry attempts to accommodate this with the use of liberal administrative guidelines.

Administrative guidelines are a tool which regional managers use to allow guides to legally harvest more than their annual allocation provided they do not exceed their five year allocation and are intended to provide guides with some flexibility. While these work reasonably well for guides with large quotas they do not provide small quota guides much flexibility.

The real challenge for the guides with the model is that it depends on all guides in a region achieving their individual allocations. The reality of the industry is that due to the number of

guides in many of the regions of the province there can be inactive or unsuccessful guides so that at a regional level guides do not harvest their share of the allocation.

A simple example can be used to illustrate this point using the previous moose example. The split is 77/23 and 130 animals are available for harvest. Resident hunters are allocated 100 moose while the guided hunters are allocated 30. Based on experience it is estimated that residents have a 50% harvest success rate and 200 resident LEH authorizations are issued. This results in 100 moose being killed (a 10 for utilization).

The region has two guides each with an allocation of 15 moose (a total of 30 moose or 23% of the available animals). One of the guides kills 15 animals while the other guide who is trying to sell his business only manages to kill 2. The guides have harvested 17 of their 30 animals or 57% (a 6 for utilization) while the residents fully utilized their share. Under the policy resident utilization is higher and this would result in a reduction in the allocation to guides of 8% (10 – 6 times 2%). The number of animals allocated to guided hunters would fall from 30 to 20 animals as the split shifts to 85/15. The reduction would be shared amongst the two guides so each would see a reduction in their allocation of 5 animals. The guide who fully utilized his share would see his revenue potential from moose harvest fall by 33% because of a failure by the other guide to harvest his share.

This simple example suggests that the allocation policy will have both negative revenue impacts and also produce unfair outcomes.

IMPLICATIONS ON THE GUIDE OUTFITTING INDUSTRY OF THE NEW ALLOCATION POLICY

Businesses and governments coexist. Governments allow business to operate subject to rules and regulations which ensure that no harm is done, for example, to the environment and that basic worker rights are protected. Businesses value a stable regulatory framework and stable tax or fee regimes. They also value consistency and transparency in regulatory behaviour and sound administrative and judicial appeal processes. Generally speaking the consequences of being a poor operator are accepted.

A critical factor in designing a regulatory framework is that it produces the proper incentives for behaviour that will result in outcomes which benefit society. If a framework is poor it will not produce the intended result or it will have negative or unintended consequences.

The new allocation model developed by the Ministry is intended to meet these regulatory tests but fails in a couple of respects. An assessment of the model against a regulatory model follows. A good model is one which provides:

1. clear objectives;
2. transparency;
3. proper incentives;
4. certainty; and
5. equity and fairness.

Clear Objectives

The objectives of the allocation model are not explicitly stated but based on discussions with Ministry officials it appears that the intent of the Ministry is to identify the sustainable harvest level (the AAH) that will maximize the number of hunting opportunities. Ministry policy attempts to ensure that the AAH is achieved. For resident hunters this is achieved by issuing more LEH authorizations than animals available, a system which recognizes that not all hunts are successful. For guides the use of administrative guidelines and not placing restrictions on the number of hunters a guide can take out are intended to produce the same result. However neither of these mechanisms accounts for guides who are not actively pursuing their allocations or have small allocations which make the administrative guidelines useless.

Two observations are worth making about the objective. The first is that for resident hunters the Ministry is assuming responsibility for the risk that resident hunters are not overly successful while with the elimination of the use of success factors for guides they are indicating that they are unwilling to take any similar risk on behalf of guides. In fact if residents are wildly successful then the consequences of a reduction in the AAH could be felt by both user groups.

The second observation is that an objective which maximizes harvest may not be consistent with a wildlife management objective of having more highly valued (i.e. older) animals.

Transparency

The model and policy is transparent. It is publicly available and although complex the Ministry has produced documents which explain in detail how it works. Notwithstanding this the model is not well understood by the guides I talked to directly. They do not understand why the allocations they have built their businesses on are changing as dramatically as they are and do not appear interested in explanations. Responsibility for this breakdown in communications does not rest exclusively with government.

Proper Incentives

One of the key features of the model is that it “rewards” consumption which in this case is defined as harvest success. This is because failure of either resident hunters or guides to harvest their allocation can result in a reduction in their split share. Because this reallocation occurs at the regional level successful guides are at the mercy of less successful guides who fail to harvest their portion of the allocation. The intent of this is to encourage the full utilization of allocation but the consequences do not appear to be appropriate. A concern raised by a number of guides is that the focus on achieving annual harvest targets has a negative impact on the quality of animals which affects their ability to sell hunts. This is a much broader issue of appropriate wildlife management objectives.

Certainty

The model provides certainty because it establishes fixed allocations looking forward five years.

Equity and Fairness

Equity is a test of consistency. If businesses in the same circumstances are treated the same under a policy then it can be said to be equitable. The features of the new allocation model assure that guides in similar circumstances are treated the same so it could be considered equitable. However there are differences between the treatment of resident and guided hunters in areas such as elimination of the use of success factors for guides and government risk management which do not appear equitable. Resident hunters appear to have a better chance of achieving their allocations with a larger number of LEH authorizations issued relative to animals expected to be harvested. Having open seasons for Stone Sheep for resident hunters and guides on allocation is another example of an inequitable application of policy.

Equity should not however be confused with fairness.

The tests for fairness are more subtle and subjective because they require the introduction of the concept of relativity. For a policy to treat businesses fairly it has to recognize that businesses which are in different circumstances should be treated differently. For example if two guide territories of the same size exist, one with excellent habitat and one with poor habitat an equitable policy would allocate each the same number of animals but this would not be fair. Another example of failing the fairness test is the impact that guides who do not achieve their allocation can have on those who are successful which was discussed earlier.

Government policies generally attempt to be both equitable and fair but it is extremely hard to achieve both. One reason that government regulations tend to be so extensive is that they attempt to anticipate all outcomes and prescribe regulation to achieve a degree of fairness.

When government regulation provides regulators with little discretion there are inevitably unfair results. Where regulators have too much discretion the result is that decisions are described as inconsistent.

IMPACT OF US RECESSION

Hunting is a discretionary activity and for most guides in BC is priced in \$US where the majority of hunters reside. While many resident hunters rely on hunting for food, which becomes even more important during an economic slowdown, non-resident hunters using a guide could acquire food more cheaply than by coming to British Columbia to hunt.

Basic economic and behavioural theory would hold that when income falls people tend to cut discretionary spending. Based on discussions with a number of guides and GOABC it is clear that the troubled US economy has had a significant impact on business over the past two or three years. Guides who previously booked two years ahead are scrambling to fill current year hunts and many are failing to sell all their hunts. The impact has been felt hardest by that segment of the industry offering low value hunts whose target group is those with less discretionary income.

Economic theory would also hold that as incomes recover so does spending on discretionary services like hunting. Guides who have been in the industry for decades report that in prior US recessions demand always recovered as the economy improved and the harvest data appears to support this assertion. Some guides report that even now there are signs of more interest in upcoming hunts than they have seen over the last two seasons.

One of the features of the new allocation model is that it rewards the use of allocation. This means that the failure of the guides to use their allocation due to a decline in discretionary spending in their client market will inevitably lead to a decline in their share of future hunts. While this shift makes sense from the perspective of allowing access to the number of animals available, it fails to recognize temporary declines in the use of allocation caused by the inability to sell hunts into a declining US economy. The industry is hit twice – once by the inability to sell hunts available due to slow demand – and again when the result of this is fewer hunts to sell when demand recovers. This is not consistent with a stated Ministry desire to support the industry.

ANALYSIS OF GOABC IMPACT ASSESSMENT OF THE ALLOCATION POLICY

On July 10, 2010, GOABC wrote the Minister responsible for the allocation policy and provided an estimate of the revenue impact of the allocation policy on the guide outfitting industry. The analysis estimated the annual impact at over \$8 Million in revenues and is a combination of lost revenues to the industry and lost revenue to the Crown. The following is a brief description of the model, its underlying assumptions and weaknesses.

The GOABC information is set out in the table below:

REGION	LOCATION	ANNUAL REVENUE LOSS (\$,000)					TOTAL
		HUNT VALUE	HST	LICENCES	TAGS	ROYALTIES	
3	THOMPSON	170	10	3	6	2	191
4	KOOTENAY	1,465	88	25	68	19	1,665
5	CARIBOO	1,414	85	23	56	23	1,601
6	SKEENA	1,877	113	28	64	35	2,117
7A	OMINECA	1,751	105		82		1,938
7B	PEACE	840	50	5	2	7	904
8	OKANAGAN	337	20	16	29	14	416
TOTALS		7,854	471	100	307	100	8,832

The basic premise is that since there is a reduction in the number of animals available to the guides, revenues fall. The basis for the revenue estimate is the hunt value reported to the Ministry which is used in the allocation calculation. The last four columns are government revenues that flow from commercial hunts and are driven off either the hunt value or the number of animals (in the case of licenses, tags and royalties). The key column is the hunt value column since the others represent government revenues which guides pass onto clients and are not an actual loss in revenue for the guides.

The figures in the table likely overstate the actual revenue loss to guides since not all guides take advantage of their allocations. However, it does provide a reasonable estimate of the loss of potential revenues. Based on discussions with the industry, I feel that a 25% discount to these figures is not unreasonable so the actual revenue loss would be in the neighbourhood of \$6 Million. While current industry numbers are not readily available, studies conducted in 2001 and 2002 put industry guided hunting revenues between \$32 and \$47 Million so that the impact on the industry is more than a 10% decline in revenues.

A number of guides in one region shared some details on their financial operations and it appears they operate on very thin margins. At the individual guide level the impact of this revenue reduction combined with the elimination of tools used by regional managers could prove catastrophic. The industry is very fragmented, with very large multi-million dollar

operations and many very small business people who use guide income to supplement other sources of income like ranching to survive. For the smaller operations guide income is used to pay for fixed costs associated with overall operations and any reduction in income can have a magnified impact on their ability to survive. There is also limited ability in the industry to pass on price increases when the economy is struggling. Hunt prices are generally quoted in \$US with expenses in Canadian dollars and the appreciation of the Canadian dollar is putting some additional pressure on individual guides.

Impact on Territory Value

Guide territories are assets with value that sell in the market place. Their value arises from several factors:

- Exclusivity – the right to guide hunters in their territory is exclusively the property of the owner of the territory
- Investments – guides build cabins, have horses, boats and in some cases airstrips that form part of their value
- Access to animals – hunts are sold so each hunt has a value. The number of hunts times the value of each hunt represents the potential revenue for a territory.

The new allocation policy, because it generally reduces the number of animals available, reduces the value of territories. The uncertainty created by the introduction of the new allocation policy has resulted in fewer sales or transfers of territories. Based on the loss of potential revenues of \$7.8 Million annually, this will produce a significant loss in territory value.

CONCLUSIONS

1. The model used by GOABC to develop revenue loss projections due to the implementation of the allocation policy contains generally reasonable assumptions. The projections contain a mix of industry and government revenue implications and assume that all possible hunts are undertaken by the industry. No account is made of offsetting resident hunting revenues and the industry admits that all hunts are not undertaken. To be conservative I would apply a 25% discount to the industry revenue figure. However the gross industry impact probably understates the impact for a number of individual guides who will likely fail in the coming years if the new policy is fully implemented in 2012.
2. The challenges faced by the industry at this time extend beyond the allocation policy. They include both temporary and systemic challenges:
 - a. Slow US and European economies and Canadian dollar appreciation.
 - b. Rising fuel prices.
 - c. Quality of product.
 - d. Improving access for resident hunters particularly where aggressive pine beetle harvesting and active gas exploration occurs, increasing numbers of resident hunters and the increasing sophistication of resident hunters.
 - e. Increasing competition from other parts of the world.

The first two are temporary challenges and as world economies improve it is expected that demand will recover and the industry will be in a position to pass on price increases. The last two are systemic and will continue to impact the industry. The third item is dependent on how wildlife is managed in the province in the future.

3. The specific impacts of implementing the allocation policy are:
 - a. Overall the number of animals guides have access to will fall, in some cases dramatically, but there are a few cases where guides will have small increases.
 - b. The value of guide outfitting territories will fall where there is a reduction in the number of animals available.
 - c. Some guide outfitters will fail.
 - d. The incentive to “use or lose” allocation share will result in behaviours inconsistent with good wildlife stewardship.

- e. Successful guides will be negatively affected when other guides in their region fail competitors to harvest animals.
4. Barriers identified by the industry that may prevent guides from achieving full utilization of their allocation are different depending on whether it is from the perspective of an individual guide or at a regional level. At the regional level the biggest barrier is inactive guides who fail to, for a variety of reasons, utilize their quota. At an individual guide level the barriers identified include
- a. Inability to sell hunts due to slow economy.
 - b. Inability to sell hunts due to a decline in the quality of the product.
 - c. Failure of administrative guidelines to accommodate lack of success early in the 5 year allocation period.
 - d. Regional allocations mean that areas with higher resident pressure have the same allocation as areas with low resident pressure. It is generally more difficult for guides in an intensely hunted area to achieve their allocation.
 - e. Elimination of tools used previously to recognize regional circumstances including success factors and access.

RECOMMENDATIONS

The Harvest Allocation Policy is intended to bring consistency, fairness, equity and transparency to a system which was inconsistent, inequitable and not very transparent. In doing so it has failed to be fair because it does not take into account temporary circumstances, access differences, or the impact of individual guide behaviour on other guides. Below I have set out a series of changes which I believe will introduce some fairness into the system, provide guides with more certainty and remain consistent with the intent of the allocation policy.

This set of recommendations should be discussed with GOABC, BCWF and other user groups as appropriate but at the end of the day government should not abdicate its decision making role. It is unlikely that given the positions that have been taken there can be an agreement so discussion should focus on how to implement what the government decides.

It is also critically important that all three parties recognize that ultimately they all want the same outcome which is a healthy, thriving wildlife population. Recognizing this end goal will allow the parties to engage in meaningful discussions about wildlife stewardship for the true measure of success would be an increase in the number of open seasons and increases in the number of animals allocated to both resident and guided hunting groups.

The recommendations are based on the following objectives:

- Continue to recognize resident priority
- Provide guide industry certainty
- Utilize available animals
- Fairness and equity

Significant authority would be delegated to regional managers with local knowledge compared to the new policy but this is balanced by a need for more transparency in decision making.

Recommendation 1

The split between resident and guided hunters should not be set by species at the regional level using the new allocation model. While the model can inform the decision, the Ministry should also consider actual splits using data available for the last 10 years and circumstances unique to each region. A base level of guided hunter split should be available to every guide but regional managers should have some discretion to allocate individual guide share above the base level up to a regional split determined by the Ministry.

In a region where the Ministry determines the appropriate split is 78% resident hunters and 22% guided hunters, each guide would receive their share of, say, an 18% split. The regional manager would then assess issues including habitat suitability and access to assign the additional 4% available in their region to individual guides. Reasons for variances would be disclosed.

There are unintended consequences of the new policy which have significant negative impacts for the industry. The splits the model produces are a significant part of these unintended consequences which is why this recommendation is made. Different circumstances in different regions require different solutions which are best made at the regional level. The low likelihood of regional agreement of splits by the two user groups leads to the recommendation that the decision on split being made by the Ministry.

Recommendation 2

The splits should be set, beginning in 2012, for a minimum of 10 years.

Five year periods do not provide certainty for industry which is why an extension to 10 years is recommended.

Recommendation 3

Allocation within a region to individual guides should consider access, level of resident hunter activity and be determined by the regional manager. The reasons for variances from the base level of regional splits should be disclosed.

Regional managers are best positioned to make region specific decisions but to avoid problems with past practises reasons for decisions should be disclosed.

Recommendation 4

Individual guides with small allocations (less than 5 animals over a 5 year period) should be permitted to harvest all their allocation in a single year provided there is no impact on population sustainability.

The administrative guidelines are not flexible enough to deal with small allocations. Conservation requirements will override any move to more flexibility but for some species and some guides this change will help them be successful.

Recommendation 5

All of the allocation in areas where there are no guide territories should be allocated to resident hunters.

In regions with large portions of unallocated territory this will cause some hardship to guides because under current policy guide allocation included a share of animals on unallocated lands but the policy rationale for this, given the exclusive rights guides enjoy in their territories, is unclear.

Recommendation 6

Species on GOS for residents should not be on quota for guides.

If there are conservation concerns then restrictions should apply to both user groups. If no conservation concern exists then access should not be limited for either group.

Recommendation 7

If guides in a region fail to use their allocation over a two or three year period then it should be made available on a temporary basis to residents through a one or two year increase in LEH authorizations where such actions have no impact on population sustainability. There would be no possibility for reduction to guide split until the end of the 10 year period.

The ministry objective is to maximize harvest. If guided hunters are not taking advantage of their share then residents should have access to this. The recommendation to make this temporary is based on short term (for example the US recession) causes of the failure of guides to harvest their share. The split between guides and residents would be adjusted at the end of the 10 year period.

Recommendation 8

Regional managers should have access to a wide range of tools to support industry achievement of its split, at both the regional and individual guide level. Tools dropped in the new policy should be reconsidered and new options explored provided they are consistent with good wildlife stewardship.

The new policy limits the flexibility at the regional level to allow the guides to be successful. The challenges and opportunities are different depending on the region but the overarching goal should be successful harvest by both guided and resident hunters and tools should exist at the regional level to allow this to happen.

Recommendation 9

Guides not utilizing their allocation should be encouraged or required to transfer it to guides in adjacent territories provided there are no impacts on population sustainability.

There are a number of reasons that guides may not be using their allocation while their neighbours have hunter demand beyond what is available. Short term transfers should be encouraged.

Recommendation 10

The Ministry needs to clarify its policy for vacant guide territories to provide certainty for the industry. Fractional sales which provide marginal additions to strengthen existing operations should proceed.

In several regions there are significant unallocated lands which could provide opportunities for existing or new guides. It is not clear what the Ministry is planning to do and some clarity is required.

Recommendation 11

The Ministry should consider facilitating the consolidation of guide territories in regions where small territories are the norm to encourage more viable operations.

In some regions there are very large numbers of relatively small territories. As an industry some level of consolidation makes sense and the Ministry should consider what tools it can employ to facilitate this where it makes sense.