

Socio-Economic Impact Analysis



The non profit Golden Golf Club commissioned this exploration to better understand its social and economic impact on Kicking Horse Country. This Analysis is intended to explain the organization’s challenges, opportunities and impact to local citizens, stakeholders, funders and government officials.

Executive Summary

The Golden Golf Club (GGC) is a contributor in Kicking Horse Country’s community, tourism industry and economy. The research methodology utilized includes a discussion of the approach, key assumptions and study limitations. While very little survey data exists for GGC or other community golf courses, this report has drawn comparisons from other larger golf areas (Canada, BC, Kootenay Rockies, and Columbia Valley) in order to reveal the social and economic impact of the tourism and recreation-focussed operation.

Reviewed data included the GGC Annual Financial Statements, as well as Regional, Provincial and National Survey data in order to determine overall activity, trends and economic impact. While the economic impacts of one community golf course are difficult to measure directly, extrapolation from larger data sets and established interdependencies with other local organizations can be used to describe the important role that the GGC has in Kicking Horse Country. To balance the quantitative data, local leaders were interviewed on the social and economic impact of the GGC.

Introduction

Established in 1986, the GGC was a pioneer in Kicking Horse Country’s transition to a tourism-based economy and has laid plans for their continued success to 2020. The Board of Directors and its stakeholders are interested in understanding the economic contribution that the GGC provides to the local and provincial economy and the community at large so that it can manage challenges and leverage future opportunities. To do so, the impact and trends of golf in Canada and BC will be reviewed.

Key Assumptions

The results presented herein are estimates of the economic impact based on the data and research from the best sources available at this time. There are a number of key assumptions that apply to the entire economic impact analysis for the golf industry in Kicking Horse Country. These are:

- The total economic impacts of golfing for Kicking Horse Country reflect both the resident and non-resident golfers; and,
- All dollar values represent 2011 year values, unless otherwise noted.¹



Photo: Cheryl Goodwin

Golf in Canada

The golf industry in Canada is responsible for between \$11.3B and \$13.6B of Canada’s Gross Domestic Product (GDP)² and generates an estimated \$29.4B in total gross production through direct, indirect, and induced spending impacts.³ Of this upper GDP estimate, “the revenues generated directly by golf courses and their facilities and stand-alone driving and practice ranges (\$4.7B) rivals the revenues generated by all other participation sports and recreation facilities combined (\$4.8B) in Canada.”⁴

This weighty industry is supported by almost 6M golfers – or 1 in 6 Canadians. Many play near home but Canadian travellers make more than 1M trips involving golf, spending an estimated \$1.9B annually on golf-related travel within Canada.⁵

Golf in BC

BC is the most desired province for golfing in Canada and with more than 67,000 BCGA-registered golfers and 300 clubs at 27 member courses;⁶ making BC’s golf GDP the fourth largest in Canada.⁷ BC Stats data shows that British Columbia hosted 4.75M overnight visitors in 2004. With an average hotel room rate of \$115 a night, visitors generated accommodation revenues of \$1.6B. One in four rounds of golf in B.C. (24.5% or some 2.4M

² On the low side, Hennessey, Yun and MacDonald’s *The Economic Impact of Golf to a Tourist Destination* (March 17, 2010), 3, and on the high side, Strategic Networks Group, Inc. *Economic impact study of golf for Canada* (2009), 5.

³ Hennessey et al., 3.

⁴ Hennessey et al., 3.

⁵ Strategic Networks Group, 3.

⁶ BC Golf Association (BCGA), *Economic Impact of the Sport of Golf in BC* (2007), 5.

⁷ Strategic Networks Group, 8 & 10.

¹ Figures in millions and billions are noted with M and B, respectively.

rounds per year) are played by destination golfers.⁸ Using an estimated figure of \$150 a day for accommodation, meals and related expenses from a 2007 report, destination golfers in B.C. spent \$330M on travel associated to their golf rounds that year.⁹

Three-quarters of the nearly 10M rounds of golf played in British Columbia are played by BC residents who live within 100 km of the golf course at which they played. The other 25% of golf rounds played are split between:

- Non-local BC residents (living >100km from the course): 13.9%
- Visitors to the province (non-BC residents): 10.6%¹⁰

Golf in Kootenay Rockies Region

While participation in golf has waned since the mid-2000s in both the Kootenay Rockies (KR) region and across North America due to maturing of the industry and the recession, it still represents one of the most popular 'gated' activities. While there are fewer customers to compete for, the number of KR courses has increased from 23 to 26 since 2006.

The most recent research on the golf industry and spending patterns of golfers was conducted in the Columbia Valley in 2008, where researchers found that "Travellers in the Columbia Valley golf courses spent an average of \$423.23 per party per day or \$106.51 per person per day."¹¹

Using the median day spend per person of \$87.50 and mean of \$106.51 and the green fee (visitor) rounds played in the region, each year between \$30M and \$36M is spent by golf 'travellers.'

Golf Travellers in the Columbia Valley

A 2008 survey (termed CVCGR), which did not include the GGC, found that "80% of golf travellers were from Alberta, almost a tenth were from other provinces or territories in Canada (8%) or from British Columbia (7%) and fewer still were from the US (3%) or from other International countries (2%). Practical differences were observed between the proportion of tourists from BC (7% tourists, 19% overall) and Alberta (80% tourists, 70% overall)."¹²

⁸ BCGA, 1.

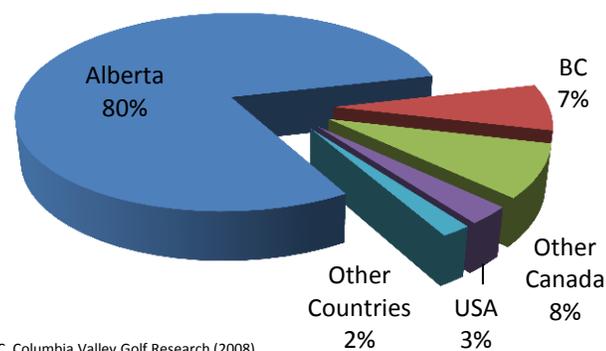
⁹ BCGA, 3.

¹⁰ BCGA, 2.

¹¹ Tourism BC, *Columbia Valley Consumer Golf Research Report (CVCGR)* (2008), 45.

¹² Tourism BC, *CVCGR*, 12. These results are representative of travellers who were interviewed at various golf courses in the Columbia Valley between June 1 and September 7, 2008. The results do not represent a profile of golfers to Columbia Valley Golf Courses for the whole golf season. Applying these results to the remaining months of the season could over-estimate the volume of a certain demographic of golf travellers, who may be prone to travel in certain months, as the study was completed during the peak golf season. Additionally, trip and traveller characteristics of travellers at other times of the year and at other courses could differ from those interviewed during the study period.

Figure 1: Origins of Golf Tourists



Tourism BC, Columbia Valley Golf Research (2008)

The bulk of surveyed golf travellers in the Columbia Valley were between the ages of 35 to 64 years (81.9%), from Alberta (79.7%), with the most commonly stated age category being 45 to 54 years of age (36%).¹³ According to the survey, the average golf traveller is very similar to the average golfer surveyed. Both are 45-54 years

old, with a university degree, earn an annual household income of \$100,000 to \$149,999 and are not members of any golf club – suggesting the tendency of non-member golfers to travel is quite high.¹⁴

Lynne Romano, Manager
BC Visitor Centre @ Golden

Very few travellers come by way of RV or bus, with 97% driving a small passenger vehicle. Almost 30% of golf travellers stay in a second home, with another 23% staying in a timeshare. Another 24% stayed at a resort/hotel/motel, with only 11% staying with friends or family. While golf is the primary trip motivation, others include attending a wedding and participating in water activities. On average, the travelling golfers surveyed had taken 3.5 golf trips over the previous 12 months; slightly more than the overall of 3.3 trips.¹⁵

Over 75% of travellers were repeat visitors to the golf course at which they were interviewed. The average golf party size was 3.8 people (larger than Golden's average mountain bike party size of 2.9 people¹⁶); played an average of almost two rounds of golf at that particular location and almost 4.5 rounds of golf over the course of their trip.¹⁷

Golf Traveller Activities Benefit Local Businesses

In the follow-up CVCGR survey, while golf was the primary motivating activity for their surveyed trip (78%), travellers were asked about leisure activities they participated in during their trip. Aside from golf, the most frequently cited activities by those interviewed in the CVCGR survey included fine dining (64%),

¹³ Tourism BC, *CVCGR*, 12.

¹⁴ Tourism BC, *CVCGR*, 13.

¹⁵ Tourism BC, *CVCGR*, 20.

¹⁶ Tourism BC, *Golden Mountain Bike Visitor/Economic Impact Study* (2011).

¹⁷ Tourism BC, *CVCGR*, 30.

natural hot spring (52%), shopping for local arts and crafts (48%), swimming (46%), visiting friends/relatives (44%), hiking/climbing (29%) and wildlife viewing (26%) – some of which are not located near Golden.

Travellers were also asked about activities they participated in while on other leisure trips in the past year. The most frequently cited activities included golf (74%), fine dining (70%), swimming (53%), shopping for local arts and crafts (53%), visiting friends and relatives (50%), natural hot spring (41%), hiking/climbing (37%), family attractions (35%), visiting municipal/provincial/national parks (31%), visiting a museum, heritage or historic site (29%) and visiting a winery/brewery/cidery (29%) – some of which, again, are not located near Golden.

High satisfaction ratings did not come from residents who, perhaps due to frequent course usage, were more knowledgeable when it came to assessing the quality of the service they received. Oddly, Columbia Valley resident golfers surveyed “gave lower ratings for every category and the differences were considered practical in the following categories: overall experience (45% v. 58% overall), staff/customer service (27% resident, 52% overall), food and beverage services (10% resident, 31% overall), quality of course (23% resident, 41% overall), and overall value for money (9% resident, 29% overall). Interestingly, both groups gave low satisfaction ratings to the cost of green fees (20% residents vs. 24% overall),”¹⁸ suggesting that courses have reached the upper limit of green fee charges.

Golf in Kicking Horse Country

The Golden Golf Club, a BC-registered society managed by a volunteer Board of Directors and General Manager, is a semi-public course with 18 holes and operates seasonally from late spring to the first weekend in October. The course was developed in phases, starting in the early 1980s, with a 19th hole constructed in 2011, available to players when other holes undergo renovations. Recently, the GGC finalized a five-year strategic plan, providing direction and continuity until 2016 and a vision for 2020.

Kicking Horse Country is known for its spectacular settings and the combination of mountains, wetlands, forests and Kicking Horse and Columbia Rivers – reasons why tourism is Kicking Horse Country’s most promising industry. The community draws visitors from the surrounding area as well as urban Alberta, which is 275kms away. In 2006, the Golden Golf Club captured approximately 9% of the regional green fee market (just over 17,000 rounds out of a regional total of 196,000 rounds). This relatively low percentage reflects the operational constraints

associated with having a large number of members as well as the geographic isolation of Golden compared to the cluster of competing golf courses in the Radium-Invermere-Fairmont area.¹⁹ The GGC is over an hour away from the nearest course in all directions (South: Edgewater, West: Revelstoke, and East: Banff), which makes it more difficult to attract and retain the multi-round traveller.

The Impact of the Golf Industry on the Economy

The GGC has multiple revenue streams (memberships, dues, green fees, driving range, rentals, pro shop, restaurant lease and RV campground). Local tourism professionals understand how the golf club is a key part of the local activity portfolio that draws visitors to spend money in the area.²⁰ While year over year (YOY) revenues fell 24% in 2010, they stabilized in 2011 at \$1.3M.

Golf GDP: It’s estimated that the GGC’s annual operating revenue of \$1.3M²¹ contributes to the local golf GDP of \$2.5M and provides \$90,000 in HST remittance.

Economic Benefits: Using the CVCGR surveyed golf travellers’ average spend in the region of \$106.51 per person per day,²² the annual expenditures of golf travellers contribute at least \$1.3M to the local economy. The lack of vacation homes and time share

“[T]his is one of those courses that as a golfer you have to play at least once and hopefully you don’t wait as long as I did to tee it up at this gorgeous facility.”

Gord Montgomery, Golf Journalist
Inside Golf Magazine

properties in Kicking Horse Country compared to the more built-up Columbia Valley area would suggest that travellers are spending more on local resort/hotel/ motel/B&B accommodation than the CVCGR Survey sample.

Employment Opportunities: The GGC provides excellent employment opportunities, with 5 full-time year-round, 24 full-time seasonal and 14 part-time staff; with as many as 40% of those employed being students. Payroll tax from \$580,000 in annual wages is received at the provincial and federal levels.²³

Golf Tourism: Each summer, the GGC rivals the combined participation in rafting (30,000 via 7 operators²⁴) on the Kicking Horse River and exceeds all cross-country and downhill mountain biking activity, making it the destination’s summer ‘gated’ anchor facility and complimentary to the winter ski industry.

¹⁸ Tourism BC, CVCGR, 52.

¹⁹ Development Consulting Group Ltd., *Golden Golf Course Expansion Study* (January 2007), 7.

²⁰ Interviews with tourism professionals, Sebastian Hofstetter and Lynne Romano.

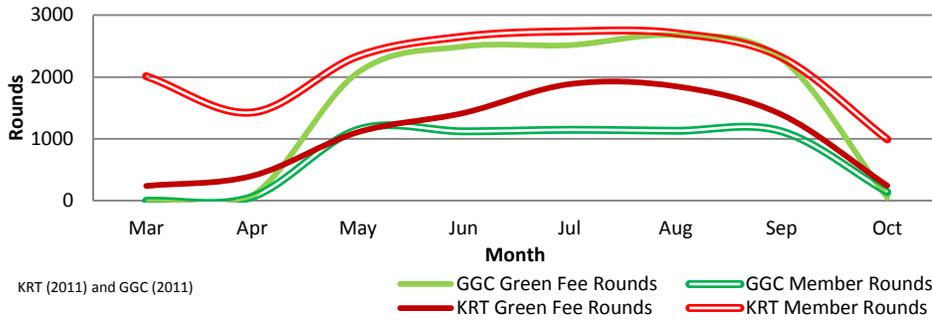
²¹ Cox & Company, GGC Annual Financial Statements (2011), 6.

²² Tourism BC, CVCGR, 20.

²³ Cox & Company, GGC Annual Financial Statements (2011), 6-7.

²⁴ Golden & Area A’s Vital Signs. *XIII Economy Data* (2012); KHROA tab.

Figure 2: Average Rounds Per Month - GGC v. KRT Member Course



KRT (2011) and GGC (2011)

Estimated Impact on Property Values: A home’s proximity to golf courses provides an increase in home value. Across Canada, this increase is estimated at \$1.4B. While in Kicking Horse Country the

GGC has an impact on home values and desirability, it is much more difficult to quantify. In addition to the evident economic impact, there are many social benefits of golf in Kicking Horse Country.

Key Community Benefits of the GGC

Environmental Benefits: Over 40 hectares of green space managed and maintained by GGC and another 90 hectares of unmanaged wildlife habitat are under golf course stewardship. In the winter, much of this area is used by the Golden Nordic Ski Club producing 6kms of trails.

Social Benefits: With over 400 long-time, committed members the GGC boasts the 2nd largest sport membership (1st: Golden Nordic Ski Club) and 3rd largest total membership in local community organizations (1st: Kicking Horse Culture).

Golf Participation: Over 18,000 rounds of golf were played in 2011. There are an estimated 1,200 golfers in Kicking Horse Country. Canadian golf participation rates are among the highest in the world.²⁵ Relative to other activities, the GGC has more participants than Golden Minor Soccer (360) and almost four-times the number of members as the Golden Cycling Club (113)²⁶.

“The Club definitely helps with exposure for this area; changing the impression that Golden is just a place to get gas. Golf is an essential attraction for local accommodators in the summer.”

Sebastian Hofstetter, GM
Best Western & Prestige Hotels

Charitable Activity: Each year there are on average six charitable events hosted by the GGC, raising over \$25,000 for local causes and providing over \$5,500 in kind donations and support.

With these impacts in mind, the GGC is a significant contributor to the local economy and community, adding to the high quality of life that retains existing residents and attracts new migrants.

Conclusion

The GGC is Kicking Horse Country’s largest (by revenue and number of staff) non profit organization and social enterprise. Its ability to attract and retain destination guests is critical to many other businesses, including restaurants, accommodators, activity providers, retail stores and contractors; and non profit organizations, who use the grounds and facilities for fundraising and events.

Trends

The golf industry is changing; growth has slowed and it is becoming increasingly competitive. These trends place significant pressure on the existing courses to provide the best facilities, amenities and operations – from the first tee on opening day until closing – in order to remain competitive. Over the last few years, winter frost events have instigated a dramatic reduction in spring rounds and caused less than stellar word-of-mouth to reverberate around Alberta and BC throughout the rest of the season (Fig. 2).

The KR region’s golf rounds are decreasing (down 17.3% from 2006-11), suggesting a need for the GGC to be more competitive in capturing market share and green fee rounds. Efforts have been made to realize efficiencies, stabilize the cost structure, improve destination marketing, membership and the balance sheet. However, the non profit organization’s hands are tied as it struggles to overcome charging the HST so close to the low tax Alberta market; continually dealing with multiple jurisdictional

issues; aging equipment and facility costs; and increasingly regular catastrophic winter events from frost and flooding. Further compounding challenges are the \$1M in capital expenditures in the next 5 years, \$400,000 in long-term debt and \$200,000 in lease commitments that will need to be covered by the GGC in order to keep the course competitive and safe.

These improvements are expected to stabilize revenue and lengthen the playing season.

From the analysis above, the GGC is tremendously important to the Kicking Horse Country community, providing significant economic benefits, increasing visitor spending, jobs and tax revenue (on the local, provincial and federal level) and improving the well-being of many residents. The continued sustainability of the GGC is vital to the local and regional economies and quality of life for many residents and will likely require the support of additional external groups in the near future.

²⁵ Strategic Networks Group, 6.

²⁶ Golden & Area A’s Vital Signs. XIII Economy Data (2012); GMSA & GCC tabs.

