

A profitable and rapidly growing industry is examined.

An Economic Analysis of Georgia's Marine Charter Boat Fishing Industry

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INTRODUCTION

Since the end of World War II, outdoor recreation has been appealing to more and more Americans. In 1965, the Bureau of Outdoor Recreation predicted a fourfold increase in participation of summertime outdoor recreation activities between 1960 and the year 2000 (Anonymous, 1967). Because of this projected increase in outdoor recreation it is reasonable to expect the demand for marine charter boat fishing to also increase.

In confirmation of the above statement regarding expected growth of marine charter boat fishing activities, it was found that the Georgia charter boat fleet increased from 8 to 17 in 4 years (1970-1973).

Although the existing number of charter boats in Georgia is small and thus such activities might be considered negligible, data from other States indicate that nationwide the economic effects of marine charter fishing are very large.

For example, Parke H. Young, of the California Department of Fish and Game, showed that at the beginning of the 20th century the party boat industry in California was composed of a few boats that catered mainly to wealthy individuals (Young, 1969). Thirty years later a nucleus of the present fleet of about 400 party boats¹ was forming. Today in California party boat fishing is enjoyed by individuals in all income classes. During 1947-1967, the California marine party boat fleet reported a catch of over 71 million fish with annual totals ranging from 2.0 to 5.4 million.

¹Party boats (head boats) are operated by selling tickets on a per head basis to any individual who desires passage. A charter boat rents to a particular individual or group.

California's sport and commercial fishing industries were compared in a report presented to the State of California Resources Agency by Gruen Gruen and Associates (1972). The report contained estimates of the net economic value of fish resources under sport and commercial exploitation. It indicated that sport fishing contributes more to California's economy than commercial fishing. The totals are \$100-\$200 million for sport fishing as compared with \$45 million for commercial fishing. The report also pointed out that the secondary income effects of sport fishing (\$300-\$400 million) are larger than those of commercial fishing (\$200-\$300 million).

A study recently completed by Hart (1972) deals with the charter and head boat fishery in Morehead City, N.C. Significant direct and indirect contributions to the net income of Carteret County residents resulted from expenditures in Morehead City on commercial charter fishing services by nonresidents.

According to John A. Guinan, formerly NOAA Public Affairs Officer for the National Marine Fisheries Service (NMFS), "There are about 9.5 million sports fishermen who seek marine fish," (Guinan, 1973, p. 36). Many of these fishermen charter boats.

The food value of marine fish caught by all marine sport fishermen is revealed by a statement by Robert W. Schoning,

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Director of NMFS. He stated that fish caught by marine sport fishermen is nearly two-thirds of the commercial catch (Guinan, 1973, p. 36). The amount of money spent while catching these fish is far in excess of the dollar value of the fish caught.

PROCEDURE

During the spring of 1973 a search was conducted for publications listing the names and addresses of marine charter boat operators in Georgia. This search yielded no results. Unlike South Carolina and Massachusetts, but like many other States, Georgia does not have a publication containing this information (Anonymous, 1970, 1973).

Since there were no leads as to how to obtain a listing of operators, it was decided to employ the same technique used in South Carolina in developing its charter fishing guide (Anonymous, 1973). The technique involved personal interviews with the best known operators in each of the State's charter fishing areas. At the end of each interview these operators were asked for the names and addresses of fellow charter boat operators. The list progressed until no new names were added. Thus it was assumed that this list contained the names and addresses of the entire population of marine charter boat operators fishing from Georgia ports. Included were operators residing in Georgia and other States but operating only from Georgia ports. The list does not contain the names of operators living in Georgia and operating from ports outside the State. Every operator on this list was interviewed and the desired information was secured.

RESULTS AND DISCUSSION

It was found that the 17 charter operators had three primary fishing areas. These are: 1) artificial reefs (offshore), 2) Blackfish Banks and Sapelo Reefs, and 3) the Gulf Stream.

Sixteen of the operators had gasoline- or diesel-powered boats, while one operated a large sailboat. The educational levels of charter operators was high, with only one operator not having a college or high school diploma. Fifteen of the 17 operators had other means of support in addition to their charter income.

Table 1. Expected yearly costs and returns for a representative charter boat operation in Georgia (initial capital investment = \$28,883; 812 charter hours).

Item	Dollars	
Gross Returns		18,830
Costs		
Fixed costs		7,779
Depreciation	1,027	
Interest	2,888	
Taxes	265	
Insurance	588	
Docking	601	
Battery	44	
Rope	22	
Tackle	212	
Advertisement	44	
First Aid	5	
Repairs	1,794	
Miscellaneous costs (1% of initial capital investment)	289	
Variable costs		5,943
Tackle (replacement)	174	
Bait	143	
Hired labor	1,437	
Fuel	2,875	
Oil, fluid, grease, filters	121	
Ice	210	
Repairs (due to use)	983	
Net return to management and labor		5,108

Because much of the time spent aboard by charter passengers is spent riding to and from fishing areas, the vessels are well equipped. Most of them had such comfort items as air conditioning, sofas, carpeting, television, and stereo. All vessels had ship-to-shore communications and one-half had a loran navigational device.

The Georgia charter boat industry is relatively new. The oldest operation has been in business only 19 years. During the past 5 years only one operator has ceased operations while slightly more than one-half began operations during the past 3 years.

Main species fished for are marlin, dolphin, sail, wahoo, king mackerel, black sea bass, Spanish mackerel, and cobia. Other species caught are considered to be incidental.

Table 2. Expected yearly averaged costs and returns for the three most profitable marine charter boat operations in Georgia, 1972 (initial investment = \$29,352).

Item	Dollars	
Gross returns		40,083
Costs		
Fixed costs		8,123
Depreciation ¹	963	
Interest ²	2,201	
Taxes	259	
Insurance	1,049	
Docking	642	
Battery	50	
Rope	27	
Tackle	527	
Advertisement	7	
First Aid	5	
Repairs	2,100	
Miscellaneous (1% of initial capital investment)	293	
Variable costs		5,586
Replacement tackle	292	
Bait	350	
Hired labor	521	
Fuel	3,972	
Oil, fluid, grease, filters	239	
Ice	212	
Net return to management and labor		26,374

¹Average annual depreciation = $\frac{\text{Initial cost} - \text{Estimated salvage value}}{\text{Estimated years of useful life}}$.

²Average annual interest = $\frac{\text{Interest rate} (\text{initial cost plus estimated salvage value})}{2}$.

The average net income for the average charter operation was moderate, amounting to \$5,108 annually (Table 1). However, it should be recognized that 15 out of 17 operators did not rely upon net charter income for their entire living. In 1972, the representative charter boat cost \$28,883. Annual gross income was \$18,830 while annual costs were \$13,722. These figures were based on chartering 812 hours. Break-even costs were \$17 per hour. These data include all 16 gasoline and diesel driven boats available for either non-Gulf Stream or Gulf Stream fishing trips.

Additional cost and return data are shown in Table 2. These data are for the three most profitable marine charter

boat operations. The only real significant difference between these three operators and the average operator was in number of hours chartered. The three most profitable operators chartered an average of 1,241 hours annually compared with 812 hours for the average operator. The additional hours lowered the break-even cost from \$17 to \$11 per hour. The average net return to management after all expenses for these three top operators was \$26,374 annually.

None of the charter operators kept any records of total pounds of fish caught. Hence comparisons with the Georgia commercial catch are not possible. What is significant, however, is the growth experienced by the embryonic (compared with California) Georgia charter fleet in recent years. Also significant were the statements by two-thirds of the operators that the interest in and number of hours chartered were increasing.

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