

**The Economic Impacts of the
Royal BC Museum Operations**

**For the Fiscal Period April 1, 2016
To March 31, 2017**

Final Report – June 2017

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1.0 Executive Summary and Highlights

- Examination of the fiscal 2016/17 operations of the Royal BC Museum shows a significant economic impact has been generated for both the Southern Vancouver Island (SVI) region and the economy of BC as a whole. The combined economic impacts from Museum expenditures and spending by Visitors attracted to SVI are estimated to have generated \$47.4 million in GDP (income) for BC capable of supporting 841 jobs in the various affected industries (or 764 full-time equivalent FTE jobs as many tourism related jobs are not full-time). An estimated \$25.9 million GDP (income) benefits the SVI region from these combined Museum and Visitor expenditures capable of supporting 543 local area jobs (equivalent to 466 FTE jobs). This was based on the \$50.3 million of spending in the SVI region by the estimated 43,710 Visitors attracted to SVI mainly to see a Museum Exhibit plus the \$21.8 million annual salary and operating cost expenditures of the Museum for fiscal 2016/17.
- The economic impacts of interest are measured by considering both the Museum expenditures and the spending of Visitors who were attracted to the local SVI region mainly to see a Museum Exhibit. Annual Museum expenditures on salaries, operating costs and capital generate significant economic activity in the local area, as would any sizable business with 100+ employees. Visitors to the local area qualify as being attracted by a Museum Exhibit if they indicate they knew about the Exhibit *before* they made their decision to visit the local area and they further indicate the Exhibit was their Main or Only Reason to visit the area. Focusing on these Visitors attracted to the area allows 100% of the impacts of their Visitor spending to be attributed to Museum activity.
- The impacts from annual Museum expenditures (excluding Visitor spending) are estimated to have generated \$18.2 million in GDP (income) for BC capable of supporting 289 jobs (or 260 FTE jobs). The majority of the jobs and income benefits accrue to the Victoria area. An estimated \$12.3 million GDP (income) benefits the SVI region from annual Museum expenditures capable of supporting 213 jobs in the local area (or 184 FTE jobs). Museum operations also generate government tax revenues totaling \$4.1 million comprised of \$2.1 million federal, \$1.2 million provincial and \$0.8 million municipal.
- Economic impacts were also estimated for a more restrictive group of Visitors from outside the province¹ who were attracted to SVI mainly to see a Museum Exhibit. The combined impact estimates for annual Museum expenditures plus spending by out-of-province Visitors attracted to the local area shows \$26.8 million in GDP (income) has

¹ Economic activity generated by these out-of-province Visitors is a financial benefit to all of BC, compared to BC-resident Visitors transferring their spending from other parts of BC to the Southern Vancouver Island Region.

been generated for the province capable of supporting 450 jobs (or 407 FTE jobs). This was based on \$14.7 million of spending by the estimated 12,777 out-of-province Visitors attracted to the local area mainly to see a Museum Exhibit plus the \$21.8 million annual salary and operating cost expenditures of the Museum for fiscal 2016/17. An estimated \$16.3 million GDP (income) benefits the SVI region from these combined Museum and out-of-province Visitor expenditures, capable of supporting 310 jobs in the local area (or 266 FTE jobs). The combined government tax revenue generated from both Museum operations and Visitor spending is estimated to be \$3.7 million federal, \$2.2 million provincial and \$1.0 million municipal, or \$6.9 million total tax revenue.

- The Museum Exhibits are costly to host and involve risk. However, only a small portion of these benefits flow back to the Museum, mainly in the form of attendance charges that are barely enough to cover Exhibit costs. The main groups that benefit continue to be all levels of government and the local and BC tourism industry including transportation, accommodation, retail shopping and other tourism sectors.

2.0 Review of Main Economic Impacts

2.1 Combined Economic Impacts: Museum Expenditures and Spending by Visitors Attracted to the Area

The Southern Vancouver Island (SVI) Region is defined as the geographic area south of Nanaimo and would include Greater Victoria, Sooke, Port Renfrew, Malahat, Mill Bay, Duncan, Cowichan Valley, Chemainus, and Ladysmith. Because Greater Victoria is the major population centre of this Vancouver Island region, the majority of all local impacts are centered on the Greater Victoria economy. This study has used a variety of methods to measure the impacts that will stay in the local SVI region separately from those economic impacts that will flow to other areas (Lower Mainland and BC as a whole).

The combined economic impacts² are estimated from:

- spending of Visitors who were attracted to the SVI region mainly to see a Museum Exhibit during fiscal 2016/17; and,
- expenditures made by the Museum in fiscal 2016/17 (salaries, operating costs, capital costs, etc).

Visitors to the SVI region qualify as being attracted by a Museum Exhibit if they indicate they knew about the Museum Exhibit *before* they made their decision to visit the SVI region and they further indicate the Museum Exhibit was their Main or Only Reason to visit the area. Focusing on these Visitors attracted by the Museum and Exhibits allows 100% of the impacts of their spending in the local area to be attributed to Museum activity. Data from Visitor Exit Surveys used these and other demographic questions to determine the percentage of Visitors that qualify for this restricted definition of Visitors attracted to the local area.

² The provincial government, at BC Stats, maintains a computer simulation model of the BC economy (the BC Input / Output Model). The study for fiscal 2014/15 prepared data for several computer simulation runs using the BC Input / Output Model (updated in 2015). The underlying multipliers from the fiscal 2014/15 results were used to generate economic impact estimates for fiscal 2016/17. The structure of Museum expenditures and composition of Visitor spending is very similar between fiscal 2014/15 and 2016/17 so the multipliers are appropriate for the current study. The estimated economic impacts from the Input / Output model include GDP (income), Output (spending), employment (# of jobs) and detailed government tax revenues. The Appendix to this report includes many of the input data tables for this analysis as well as the output tables and underlying multipliers.

Table 1 shows the combined economic impacts from Museum expenditures (\$21.838 million) and spending by Visitors (\$50.306 million) attracted to the area mainly to see a Museum Exhibit.

- The combined expenditures are estimated to have generated \$47.4 million in GDP (income) for BC, and Household Income of \$35.9 million capable of supporting 841 jobs in the various affected industries – which translates to 764 full-time-equivalent (FTE) jobs, as many tourism related jobs are not full-time.
- This was based on the \$50.306 million of spending by the estimated 43,710 Visitors attracted to the local area mainly to see a Museum Exhibit, plus the annual Museum expenditures of \$21.838 million for salaries and operating costs.
- The combined government tax revenues generated from Museum expenditures and Visitor spending is estimated to be \$7.6 million federal, \$4.6 million provincial and \$1.5 million municipal, for a total of \$13.7 million in government tax revenues.
- The Output (spending) of \$142.3 million for BC impacts is an estimate of the multiples of spending and re-spending that occurred as a result of the original expenditures. GDP (income) of \$47.4 million is a better measure of the unduplicated value of goods and services generated.
- The overall average annual wage for the estimated 841 jobs generated is shown as \$42,659. The BC Input / Output Model estimates income and jobs generated by each industry /sector with the average annual wage varying substantially between industries.³ For Visitor spending impacts, the average annual wage is shown as \$37,605 across these mainly tourist related industries. For Museum expenditure impacts, the average annual wage is shown as \$53,322, across the many government, construction and professional industries.

• ³ The majority of the jobs generated from Visitor spending are in the tourism related industries of accommodations and food services, retail trade, arts, entertainment and recreation sector, transportation and warehousing plus smaller impacts in many other industry sectors. The majority of jobs generated from Museum expenditures are in the administrative and support sector, government sector, construction, professional, scientific and technical sector, and investigation and security sector plus smaller impacts in many other industry sectors. These estimates are based on pricing and wages in the 2015 BC economy.

Table 14: Combined Economic Impacts from Museum Expenditures Plus Spending by Visitors Attracted to SVI Mainly to See Museum and Exhibits

Combined Economic Impacts to the SVI Region & BC April 1, 2016 to March 31, 2017			
Economic Impacts (\$ Millions)	Museum Expenditures Fiscal 2016/2017 \$21.838 Million	\$50.306 M Spending by Visitors Attracted to SVI Mainly to See Museum & Exhibits	Combined Economic Impacts: Museum & Visitors
Output (Spending) in BC & SVI	\$35.573	\$106.694	\$142.267
GDP (Income) in BC & SVI	\$18.213	\$29.231	\$47.444
Employment (# Jobs) in BC & SVI	289	552	841
Employment (# FTE's) in BC & SVI	260	504	764
Average Annual Wage (In \$ per job)	\$53,322	\$37,605	\$42,659
Household Income in BC & SVI	\$15.106	\$20.755	\$35.862
Output (Spending) in SVI	\$24.489	\$75.536	\$100.025
GDP (Income) in SVI	\$12.345	\$13.506	\$25.851
Employment (# Jobs) in SVI	213	330	543
Employment (# FTE's) in SVI	184	282	466
Household Income in SVI	\$11.303	\$9.861	\$21.164
Federal Revenue	\$2.076	\$5.495	\$7.570
Provincial Revenue	\$1.225	\$3.384	\$4.609
Municipal Revenue	\$0.808	\$0.708	\$1.516
Total Tax Revenue	\$4.109	\$9.586	\$13.696

⁴ Note: In all Tables, totals and subtotals may not add due to the effect of rounding.

Table 1 also provides estimates of the same economic impacts within the SVI region. Although the Museum expenditures and Visitor spending originate within the SVI region, there is considerable leakage of the economic benefits to the main supply and distribution centres in the Lower Mainland⁵.

- Estimates from the BC Input / Output model show \$25.8 million GDP (income) benefits the SVI region from these combined Museum and Visitor expenditures, with Household Income of \$21.2 million capable of supporting 543 local area jobs (equivalent to 466 FTE jobs).

Table 1 provides the best estimates for the Economic Impacts that will accrue to the SVI region from the combined Museum and Visitor expenditures. Specifically Table 1 *includes* the spending impacts of Visitors to SVI who reside in other parts of BC and were attracted to the area mainly to see an Exhibit. Exit survey results show approximately 27% of Visitors (in summer high season) and 26% of Visitors (in winter low season) are from other parts of BC. Spending by these Visitors produces an economic benefit to the SVI region, while possibly creating an economic drain or leakage to their local place of residence.

Table 2 shows the impacts to BC using the spending of Visitors from outside BC who were attracted to SVI mainly to see a Museum Exhibit. Table 2 estimates provide a very restricted, minimum-case estimate of economic impacts to BC that can be attributed to Museum and Visitor expenditures. Depending on interpretation or restrictions, the economic impacts to BC will range from the higher estimates shown in Table 1 to the minimum-case estimates shown in Table 2. Table 2 estimates include:

- The combined expenditures from Museum expenditures and out-of-province Visitors attracted to the area mainly to see a Museum Exhibit are estimated to have generated \$26.8 million in GDP (income) for BC, and Household Income of \$21.2 million capable of supporting 450 jobs or 407 FTE jobs.
- This was based on the \$14.7 million of spending in the SVI region by the estimated 12,777 Visitors attracted to the local area mainly to see a Museum Exhibit, plus the annual Museum expenditures of \$21.8 million for salaries and operations.
- The combined government tax revenues generated from Museum expenditures and Visitor spending is estimated to be \$3.7 million federal, \$2.2 million provincial and \$1.0 million municipal, for a total of \$6.9 million in government tax revenues.

⁵ Due to the structure and financial flows in the BC economy, many of the economic impacts resulting from visitor expenditures in the SVI region will provide major economic benefits to the major population centre of BC. The Lower Mainland is the major distribution centre for the province and is also a manufacturing and production centre for a variety of goods and services, including food, liquor, gasoline, wholesale goods, etc. Additional demand for goods and services on Vancouver Island translate into extra demand for goods and services in the Lower Mainland. Other examples would be the additional demands on ferries, airports, buses and rental cars that Visitors would use to get to Vancouver Island.

Table 2: Combined Economic Impacts from Museum Expenditures Plus Spending by Out-of-Province Visitors Attracted to SVI Region Mainly to See Museum and Exhibits

Combined Economic Impacts to the SVI Region & BC April 1, 2016 to March 31, 2017			
Economic Impacts (\$ Millions)	Museum Expenditures Fiscal 2016/2017 \$21.838 Million	\$14.705 M Spending by Out-of-Province Visitors Attracted to SVI Mainly to See Museum & Exhibits	Combined Economic Impacts: Museum & Visitors
Output (Spending) in BC & SVI	\$35.573	\$31.188	\$66.761
GDP (Income) in BC & SVI	\$18.213	\$8.545	\$26.758
Employment (# Jobs) in BC & SVI	289	161	450
Employment (# FTE's) in BC & SVI	260	147	407
Average Annual Wage (In \$ per job)	\$53,322	\$37,605	\$47,046
Household Income in BC & SVI	\$15.106	\$6.067	\$21.173
Output (Spending) in SVI	\$24.489	\$22.080	\$46.569
GDP (Income) in SVI	\$12.345	\$3.948	\$16.293
Employment (# Jobs) in SVI	213	96	310
Employment (# FTE's) in SVI	184	82	266
Household Income in SVI	\$11.303	\$2.883	\$14.186
Federal Revenue	\$2.076	\$1.606	\$3.682
Provincial Revenue	\$1.225	\$0.989	\$2.215
Municipal Revenue	\$0.808	\$0.207	\$1.015
Total Tax Revenue	\$4.109	\$2.802	\$6.911

Table 2 estimates provide a minimum-case impact assessment for BC & SVI while Table 1 estimates represent a more expanded impact assessment. However, even the estimates in Table 1 are based on the highly restricted group of Visitors who said their Main or Only reason to plan their trip to the SVI area was to see a Museum Exhibit. The spending of other Visitor groups could conceivably be included⁶ in the economic impacts estimates and increase the estimates provided in Table 1.

⁶ The spending of Visitors who were attracted to the area mainly to see the Museum but were unaware of the specific Exhibits being shown could qualify or Visitors who stayed longer or spent more money once they found out about the Museum and Exhibits could potentially be added to the economic income streams generated by the Museum.

This study has chosen to focus on the Visitor group than can be identified from the Exit Surveys as being attracted to the local area because they knew about the Exhibit *before* they made the decision to visit SVI and also indicated the Exhibit was their Main or Only reason to visit SVI. This restrictive filter of Visitors to the area produces a conservative estimate of Visitor Spending, but nevertheless substantiates the importance of the Museum in attracting Visitors to the SVI region.

2.2 Economic Impacts from Museum Operating Costs

The Royal British Columbia Museum is a medium-sized employer in the City of Victoria, supporting some 100+ staff positions and contracting to various agencies for specialized services. The Museum also manages a large group of volunteers who contributed some 46,000 hours this year. As an established and stable employer in the City of Victoria, it provides on-going annual economic / financial benefits to its employees, contract workers, suppliers, and all levels of government (municipal, provincial and federal).

Examination of the fiscal 2016/17 operations of the Royal BC Museum show a significant economic impact has been generated for both the SVI region and the economy of BC as a whole. Table 3 shows the estimated impacts for both BC and SVI.

- Museum operations are estimated to have generated \$12.345 million of GDP (income) in the SVI region. This increases to \$18.213 million GDP when impacts to other areas of the province are included. Some 65% to 75% of the income benefits are retained in the local Victoria area.
- Household Income is estimated to be \$11.303 million for the SVI region capable of supporting 213 jobs in the local area (or 184 FTE jobs), plus an additional 76 jobs in others parts of BC, for a total of 289 jobs in the province (or 260 FTE jobs).
- Museum operations also generate tax revenues which are estimated to be \$2.076 million federal, \$1.225 million provincial and \$0.808 million municipal, or \$4.109 million in total.
- Table 3 shows the overall average annual wage of \$52,322 across the various industry sectors impacted by Museum expenditures (mainly administrative and support sector, government sector, construction, professional, scientific and technical sector, and investigation and security sectors). The average annual wage for the 20 *Induced Impact* jobs is shown as \$73,426 which represents jobs from higher valued industries.

Table 3: Economic Impacts from Museum Operating Costs

Economic Impacts to the SVI Region & BC From Fiscal Year 2016/17 Museum Operating Costs			
<ul style="list-style-type: none"> • Operating Cost \$21.838 M from Financial Statements • Salaries \$9.669 M & Operating Expenses \$12.168 M 			
Economic Impacts (\$ Millions)	Direct & Indirect	Induced	Total
Output (Spending) in BC & SVI	\$32.274	\$3.299	\$35.573
GDP (Income) in BC & SVI	\$16.156	\$2.057	\$18.213
Employment (# jobs) in BC & SVI	269	20	289
Employment (# FTE's) in BC & SVI	241	19	260
Average Annual Wage (In \$ per job)	\$50,732	\$73,436	\$52,322
Household Income in BC & SVI	\$13.622	\$1.485	\$15.106
Output (Spending) in SVI	\$23.364	\$1.125	\$24.489
GDP (Income) in SVI	\$11.484	\$0.862	\$12.345
Employment (# jobs) in SVI	209	4	213
Employment (# FTE's) in SVI	181	3	184
Household Income in SVI	\$10.579	\$0.724	\$11.303
Federal Revenue	\$1.900	\$0.176	\$2.076
Provincial Revenue	\$1.108	\$0.117	\$1.225
Municipal Revenue	\$0.737	\$0.071	\$0.808
Total Tax Revenue	\$3.745	\$0.365	\$4.109
Personal Income Tax	\$1.748	\$0.136	\$1.885
Corporate Income Tax	\$0.113	\$0.033	\$0.145
Taxes on Products / Commodity Taxes	\$0.039	\$0.007	\$0.046
Subtotal Federal	\$1.900	\$0.176	\$2.076
Personal Income Tax	\$0.601	\$0.049	\$0.651
Corporate Income Tax	\$0.064	\$0.018	\$0.082
Taxes on Products / Commodity Taxes	\$0.443	\$0.050	\$0.493
Subtotal Provincial	\$1.108	\$0.117	\$1.225
Municipal Revenue	\$0.737	\$0.071	\$0.808
Total Tax Revenue	\$3.745	\$0.365	\$4.109

The operating costs in fiscal 2016/17 are from the published Financial Statements. Table 5 is a reproduction of the Statement of Operations. The original costs of \$21,837,847 are adjusted as follows:

- Amortization⁷ of \$869,412 was removed and replaced with \$550,236 of capital assets that had been added to deferred capital contributions (as per Note 10 of the Financial Statements). This better reflects purchasing activity that took place in fiscal 2016/17.
- Amortization of \$421,177 listed on Special Exhibits line item (as per Note 9 of the Financial Statements) was removed and replaced with \$784,463 of Exhibit Fees identified for the Mammoths Exhibit. Further, the \$784,463 in Exhibit Fees was identified as an expenditure outside BC, with only \$1,876 of the total remaining as a BC expense. This better reflects purchasing activity that took place in fiscal 2016/17 within BC.
- Salaries were adjusted down by \$200,000 which represents the amount reimbursed by Destination Cinema for cashier services. Similarly Security costs were adjusted down by \$50,000 representing Destination Cinema reimbursements.
- Expenditures of \$1,163,159 were identified as representing purchases outside BC, while expenditures of \$20,466,796 were identified as purchases made within BC.
- Salaries totalled \$9,469,377 (from Table 4 using \$9,492,640 minus the \$200,000 reimbursement, plus \$176,737 in salaries listed within the Special Exhibits line entry – as per Note 9 of the Financial Statements).
- Museum activities are relatively similar from year to year, which allows the multipliers from the BC Input / Output Model generated for the fiscal 2014/15 Museum study to be re-used.

Museum Operating Grant: The Museum received an annual operating grant of \$11.866 million in fiscal 2016/17 from the BC government. However this grant is not just for visitor services at the Museum but is provided for the many Museum services and activities that have high costs but little or no revenue generating potential. These grant amounts should be subtracted from taxes paid in a fuller accounting framework, but doing so would obscure the total taxes paid.

Typically economic impact measures are restricted to just the dollars spent and income / profit produced. Other beneficial or social impacts created by the Museum are not accounted for in an economic impact analysis⁸. Nevertheless, it is a starting point to have

⁷ The BC Input / Output model requires inputs of actual expenditures for the period, while financial reporting uses amortization for large capital expenditures that are expected to last for many years.

⁸ Other benefits can always be itemized and monitored. There are other types of analyses that would include the Museum's many educational school programs, outreach and other public services. Performance Measures in the Museum's Annual Reports itemize many of the other valuable services provided by the Museum. But because they generally do not generate dollars or income, they are not counted in the economic impact analysis.

measures of the financial flows and economic impacts when discussing the benefits of the institution.

The costs to the Museum to host Exhibits are substantial. It should be noted that while the Museum admission charge may be sufficient to cover these Special Exhibit expenditures, the admission charges are also meant to cover part of the some \$21.8 million annual operating costs of the Museum. Of the estimated 375,996 total Visitors to the Museum in 2016/17 an estimated 43,180 had complimentary tickets, plus a further 31,241 used an annual pass which further reduces the admission revenue received by the Museum. Because this is an economic impact analysis only the expenditures made by the Museum are examined and not the admission charges.

- Incremental Costs for the IMAX Theatre and Museum Café

The Museum, gift shops and IMAX Theatre were open for extended hours for the Exhibit (extended hours are also part of the normal summer schedule). As in previous studies, the IMAX theatre and the Museum Café are considered to be private operations that have undoubtedly benefited from the large number of tourists attracted to the local area by the Museum and Exhibits. These operations may have incurred extra staffing costs as well as sourcing extra equipment and supplies to meet the demands of the higher volume of tourists and extended hours. They are just two of the many facilities and operations in the local region that will have benefited from increased sales revenues resulting from the tourists attracted to the local area by the Museum and Exhibits. Visitor spending at these two facilities can be included in the average visitor spending estimates, as long as their incremental costs are not included.

- Incremental Costs to Royal BC Museum Foundation and Gift Shops

The Royal BC Museum Foundation operates the gift shops in the Museum (with the exception of the IMAX gift shop). As in past Exhibits, there was a special Mammoths: Giants of the Ice Age Gift Shop that had been setup and staffed for the duration of the Exhibit. As in past studies any additional costs to the Foundation for the gift shops (merchandise, staffing, etc) operations are not included as additional costs for the Museum operations.

There are methodological reasons to include Visitor spending at these specific businesses (IMAX, Café and Gift Shops) while excluding Museum admission Fees. In practical terms it was easier to ask Exit Survey respondents to exclude all spending at the Royal BC Museum that day. Visitor spending estimates may be under-stated to the extent these IMAX, Café and Gift Shop purchases have been skipped.

Table 4: Statement of Operations from Financial Statements Fiscal 2016/17

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION			
STATEMENT OF OPERATIONS			
FOR THE YEAR ENDED MARCH 31			
	2017 Budget (Note 4)	2017	2016
Revenues			
Provincial operating contributions	\$ 11,866,000	\$ 11,866,000	\$ 11,812,885
Museum admission fees and memberships	5,310,971	5,708,590	4,538,575
Grants and sponsorships	1,838,869	1,860,282	1,470,113
Property leases	801,831	923,716	868,613
Programs, services and miscellaneous	566,787	667,030	491,846
Amortization of deferred capital contributions (Note 8)	630,000	624,404	631,360
Donated collections and artifacts (Note 2(g))	-	215,682	135,047
	21,014,458	21,865,704	19,948,439
Expenses			
Salaries and benefits	9,808,977	9,492,643	9,097,392
Building costs	2,124,156	2,184,306	2,296,025
Amortization	952,052	869,412	918,421
Security	881,418	857,612	855,475
Taxes, City of Victoria	683,310	650,489	671,527
Special exhibitions (Note 9)	2,086,888	2,124,300	1,595,436
Systems and telecommunications	824,929	827,151	898,863
Professional services	985,377	521,767	710,057
Materials and supplies	452,230	406,847	635,497
Offsite Storage	711,000	697,056	691,709
Marketing and communications	332,286	371,836	361,381
Office and business	405,278	592,660	420,153
Insurance	240,000	195,102	204,048
Travel	272,971	297,622	233,735
Bank charges	120,000	126,317	96,723
Collections and artifacts	-	215,682	135,047
Donations (Note 15)	-	1,000,000	
Other	77,000	407,045	97,174
	20,957,872	21,837,847	19,918,663
Annual Surplus	56,586	27,857	29,776
Accumulated Surplus, beginning of year	12,979,234	12,979,234	12,949,458
Accumulated Surplus, end of year	\$ 13,035,820	\$ 13,007,091	\$ 12,979,234

The accompanying notes are an integral part of these financial statements.

2.3 Economic Impacts from Visitor Spending

Two main Museum Exhibits were hosted in fiscal 2016/2017:

- Mammoths: Giants of the Ice Age Exhibit (June 3 to December 31, 2016)
- First Peoples' Voices Exhibit (started June 21, 2014 to 2017).
- Wildlife Photographer of the Year 2015 Exhibit (*final 4 days* – April 1- 4, 2016).

During fiscal 2016/17 information was collected from Museum Visitors by means of a self-administered Exit Survey through use of interactive computer kiosks. The Exit Survey for high season Visitors was conducted during the 10 day sample period July 29 to August 7, 2016. The Exit Survey conducted by EventCorp Services Ltd collected 2,360 response cycles, resulting in some 1,390 usable responses. Confidence levels of aggregate results to primary questions were reported by EventCorp to be from plus or minus 2.6 percent to 5.7 percent, 19 times out of 20.

The Exit Survey for low season was conducted by EventCorp Services Ltd during the sample period February 10 – 27, 2017. The Exit Survey collected 1,557 response cycles, resulting in some 1,006 usable responses. Confidence levels of aggregate results to primary questions were reported by EventCorp to be from plus or minus 3.1 percent to 6.1 percent, 19 times out of 20.

Information from the Exit Surveys⁹ and detailed monthly/ daily attendance records kept by the Museum was used to derive estimates of visitor spending while in the SVI region. The high season sample from July / August 2016 was used to apply to all Visitors to the Mammoths Exhibit (June 3 – December 31, 2016) while the low season sample from February 2017 was used to apply to all Visitors outside the Mammoths Exhibit (i.e. April 1 – June 2, 2016 and January 1 – March 31, 2017).

The methodology used Exit Survey data to estimate visitor place of residence and average per person spending in the SVI region. The filtering questions - *Were you aware of the Exhibit before you made your decision to visit the Victoria area?* & *To what extent did the Exhibit influence your decision to visit the Victoria area?*- were used to estimate the number of Visitors from outside SVI and outside BC who indicated they knew about the Exhibit before deciding to visit Victoria and that Museum Exhibit was their Main or Only reason to visit the Victoria area. The combined visitor spending estimates for all Visitors who were attracted to the SVI region mainly to see an Exhibit formed the basis of the input data for the BC Input / Output Model.

⁹ In addition to the usual demographic questions, information was collected about the Visitors' satisfaction with the Exhibits, knowledge of the advertising and promotion for the Exhibit, as well as the financial questions concerning visitor spending while in the SVI region.

Exit Survey respondents from outside the SVI region were asked questions about their total expected spending¹⁰ during their stay in SVI and for a spending breakdown by 7 categories including:

- accommodations;
- restaurants, bars and lounges;
- food, liquor stores and tobacco;
- shopping (arts, crafts, souvenirs, retail, etc.);
- recreational activities (concerts, sporting events, tourist attractions, theatre, etc.);
- transportation (rental car, gas, ferries, parking, taxis, plane ticket, public transportation, other fees / costs, etc.); and,
- other items (not including prior inputs about accommodations, restaurants, bars, lounges, food, liquor stores, tobacco, shopping, recreational activities and transportation).

Visitors were also asked to provide a detailed breakdown of their expenditures while visiting the Museum including purchases made for:

- admission;
- gift shops;
- IMAX movies;
- café, food trucks or other food; and,
- other Museum expenditures.

Table 5 provides impact estimates from the \$50.306 million of spending by the estimated 43,710 Visitors attracted to the SVI region mainly to see a Museum Exhibit.

- Visitor spending has generated \$13.506 million in additional GDP (income) for the SVI region, with \$9.861 million in Household Income capable of supporting 330 jobs in the local SVI region (or 282 FTE jobs in the local region).
- These impacts rise to \$28.326 million of GDP (income) for the province as a whole, with \$20.113 million in Household Income capable of supporting 535 jobs in BC (or 489 FTE jobs in BC).
- Visitor spending generates significant tax revenues which are estimated to be \$5.495 million federal, \$3.384 million provincial and \$0.708 million municipal, or \$9.586 million in total.
- Table 5 provides details of the induced economic impacts included in the totals. These induced impacts range from 6% to 11% of the total economic impacts reported.
- The overall average annual wage of \$37,605 shown in Table 3 relates mainly to jobs in the Tourism related industries which have a generally lower wage. The induced economic impacts reported in Table 3 show an average annual wage of \$73,435 from higher earning industries.

¹⁰ The Exit Survey spending questions asked Visitors to specifically exclude all spending while at the Royal BC Museum. This spending at the Museum was collected separately.

**Table 5: Economic Impacts from Spending by Visitors Attracted to SVI
Mainly to See Museum and Exhibits**

Economic Impacts to the SVI Region & BC from Spending by Visitors Attracted to SVI Mainly to See Museum and Exhibits Fiscal 2016/17			
<ul style="list-style-type: none"> • Mammoths Exhibit: June 3 – Dec 31, 2016: 276,674 Total Visitors • Low Season April 1 – June 2, 2016: 46,362 Total Visitors • Low Season Jan 1 - March 31, 2017: 52,960 Total Visitors • \$50.306 M Spending - 43,710 Visitors Attracted to SVI Mainly to See Museum Exhibits 			
Economic Impacts (\$ Millions)	Direct & Indirect	Induced	Total
Output (Spending) in BC & SVI	\$101.656	\$5.083	\$103.392
GDP (Income) in BC & SVI	\$26.089	\$3.142	\$28.326
Employment (# jobs) in BC & SVI	521	31	535
Employment (# FTE's) in BC & SVI	476	28	489
Average Annual Wage (In \$ per employee)	\$35,480	\$73,435	\$37,605
Household Income in BC & SVI	\$18.488	\$2.268	\$20.113
Output (Spending) in SVI	\$75.167	\$0.369	\$75.536
GDP (Income) in SVI	\$13.282	\$0.224	\$13.506
Employment (# jobs) in SVI	328	2	330
Employment (# FTE's) in SVI	282	0	282
Household Income in SVI	\$9.701	\$0.160	\$9.861
Federal	\$5.226	\$0.269	\$5.495
Provincial	\$3.205	\$0.179	\$3.384
Municipal	\$0.598	\$0.109	\$0.708
Total Tax Revenue (BC & SVI)	\$9.029	\$0.557	\$9.586
Personal Income Tax	\$2.542	\$0.208	\$2.750
Corporate Income Tax	\$0.460	\$0.050	\$0.510
Commodity Taxes	\$2.225	\$0.010	\$2.235
Subtotal Federal	\$5.226	\$0.269	\$5.495
Personal Income Tax	\$0.874	\$0.075	\$0.950
Corporate Income Tax	\$0.260	\$0.028	\$0.288
Commodity Taxes	\$2.070	\$0.076	\$2.146
Subtotal Provincial	\$3.205	\$0.179	\$3.384
Municipal Revenue	\$0.598	\$0.109	\$0.708
Total Tax Revenue	\$9.029	\$0.557	\$9.586

All Visitors from outside the SVI Region generate a substantial economic boost to the SVI economy, by spending their tourism dollar in the Victoria area, as opposed to their own local community. For those Visitors from within BC, this transfer of tourism spending to Victoria is a benefit to the Victoria area, while it may represent an economic drain from another BC community.

For those Visitors from outside BC, the transfer of tourism spending to the Victoria area, plus related visitor spending in other communities in BC provides a positive impact to both the local region and BC as a whole.

Table 6 provides impact estimates from the \$14.705 million of spending by the estimated 12,777 out-of-province Visitors attracted to the SVI region mainly to see a Museum Exhibit.

- Visitor spending has generated \$3.948 million in additional GDP (income) for the SVI region, with \$2.883 million in Household Income capable of supporting 96 jobs in the local SVI region (or 82 FTE jobs in the local region).
- These impacts rise to \$8.545 million of GDP (income) for the province as a whole, with \$6.067 million in Household Income capable of supporting a total of 161 jobs in BC (or 147 FTE jobs in BC).
- Visitor spending generates significant tax revenues which are estimated to be \$1.606 million federal, \$0.989 million provincial and \$0.207 million municipal, or \$2.802 million in total.

Visitor Spending and Commodity Tax Revenue – Tables 5 and 6 estimates of Commodity Taxes (HST/GST, gasoline tax, liquor tax, tobacco tax, lottery tax etc) paid by Visitors range from 41% of total federal tax to 63% of provincial tax. The Municipal Tax estimate is almost 100% Hotel Room / Accommodation Tax.

Overall, Commodity Taxes paid by Visitors represent 53% of the total taxes paid by Visitors. This compares to just 13% paid by the Museum on Commodity or Product Taxes for its annual operations (which is as expected due to the very different nature of the Museum expenditures).

Table 6: Economic Impacts from Spending by Out-of-Province Visitors Attracted to SVI Mainly to See Museum and Exhibits

Economic Impacts to the SVI Region & BC from Spending by Out-of-Province Visitors Attracted to SVI Mainly to See Museum and Exhibits Fiscal 2016/17			
<ul style="list-style-type: none"> • Mammoths Exhibit: June 3 – Dec 31, 2016: 276,674 Total Visitors • Low Season April 1 – June 2, 2016: 46,362 Total Visitors • Low Season Jan 1 - March 31, 2017: 52,960 Total Visitors • \$14.705 M Spending by 12,777 Out-of-Province Visitors Attracted to SVI Mainly to see Museum and Exhibits 			
Economic Impacts (\$ Millions)	Direct & Indirect	Induced	Total
Output (Spending) in BC & SVI	\$29.715	\$1.473	\$31.188
GDP (Income) in BC & SVI	\$7.626	\$0.918	\$8.545
Employment (# jobs) in BC & SVI	152	9	161
Employment (# FTE's) in BC & SVI	139	8	147
Average Annual Wage (In \$ per employee)	\$35,480	\$73,435	\$37,605
Household Income in BC & SVI	\$5.404	\$0.663	\$6.067
Output (Spending) in SVI	\$21.972	\$0.108	\$22.080
GDP (Income) in SVI	\$3.882	\$0.065	\$3.948
Employment (# jobs) in SVI	96	1	96
Employment (# FTE's) in SVI	82	0	82
Household Income in SVI	\$2.836	\$0.047	\$2.883
Federal	\$1.528	\$0.078	\$1.606
Provincial	\$0.937	\$0.052	\$0.989
Municipal	\$0.175	\$0.032	\$0.207
Total Tax Revenue (BC & SVI)	\$2.639	\$0.163	\$2.802
Personal Income Tax	\$0.743	\$0.061	\$0.804
Corporate Income Tax	\$0.134	\$0.015	\$0.149
Commodity Taxes	\$0.650	\$0.003	\$0.653
Subtotal Federal	\$1.528	\$0.078	\$1.606
Personal Income Tax	\$0.256	\$0.022	\$0.278
Corporate Income Tax	\$0.076	\$0.008	\$0.084
Commodity Taxes	\$0.605	\$0.022	\$0.627
Subtotal Provincial	\$0.937	\$0.052	\$0.989
Municipal Revenue	\$0.175	\$0.032	\$0.207
Total Tax Revenue	\$2.639	\$0.163	\$2.802

2.4 Museum Visitors to the Region – High and Low Season

The total number of Visitors to the Museum was taken from daily / monthly Museum ticket sales and admission statistics. Table 7 provides the estimate of Visitors by place of residence derived from Exit Survey information.

- For the high season Mammoths Exhibit (June 3 to December 31, 2016) 28% of Museum Visitors are estimated to be local residents and 72% of Visitors from outside the SVI region. It is estimated 46% of all Visitors in high season are from outside BC.
- For the low season periods (Spring 2016 and Winter 2017) 49% of Museum Visitors are estimated to be local residents and 51% of Visitors from outside the SVI region. It is estimated 24% of all Visitors in low season are from outside BC. Attendance records show 46,362 Visitors during the Spring 2016: April 1 – June 2, 2016 period and 52,960 Visitors during the Winter 2017: January 1 – March 31, 2017 period or 99,322 low season Visitors in total.

Table 7: Visitors to the Museum and Exhibits by Place of Residence

Place of Residence of Museum Visitors – Fiscal 2016/17				
	High Season : Mammoths Exhibit (June 3rd – Dec 31st, 2016)		Low Seasons : (April 1st – June 2nd, 2016) (Jan 1st – March 31st, 2017)	
	Estimated # Visitors	%	Estimated # Visitors	%
Greater Victoria	66,210	24%	43,814	44%
VI & South of Nanaimo	9,915	4%	5,213	5%
Nanaimo & North VI	16,313	6%	7,326	7%
Greater Vancouver	36,144	13%	14,088	14%
Other BC	21,430	8%	4,649	5%
Other Canada	32,625	12%	8,735	9%
Other USA	49,577	18%	10,284	10%
Other World	44,460	16%	5,213	5%
Total Visitors	276,674	100%	99,322	100%
Local Visitors from SVI	76,125	28%	49,027	49%
Visitors from Outside SVI	200,549	72%	50,295	51%
Visitors from Outside BC	126,662	46%	24,232	24%
Visitors Attracted to SVI Mainly to see Exhibit	35,370	12.8%	8,340	8.4%
Visitors from Outside BC Attracted to SVI Mainly to see Exhibit	10,339	3.7%	2,438	2.5%

The number of Visitors attracted to SVI mainly to see the Museum Exhibits is estimated from answers to Exit Surveys conducted in July / August for the Mammoths Exhibit (high season Visitors) and in February 2017 (low season Visitors). The Exit Surveys included 2 separate questions for Visitors residing outside the local SVI region. The first question served as a filter to ensure that only Visitors who were aware of the Exhibit before deciding to visit the Victoria area were asked the second question to determine how the Exhibit had influenced their decision to visit Victoria.

Table 8: High Season: Estimating Number of Visitors Attracted to SVI Mainly to See Museum and Exhibits

Q71. Were you aware of the Mammoths: Giants of the Ice Age exhibition before you made your decision to visit the Victoria area? (June 2 – Dec 31, 2016)				
(Asked only if a visitor from outside SVI)	Survey #	%	# of Visitors	
Yes	137	46.1%	92,509	
No	160	53.9%	108,040	
Total	297	100%	200,549	
Q72. To what extent did the Mammoths: Giants of the Ice Age exhibition influence your decision to visit the Victoria area? (June 2 – Dec 31, 2016)				
(Asked only if a visitor from outside SVI and knew about Exhibit before decision to visit Victoria area)	Survey #	%	# of Visitors	# Visitors Attracted by Exhibit
Only Reason	14	4.7%	9,486	9,486
Main Reason	25	8.5%	16,938	16,938
Small part of decision	45	15.2%	30,489	
Would have come anyways	50	17.0%	33,876	
More influenced by First Peoples' Voices Ex.	2	0.7%	1,355	
Didn't know about Exhibit	160	54.0%	108,405	
Totals	296	100%	200,4549	26,424
Q73. Were you aware of the Our Living Languages: First Peoples' Voices in BC exhibition before you made your decision to visit the Victoria area? (June 2 – Dec 31, 2016)				
(Asked only if a visitor from outside SVI)	Survey #	%	# of Visitors	
Yes	72	26.8%	53,678	
No	197	73.2%	146,870	
Totals	269	100%	200,549	
Q74. To what extent did the Our Living Languages: First Peoples' Voices in BC exhibition influence your decision to visit the Victoria area? (June 2 – Dec 31, 2016)				
(Asked only if a visitor from outside SVI and knew about Exhibit before decision to visit Victoria area)	Survey #	%	# of Visitors	# Visitors Attracted by Exhibit
Only Reason	4	1.5%	2,982	2,982
Main Reason	8	3.0%	5,964	5,964

Small part of decision	22	8.2%	16,402	
Would have come anyways	22	8.2%	16,402	
More influenced by Mammoths Exhibit	16	6.0%	11,929	
Didn't know about Exhibit	197	73.2%	146,870	
Totals	269	100%	200,549	8,946
# Visitors Attracted to SVI Mainly to see Mammoths Exhibit (June 2 – Dec 31, 2016)				26,424
# Visitors Attracted to SVI Mainly to see First Peoples' Voices Exhibit (June 2 – Dec 31, 2016)				8,946
Estimated Visitors Attracted to Mammoths Exhibit & First Peoples' Voices Exhibit (June 2 – Dec 31, 2016)				35,370

Table 9: Low Season: Estimating Number of Visitors Attracted to SVI Mainly to See Museum and Exhibits

Q58. Were you aware of the Royal BC Museum before you made your decision to visit the Victoria area? (April 1- June2, 2016 & Jan 1 – March 31, 2017)				
(Asked only if a visitor from outside SVI)	Survey #	%	# of Visitors	
Yes	148	74.4%	37,405	
No	51	25.6%	12,890	
Totals	199	100%	50,295	
Q59. To what extent did the Museum influence your decision to visit the Victoria area? (April 1- June2, 2016 & Jan 1 – March 31, 2017)				
(Asked only if a visitor from outside SVI and knew about Exhibit before decision to visit Victoria area)	Survey #	%	# of Visitors	# Incr. Visitors Attracted
Only Reason	12	6.0%	3,033	3,033
Main Reason	21	10.6%	5,308	5,308
Small part of decision	55	27.6%	13,901	
Would have come anyways	60	30.2%	15,164	
Didn't know about Museum	51	25.6%	12,890	
Totals	139	100%	50,547	8,340
Estimated Visitors Attracted to SVI Mainly to see Museum (April 1- June2, 2016 & Jan 1 – March 31, 2017)				8,340
# Visitors Attracted to SVI Mainly to see Museum (April 1- June2, 2016)				3,893
# Visitors Attracted to SVI Mainly to see Museum (Jan 1 – March 31, 2017)				4,447

Table 10: Visitors Attracted to SVI Mainly to See Museum and Exhibits

# of Visitors Attracted to SVI During Fiscal 2016/2017	# Visitors Attracted to SVI Mainly to see Museum & Exhibits	# Out-of-Province Visitors¹¹ Attracted to SVI Mainly to see Museum & Exhibits
High Season - Mammoths Exhibit	26,424	7,724
High Season – First Peoples’ Voices	8,946	2,615
High Season - # Attracted Visitors	35,370	10,339
Low Season Spring 2016	3,893	1,138
Low Season Winter 2017	4,447	1,300
Low Season - # Attracted Visitors	8,340	2,438
Total # Visitors attracted to SVI	43,710	12,777

Combining the Exit Survey results and Museum attendance statistics provides the estimates shown in Table 10.

- It is estimated 43,710 Visitors were attracted to SVI mainly to see a Museum Exhibit. This estimate is comprised of the 35,370 Visitors attracted to SVI during the High Season Mammoths Exhibit, plus a further 8,340 Visitors attracted to SVI during Low Season.
- It is estimated that 12,777 out-of-province Visitors were attracted to SVI mainly to see a Museum Exhibit. This estimate is comprised of the 10,339 out-of-province Visitors attracted to SVI during the High Season Mammoths Exhibit, plus a further 2,438 out-of-province Visitors attracted to SVI during Low Season.

¹¹ The number of out-of-province Visitors attracted to SVI mainly to see a Museum Exhibit was estimated by using the same proportions of Visitors estimated for the previous Titanic and Treasures impact studies where there was a larger sample size to estimate this smaller group of Visitors.

Table 11: Comparison of Visitor Spending – High & Low Season Exit Surveys

	High Season		Low Season	
	Raw Exit Survey Visitor Spending	Adjusted Visitor Spending	Raw Exit Survey Visitor Spending	Adjusted Visitor Spending
Average Per Person \$ Spending on Trip to SVI Region				
Accommodation	\$529	\$260.12	\$360	\$181.04
Restaurant, Bars, Lounges	\$309	\$256.54	\$260	\$219.94
Food, Liquor, Tobacco	\$138	\$114.57	\$113	\$95.59
Shopping	\$194	\$161.06	\$171	\$144.65
Recreational Activities	\$163	\$135.33	\$143	\$120.97
Transportation	\$201	\$166.87	\$149	\$126.04
Other Items	\$119	\$98.80	\$98	\$82.90
Average Per Person \$ Spending on Trip to SVI	\$1,653	\$1,193.28	\$1,294	\$971.13
# Exit Survey observations	229	229	214	214
Av # Nights – on Full Trip	7.8 nights	7.8 nights	3.9 nights	3.9 nights
Av # Nights – SVI Visit	4.0 nights	4.0 nights	3.3 nights	3.3 nights
% Visitors on Day Trip to SVI – No Overnight Stay	15.5%	15.5%	17.5%	17.5%
Av # Persons in Party to SVI	3.2 persons	3.2 persons	3.0 persons	3.0 persons

Table 11 provides a comparison between High and Low Season of Visitor spending estimates as well as general measures of length of stay and group size.

Adjustments to the Visitor Spending Raw Exit Survey Data: Visitor spending, family composition, length of trip, day Visitors and overnight Visitors and so on were converted into a blended average per person \$ spent on the trip to SVI. A significant number of adjustments to the Raw Visitor spending data from the Exit Survey data were required. These include:

- Accommodation: This category was adjusted to include Visitors who stayed with family or friends or made other arrangements and did not answer the \$ spent on accommodation question. Also, Visitors who said they were on a day trip to the SVI region (15.5% and 17.5% of Visitors for High and Low Season, respectively) were blended into the average accommodations cost. These adjustments reduced the \$529 raw reported accommodations cost of the trip to \$260.12 for High Season Visitors and from \$360 spent on accommodations to \$181.04 for Low Season Visitors, representing an average paid by all Visitors for their trip.
- Child Visitors: Visitors aged 11 years and under are assigned \$0 spending, as all their spending is assumed to be included in the estimates provided by their parent / guardian. The average per person cost is blended to include the zero spending of

these children – representing some 17.0% of the Visitors in High Season and 15.4% of the Visitors in Low Season.

- Youth Visitors: Visitors aged 12 to 17 years were asked the same Visitor spending questions as adults. The Raw Visitor spending data from the Exit Survey by Age Groups was examined in previous studies. The Visitor spending data provided by Youth (14.9% of Visitors in High Season and 7.7% in Low Season) have been retained in the blended average spending. In general the Youth spending appeared to be quite high. It is possible a parent / guardian assisted the Youth when answering the questions and provided estimates of the total travel costs. As the data responses have been edited / cleaned it is likely that the Youth spending data has reliability.
- Average number nights in SVI: The questions concerning average number of nights spent in SVI was only answered by respondents who said their trip away from home was at least one night. Respondents who were on a day-trip (15.5% and 17.5% of Visitors for High and Low Season, respectively) have been blended into the responses to produce an average 4.0 nights in SVI for High Season and 3.3 nights in SVI for Low Season.

The total Visitor spending was derived from the data in Tables 10 and 11 and used as input data for the BC Input – Output Model. The model used the amounts spent on categories of accommodations, restaurants, shopping, transportation and so on to estimate the impact on the various tourism related industries. The full economic impacts have already been presented in Table 5 (Economic Impacts from Spending by Visitors Attracted to SVI Mainly to See Museum and Exhibits) and Table 6 (Economic Impacts from Spending by Out-of-Province Visitors Attracted to SVI Mainly to See Museum and Exhibits).

Table 12: Spending by Visitors Attracted to SVI Mainly to See Museum & Exhibits

\$ Spent by Visitors Attracted to SVI During Fiscal 2016/2017 (In \$ Millions)	\$M Spent by Visitors Attracted to SVI Mainly to see Museum & Exhibits	\$M Spent by Out-of-Province Visitors Attracted to SVI Mainly to see Museum & Exhibits
High Season - Mammoths Exhibit	\$31.531	\$9.217
High Season – First Peoples’ Voices	\$10.675	\$3.120
High Season - \$M Spent by Attracted Visitors	\$42.206	\$12.337
Low Season Spring 2016	\$3.780	\$1.106
Low Season Winter 2017	\$4.319	\$1.262
Low Season - \$M Spent by Attracted Visitors	\$8.099	\$2.368
\$Million Spent -Visitors attracted to SVI	\$50.305	\$14.705

2.5 Financial Returns to Government

Commodity Taxes Embedded in Visitor Spending

The tourist dollar spending collected by the Exit Survey includes HST / GST, gasoline tax, hotel room tax, liquor tax, tobacco tax and many other commodity taxes paid by the Visitors. Estimates of these embedded Commodity Taxes¹² appear in Table 13, where it shows that these commodity taxes represent about 10% of the Visitor total spending, and also represent about 53% of total taxes generated in the economic impacts.

Table 13: Tax Revenue from Spending by Museum Visitors

Tax Revenue to SVI & BC from Visitor Spending				
April 1, 2016 to March 31, 2017				
Total Visitor Spending & Tax Revenue In \$ Millions	All Visitors from Outside SVI Region	Visitors Attracted to SVI Mainly to See Museum & Exhibits	All Out-of-Province Visitors	All Out-of-Province Visitors Attracted to SVI Mainly to See Museum & Exhibits
# of Visitors	250,844	43,710	150,894	12,777
Visitor Total Spending \$ M	\$288.154	\$50.306	\$174.676	\$14.705
Total Commodity Taxes	\$29.148	\$5.089	\$17.669	\$1.487
Personal Income Tax	\$15.752	\$2.750	\$9.549	\$0.804
Corporate Income Tax	\$2.921	\$0.510	\$1.771	\$0.149
Commodity Taxes	\$12.801	\$2.235	\$7.760	\$0.653
Subtotal Federal	\$31.475	\$5.495	\$19.080	\$1.606
Personal Income Tax	\$5.441	\$0.950	\$3.298	\$0.278
Corporate Income Tax	\$1.650	\$0.288	\$1.000	\$0.084
Commodity Taxes	\$12.294	\$2.146	\$7.452	\$0.627
Subtotal Provincial	\$19.384	\$3.384	\$11.751	\$0.989
Municipal Revenue	\$4.053	\$0.708	\$2.457	\$0.207
Total Tax Revenue	\$54.912	\$9.586	\$33.287	\$2.802

¹² Due to the nature of the Visitor expenditures, the amounts shown for Municipal Revenue in Table 13 are estimates of accommodation / hotel room taxes which are considered a Commodity Tax.

2.6 Other Benefits Provided by the Museum as a Public Resource

The Museum collects information about its organization and services on an on-going basis and includes annual Performance Measures on a variety of goals. Indeed, the depth, quality and volume of information about Museum activities and future plans is remarkable. The information available on its various Web sites, Virtual Museum for education and schools, Archive Site for retrievals, and general site information provides an enormous amount of information and data that could readily be used to list and possibly quantify other benefits provided by the Museum.

The various Royal BC Museum Annual Reports, Service Plans, and the audited financial statements are all available on its Web site. In these documents is a wealth of information and data including counts and performance measures. Examples measured for fiscal 2015/16 include 45,888 volunteer hours, 147,808 people attending learning programs and events, and 5.1 million web-site page views in 1.1 million sessions. Many activities at the Museum are measured with accompanying service levels or measures of satisfaction and future targets.

Many of the Museum's activities and services provide a public or educational service but do not necessarily produce a financial cash flow revenue stream. Many of these services are costly.

The Museum has been given responsibilities for the BC Provincial Archives. The Museum also maintains the nearby properties at Helmcken House, St. Ann's Schoolhouse, the Netherlands Carillon Tower, and Thunderbird Park which are regularly used as public urban visiting / gathering places in addition to their historic importance. A recent expansion initiative has secured a satellite location in Vancouver's historic Chinatown, at the Wing Sang gallery.

One of the stated mandates of the museum is to collect and preserve specimens, artifacts, archival and other materials that illustrate the human or natural history of British Columbia and to communicate knowledge of this history through research, exhibits, publications and other methods. To carry out this mandate requires a variety of programs and activities – few of which generate sufficient revenue to be self-supporting. On the other hand, each program and activity generates benefits to those receiving the services (students or researchers who use the Web site, students who benefit from the loans of Museum artefacts to their classrooms or regular school tours of the Museum, etc.).

This economic study has concentrated on the available financial information to measure the economic impacts generated by Museum operations in the local SVI region and to the province as a whole. This final section was added to show just a small fraction of the

other benefits provided by the Museum to the local area and to the larger community in BC and elsewhere.

2.7 Definitions of Economic Impacts and Measures

- BC Government Input / Output Economic Model

The provincial government, at BC Stats, maintains a computer simulation model of the BC economy (the BC Input / Output Model). For the fiscal 2014/15 Economic Impact Study data was prepared for 2 separate computer simulation runs based on the June 2015 – BC Input / Output Model. (The cost is \$1,500+ per run and the process requires an extra 4 to 8 weeks for processing.) Due to the similarity in expenditure data from fiscal 2014/15 to 2016/17 it was decided to re-use the underlying economic multipliers from the fiscal 2014/16 to generate the fiscal 2016/17 results. The Appendix to this report includes many of the input data tables for this analysis as well as the output tables and underlying multipliers.

The following notes are added to clarify the meanings of the direct, indirect and induced effects and describe the categories of economic impacts provided.

The economic impact¹³ of a change in the demand for a commodity or group of commodities is made up of three components:

The direct effect, which measures the impact on BC industries supplying goods and services directly used by the project. This would include the actual expenditures and the employment required for the project. Wages and salaries paid by the Museum and contractors to construct and operate the Exhibit are considered to be direct income and generate a direct economic impact.

The indirect effect, which measures the impact on BC industries that are farther back the supply chain by the activity of sectors that supply goods and services used in the direct activities. This includes suppliers re-stocking or replenishing inventory used to service the initial direct activity. In particular, visitor spending creates an indirect effect because the consumption of goods and services in the form of accommodation, restaurant, transportation, retail purchasing and other consumption activities result in re-stocking activity to replenish the goods and services the Visitors have used.

The induced effect, which measures the overall impact of more income accruing to the household sector. This would include the effect of the spending by workers employed for the Exhibit. It is assumed that BC residents spend 80% of their gross earned income on goods and services. The safety net estimates used in this study assumes that a social safety net is in place, so that workers employed by a project had some income from EI or other safety net programs before they were hired to work on the project.

¹³ Definitions copied and partially modified from BC Stats BC Input – Output Model Report cover notes.

Economic impact measures take a number of forms.

Gross Domestic Product (GDP) is a measure of the value added (the unduplicated total value of goods and services) to the BC economy by current productive activities attributable to the project and taking place within the province. GDP (value added income) is the main economic measure that is used when describing the economic impact of an initial expenditure in the economy. Only activities that occur within the province are included in GDP.

Output is the simple sum of all expenditures in the BC economy that result from the project under study. However, this figure exaggerates the impacts because the purchase of finished products often involves the purchase of components of those products at some earlier stage in the overall production process. A good or service is counted each time it changes hands to the next purchaser in the supply chain.

Labour / Household income is the sum of wages, salaries and benefits, as well as income earned by proprietors of unincorporated businesses from current productive activities as well as profits and other income earned by corporations resulting from the project under study. Household income is already included in GDP but is identified separately because it relates to jobs. Household Income divided by the average annual wage (in the sector that generated the income) is used to estimate the number of jobs resulting from the economic activity.

Employment estimates are provided for both the number of jobs in each of the affected industries as well as an estimate of the resulting full-time equivalent jobs (FTE's). Employment estimates are derived from information on average annual wages and the estimated Labour / Household Income that will result in each industry. Employment estimates reflect the wages paid and hours spent on the job by a typical worker in an industry, not full-time equivalent jobs (FTE's). For an industry where most employees work full time, the numbers will be very similar to FTE counts. However, in an industry where part-time work is more common, the job counts will be quite different from FTEs.

Federal and Provincial Tax Revenue estimates generated by the model include income taxes as well as commodity taxes (taxes on products and services). Provincial and federal tax revenues include federal and provincial personal and corporation income taxes. Also included are HST, GST and other commodity taxes such as gas taxes, liquor, tobacco and lottery taxes and profits, air transportation taxes, duties and excise taxes. Municipal tax revenues are primarily related to accommodation taxes but also include property taxes in the case of annual Museum operating costs.

**The Economic Impacts of the
Royal BC Museum Operations**

**For the Fiscal Period April 1, 2016
To March 31, 2017**

**Appendix: Tables and Worksheets of Survey
and Other Data and Multipliers**

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June 2017