

Royal BC Museum Modernization

Royal British Columbia Museum
Modernization
-
Museum Project

Appendix A – Economic Impact Report

December 2021

Royal British Columbia Museum: Economic Impact Analysis

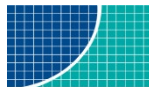
Fiscal Year April 1, 2018 to March 31, 2019

Prepared for the:

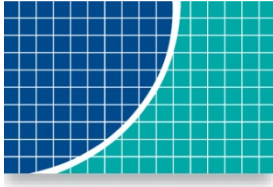
Royal British Columbia Museum

Prepared by the:

Economic Planning Group



June, 2019



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July 2, 2019

Ms. Jennifer Vanderzee
Marketing and Sales Manager
Royal BC Museum
675 Belleville Street
Victoria, BC, V8W 9W2

By Email: JVanderzee@royalbcmuseum.bc.ca

Re: Economic impact analysis of RBCM fiscal year 2019 operations

Dear Jennifer:

The following document is our analysis of the economic impact of the RBCM over the April 1, 2018 to March 31, 2019 fiscal year. The analysis includes spending by the museum on its operations, spending by all visitors to the museum, and spending by non-BC residents. The spending has been reported for the impact created throughout the province, and for impacts generated in the South Vancouver Island study area.

The topics covered here are largely the same as have been reported in earlier studies, but the format has been revised to streamline the presentation.

Thank you for the opportunity to prepare this analysis.

Yours sincerely
Economic Planning Group (EPG)

A handwritten signature in black ink that reads "G David Hall". The signature is written in a cursive, flowing style.

G David Hall, P.Phys.
Partner

Executive Summary

Background

The Royal British Columbia Museum (RBCM) analyzes its impact on the economy of the province regularly. The museum has been undertaking these analyses for many years and this report continues the series.

The overall purpose of the research was to prepare an economic impact analysis, documenting the impact created within the provincial economy by the museum. It includes:

- Spending by all visitors to the museum
- Spending by non-BC resident visitors to the museum
- Spending by the RBCM on operations

Measures used are:

- Output (all spending)
- Gross Domestic Product (net impact on the economy)
- Employment (number of jobs and full-time equivalents – FTEs)
- Taxes (federal, provincial and local)

Economic Impact of RBCM Operations

In BC

Museum spending of \$22.1 million plus BC supplier spending of \$8.6 million produced a total direct economic effect of \$30.6 million. This total direct spending by the museum and suppliers resulted in a total economic output of just over \$38.3 million, including indirect and induced effects. The resulting GDP impact was \$19.6 million. The total number of jobs created was 311, representing an estimated 280 FTEs.

Total tax revenue accruing to all levels of government was estimated at \$4.4 million – including over \$2.2 million to the federal government, \$1.3 million to the provincial government, and nearly \$890,000 to municipal governments.

In South Vancouver Island (SVI)

Total spending generated in the SVI region based on museum operating expenditures was an estimated \$26.4 million in FY19. This produced a GDP effect on the local economy of \$13.3 million. The total number of jobs created was 230 representing 198 FTEs.

Economic Impact of All Visitor Spending

In BC

Spending by All Visitors totalled just over \$63.2 million in the summer season and just over \$31.5 million in the winter/spring season, for a total of nearly \$94.8 million.

The output of initial visitor spending of this \$94.8 million plus supplier spending of \$65.3 million produced a total direct output of \$160.0 million. Including other suppliers in the supply chain and induced effects, the total impact was an estimated \$201.0 million.

In South Vancouver Island

Most of the economic effects of this spending are felt in the SVI region, representing \$142 million of the \$210 million total. Employment in the region was estimated at 621 FTEs and 531 jobs. Total taxes generated was as per the BC total category.

Economic Impact of Non-BC Visitor Spending

In BC

Spending by non-BC visitors to the Museum was estimated to be \$9.0 million in the summer season and \$3.0 million in the winter/spring season for a total spending of just over \$12.0 million.

Non-BC resident spending in the province brings new money to the province. These visitors spent an estimate \$12.0 million during their visit to the Museum. The combined incremental direct, indirect and induced effects of this spending was an additional \$13.5 million. The GDP impact was estimated at \$7.0 million while 132 jobs were created with an FTE of 121. The total taxes were an estimated \$2.3 million.

In South Vancouver Island (SVI)

The total economic impact of the initial visitor expenditures combined with the supplier based indirect and induced spending was approximately \$18.1 million in SVI. This spending produced \$3.2 million in GDP, and produced 79 FTEs representing 67 jobs. Total tax revenue to governments was an estimated \$2.3 million.

Table of Contents

	Letter of Transmittal	
	Executive Summary	
1.0	INTRODUCTION	1
1.1	Background and Objectives	1
1.2	Research Approach and Work Plan	2
1.3	Economic Measures	2
2.0	ECONOMIC IMPACTS OF MUSEUM SPENDING	4
2.1	Direct Spending	4
2.2	Total Economic Impact	5
3.0	ECONOMIC IMPACT OF VISITOR SPENDING	9
3.1	Visitor Spending Analysis	9
3.2	Economic Impact of All Visitor Spending	17
3.2.1	All Visitors Spending Economic Impact in BC	17
3.2.2	All Visitors Spending Economic Impact in SVI	19
3.3	Economic Impact of Non-BC Resident Spending	20
3.3.1	Economic Impact of Non-BC Resident Spending in BC	21
3.3.2	Economic Impact of Non-BC Resident Spending in SVI	22

1.0 INTRODUCTION

1.1 BACKGROUND AND OBJECTIVES

The Royal British Columbia Museum (RBCM) is required to analyze its impact on the economy of the province annually. The museum also conducts impact analysis of the special exhibitions it stages periodically at the facility. The museum has been undertaking these analyses for many years and this report continues the series.

This report documents the economic impact for the April 1/18 to March 31/19 fiscal year. The overall purpose of the research is to prepare an economic impact analysis, documenting the impact created within the provincial economy by museum.

Three specific topics are addressed:

- Spending by non-local visitors to the museum
- Spending by non-BC resident visitors to the museum
- Spending by the RBCM on operations

Spending by visitors to the museum includes those persons

- residing outside of South Vancouver Island who travelled to the Greater Victoria area, and
- whose main purpose of trip was to visit the RBCM

Visitors from outside BC whose main purpose of trip was to visit the museum were the focus of the Non-BC resident category. Spending by the museum on operations included a range of line items from building costs and marketing to salaries and wages.

The analysis produces impact estimates for the province as a whole and for the local area described as Southern Vancouver Island (SVI). This local study region is the area south of Nanaimo, basically encompassing the Capital Regional District and the Cowichan Valley Regional District.

Measures used are:

- Output (all spending)
- Gross Domestic Product (net impact on the economy)
- Employment (number of jobs and full-time equivalents – FTEs)
- Taxes (federal, provincial and local)

The reporting requirements were to prepare two separate documents - one covering the fiscal year from April 1/18 to March 31/19, and the other for the Egypt exhibition. This report covers the fiscal year ending March 31/19.

1.2 RESEARCH APPROACH AND WORK PLAN

Information on spending by museum visitors was provided by visitor surveys conducted by EventCorp Services Inc. – a consumer survey firm contracted by the RBCM annually for the past several years. Information on visitor counts was supplied by the RBCM. The EventCorp surveys also provide details on visitor origin, party size, and length of stay – data used in the analysis. This analysis produces an estimate of direct spending by museum visitors, in two categories of “All Visitors” and “Non-BC Resident Visitors”.

A separate category of analysis focuses on spending by the RBCM on goods and services to operate the facility. This spending also creates economic impact in the community and beyond. This topic is tallied to maintain consistency with economic analyses conducted in past years.

To estimate the total economic impact, including indirect and induced effects, the BC Input Output Model was used. This is the official model of the BC Government, operated by BC Stats, and is the model used in the earlier RBCM analyzes. To expedite the analysis, copies of the model runs produced in earlier years were provided by the RBCM (of which the most recent year was the fiscal year ending in March 2017.) Utilizing these spreadsheets eliminated both the time required for BC Stats to run the models, and the cost.

The models have been pro-rated to FY19 using the latest visitor survey spending projections and operating expenditures of the museum. This tactic was used for all three sets of analysis (i.e., all visitors, out of province visitors and RBCM spending).

1.3 ECONOMIC MEASURES

The analysis process to calculate economic impact starts with tallies of direct spending – by visitors to the museum and by RBCM spending on operations. These values are used to estimate the total economic impact, including spin-off or multipliers effects (i.e., indirect and induced effects as defined below).

To estimate total economic benefits, direct spending estimates are inputted into the BC Input-Output Model. The BCIOM is a statistical replication of the provincial economy, and by inputting direct expenditure data, the model produces outputs describing impacts of various measures of the provincial economy.

Model output is generated describing impacts on the overall BC economy and on South Vancouver Island (SVI). As noted, SVI is defined as the area south of Nanaimo and includes Greater Victoria, Sooke, Port Renfrew, Malahat, Mill Bay, Duncan, Cowichan Valley, Chemainus, and Ladysmith (generally the Capital and Cowichan Valley Regional Districts).

Impact on the economy is made up of the following three components:

- **Direct effects** measure the economic activity resulting from the museum expenditures on operations and expenditures by visitors. Museum expenditures includes salaries paid to employees and moneys spent on BC companies supplying goods and services to operate the museum. Visitor expenditures include money spent on travel within the study area including

accommodations, food & beverage, groceries, retail shopping, recreation & entertainment, transportation, and other miscellaneous travel related expenditures.

- **Indirect effects** measure the economic activity generated by sectors that supply goods and services used in the direct activities. These are often referred to as secondary effects as they measure expenditures that occur subsequent to the initial or direct spending. This category includes companies that supply goods and services to the museum, and to the businesses providing goods and services to visitors to the museum.
- **Induced effects** measure the overall impact created by additional income accruing to individuals whose work was created by the direct and indirect activities described above. It reflects the spending of salaries paid to persons employed by the museum, plus employees of companies supplying goods and services to the museum, and the travel service business described above.

The economic impact analysis process produces four key measures of economic activity - all of which have a direct, indirect and induced component. These are:

- **Total Economic Output** is the sum of all revenues generated in the BC economy that result from the direct spending of the museum and its visitors. It is a measure of the total economic activity created by the museum.
- **Gross Domestic Product (GDP)** is the measure of the value added by all the activities supported by the museum spending and spending by visitors who have come to the region to visit the museum. It nets out all the supply chain transactions that occur prior to delivery of the final good or service.
- **Employment** is the number of jobs - and the full-time equivalents (FTEs) - that are created by museum operations and visitor spending. Employment estimates are derived from information on average annual wages and the estimated labour/household income from each industry.
- **Taxes** are revenues accruing to all three levels of government:

Canada	Federal personal income taxes, Corporate income taxes, Gasoline taxes, Federal excise taxes, Goods and services taxes
British Columbia	Provincial personal income taxes, Corporate income taxes, Licences, Fees and permits
SVI	Licences, Dues and permits, Property taxes, Business taxes

To maintain consistency with earlier economic impact analyses, information is also provided on household income and average annual wages.

2.0 ECONOMIC IMPACTS OF MUSEUM SPENDING

2.1 DIRECT SPENDING

The RBCM spends money annually to operate the facility, which in turn creates activity in both the local and provincial economies. The draft Statement of Financial Operations made available for this analysis is as follows:

Table 1: RBCM Statement of Financial Operations, Fiscal Years 2018 and 2019

ROYAL BRITISH COLUMBIA MUSEUM STATEMENT OF FINANCIAL OPERATIONS AS AT MARCH 31			
	2018 Budget (Note 4)	2019	2018
Expenses			
Salaries and benefits	10,607,562	10,603,951	9,816,244
Building costs	2,267,073	2,413,576	2,555,426
Amortization	1,050,796	928,594	894,722
Security	921,270	915,244	870,980
Grant in lieu of property taxes	697,000	640,189	707,710
Special exhibitions (Note 9)	1,620,834	1,507,441	926,951
Systems and telecommunications	905,055	897,225	931,342
Professional services	950,373	663,534	572,658
Materials and supplies	510,485	603,317	484,379
Offsite Storage	725,000	704,948	697,541
Marketing and communications	410,786	298,610	392,956
Office and business	614,733	1,049,391	669,303
Insurance	220,000	198,498	200,806
Travel	392,851	285,645	269,343
Bank charges	100,000	158,489	101,830
Collections and artifacts	-	152,706	350,113
Donations (Note 15)	-	-	200,000
Other	305,761	90,481	46,493
	22,299,579	22,111,838	20,688,796

Source: RBCM

To more accurately reflect actual spending, some adjustments have been made to the \$22.112 million 2019 expenditure.

Amortization is a non-cash expense and has been deleted here and replaced with 2019 fiscal year additions to capital assets (as per note 10 to the draft financial statements). This adjustment is considered a more accurate reflection of purchasing activity during the year. The deleted amortization of \$895,000 is replaced by the capital asset purchases of \$1.096 million.

Destination Cinema operates the IMAX theatre and reimburses the RBCM for their portion of cashier services and for security. \$250,000 has been netted out of the salary line item as per the FY17 analysis. The net adjustment of -\$49,000 results in a revised fiscal year expenditure of \$22.063 million.

2.2 TOTAL ECONOMIC IMPACT

The Input-Output modelling incorporates a tally of the expenditures on imports. These are products and services that are supplied by firms in other provinces and/or countries. Because these expenditures do not benefit the BC economy they are subtracted out before the calculations of indirect and induced effects are made.

The process described above produces estimates of the total economic impact created by all operations spending during the fiscal year. It includes separate estimates of spending benefiting all of BC, and spending that creates benefits only in SVI.

Based on findings from the BCIOM, museum spending of \$22.1 million produced an additional \$16.3 million of supplier industry and induced effects. The direct, indirect and induced effects of this spending are tabulated below.

Table 2: Total Economic Impact of Fiscal 2019 Operations

Total impact of Fiscal 2019 Operations, including supplier industry & induced effects	Direct	Other suppliers	Total Indirect*	Induced**	Total impact
Total project expenditures, museum operation (\$M)	22.063				
Supplier industry & induced impacts (\$M)	8.563	4.162	12.725	3.555	16.280
GDP at basic prices (\$M)					19.632
Museum operation***	10.781				10.781
Supplier industry & induced impacts	4.606	2.027	6.633	2.217	8.851
Employment (#)****					311
Museum operation (Model estimate/Estimated by Client)	204				204
Supplier industry & induced impacts	59	26	86	22	108
Employment (FTES)					280
Museum operation (Model estimate/Estimated by Client)	175				175
Supplier industry & induced impacts	60	25	85	20	105
Household income (\$M)					16.283
Museum operation	10.033	0.000	0.000	0.000	10.033
Supplier industry & induced impacts	3.252	1.398	4.650	1.600	6.250
Average annual wage (\$ per employee)					\$53,368
Museum operation	\$50,267				\$50,267
Supplier industry & induced impacts	\$55,848	\$53,921	\$55,254	\$74,905	\$59,233
Average annual wage (\$ per FTE)					\$59,372
Museum operation	\$58,644				\$58,644
Supplier industry & induced impacts	\$55,303	\$56,529	\$55,666	\$81,477	\$60,580
Tax revenue (\$M)					4.429
Museum operation	2.650				2.650
Supplier industry & induced impacts	0.955	0.430	1.386	0.393	1.779

Notes:

* The total indirect impact is the sum of the effect on direct suppliers and other supplier industries

** Assumes a social safety net is in place. Includes effects generated by project spending and activities of supplier industries

*** Project expenditure data provided by clients may not include all components of GDP (e.g., operating surplus)

**** Employment estimates are based on average annual wages in 2015.

Total museum operations expenditures (\$M)	22.063
minus leakages:	
imports from other countries	0.790
imports from other provinces	1.660
other leakages (e.g. withdrawals from inventory)	0.017
<hr/>	
Equals:	
Purchases of goods & services (including labour and profits) produced in BC (\$M)	0.888
Of which:	
Wages, benefits, mixed income and operating surplus (\$M)	0.455
Taxes on products net of subsidies (\$M)	0.252
Taxes on factors of production net of subsidies (\$M)	0.749
<hr/>	
Direct BC supply (\$M)	8.563

Note: Direct BC Supply is the change in BC supplier industry output associated with museum operation
Source: BCIO Model as pro-rated from analysis done in FY17

Economic Impacts in BC

Museum spending of \$22.1 million plus BC supplier spending of \$8.6 million produced a total direct economic effect of \$30.6 million. This total direct spending by the museum and suppliers resulted in a total economic output of just over \$38.3 million, including indirect and induced effects. The resulting GDP impact was \$19.6 million. The total number of jobs created was 311, representing an estimated 280 FTEs.

Total tax revenue accruing to all levels of government was estimated at \$4.4 million – including over \$2.2 million to the federal government, \$1.3 million to the provincial government, and nearly \$890,000 to municipal governments.

Table 3: Economic Impacts of RBCM Spending in BC

Economic Measures by Type based on \$22.063 million in Operating Costs	Direct suppliers	Other suppliers	Total indirect impact (all suppliers)	Total	
				Induced	indirect & induced
Total Output (\$M)	\$30.625	\$4.162	\$34.788	\$3.555	\$38.343
Total GDP (\$M)	\$15.387	\$2.027	\$17.414	\$2.217	\$19.632
Total Employment (# of jobs)	263	26	289	22	311
Total Employment (FTEs)	234	25	260	20	280
Total household income (\$M)	\$13.285	\$1.398	\$14.682	\$1.600	\$16.283
Tax Revenue					
Federal (\$M)	\$1.800	\$0.247	\$2.048	\$0.189	\$2.237
Provincial (\$M)	\$1.043	\$0.151	\$1.194	\$0.127	\$1.321
Municipal (\$M)	<u>\$0.762</u>	<u>\$0.032</u>	<u>\$0.794</u>	<u>\$0.077</u>	<u>\$0.871</u>
Total Revenue (\$M)	\$3.606	\$0.430	\$4.036	\$0.393	\$4.429

Source: Spreadsheets supporting FY17 Economic Impact report, pro-rated to FY19

Economic Impacts in SVI

Total spending generated in the SVI region based on museum operating expenditures was an estimated \$26.4 million in FY19. This produced a GDP effect on the local economy of \$13.3 million.

The total number of jobs created was 230 representing 198 FTEs. Tallies of Direct, Indirect and Induced effects are tabulated below. (Note that tax revenues are the same as tallied above.)

Table 4: Economic Impact of RBCM Spending in SVI

Category of Economic Measures based on \$22.063 million in Operating Costs	Direct suppliers	Other suppliers	Total indirect impact (all suppliers)	Total	
				Induced	indirect & induced
Total output (\$M)	\$24.535	\$0.649	\$25.183	\$1.213	\$26.396
Total GDP (\$M)	\$12.108	\$0.270	\$12.378	\$0.929	\$13.307
Total employment (# of jobs)	220	5	225	5	230
Total Employment (FTEs)	191	4	195	3	198
Total household income (\$M)	\$11.176	\$0.227	\$11.403	\$0.780	\$12.183

Source: Spreadsheets supporting FY17 Economic Impact report, pro-rated to FY19

3.0 ECONOMIC IMPACT OF VISITOR SPENDING

3.1 VISITOR SPENDING ANALYSIS

Description of the Process

Visitor spending analysis is based on visitation numbers (provided by RBCM) and spending information provided by two separate visitor surveys conducted by EventCorp Services. The two surveys were conducted to obtain visitor information during the high summer season and during the lower winter/spring season. Dates for the surveys were:

Summer Season	July 27 to August 9, 2018
Winter/Spring	February 15 to April 10, 2019

These surveys have a range of objectives including customer motivation, advertising effectiveness, visitor satisfaction, and visitor characteristics. Of specific relevance to this economic impact research were objectives to determine:

- Out of region visitor spending associated with museum visitation
- Demographics of museum visitors
- Characteristics of museum visitors

And, to collect sufficient sample size data that the responses can be extrapolated to the overall attendance with a reasonable margin of error.

Summer Survey:

A questionnaire, comprised of 98 screens, was developed and designed by RBCM management and EventCorp. EventCorp utilized seven electronic data collection units within the museum to administer data collection.

The data collection units were mounted on freestanding pedestals. Visitors were attracted to the survey by signage affixed to the pedestals and encouraged by the chance to win “Royal BC Museum Prize Pack Worth \$100.”

The survey questionnaire was presented in English, French and Simplified Chinese texts. Most respondents (86%) completed the survey in English, 10% completed the survey in Simplified Chinese text and 4% chose the optional French text.

A total of 1,551 usable responses were obtained producing a margin of error of between 2.5% and 5.4%, nineteen times out of twenty.

Winter/Spring Survey:

The on-site component of this survey was conducted from February 15 to March 6, 2019. An online survey to capture feedback from non-museum members was conducted from March 28 to April 10, 2019.

The onsite survey comprised 101 screens, utilizing 12 electronic data collection units. The survey questionnaire was presented in English, French and Simplified Chinese texts. Again, most respondents (91%) completed the survey in English, 10% completed the survey in Simplified Chinese text and 4% chose the optional French text. The online survey was also conducted only in English.

A total of 2,904 usable responses were obtained (onsite:1,843 and online:1,061). Margin of error confidence levels were reported to be between 1.8% and 3.7%, nineteen times out of twenty.

Visitor Totals

The total number of visitors forms the basis for analyzing RBCM economic impact. Total paid visitation for the 2019 fiscal year was 379,849, ranging from a monthly high of 60,131 in August to a low of 14,374 in February. Total visitation to the museum - including complementary admissions and visits by members – was 473,813. Although non-revenue attendees did not pay an admission charge, they would still have incurred expenses during their visit to the museum, thereby creating economic impacts. However, most of the complementary¹ and member admissions are assumed to have been by local/SVI residents. Estimates provided by the RBCM are that approximately 85% of the complimentary and membership visits would be by locals. The resulting admissions used for analysis purposes are 393,944.

Visitor counts by month and by category are as follows:

¹ Includes school programs, Indigenous persons, children (five and under), volunteers and VIPs.

Table 5: RBCM Attendance by Month by Category

Month (FY19)	Paid Attendance	Comp'd	Memberships Used	Total Attendance	Adjusted Total for Analysis ²
April	17,487	4,939	270	22,696	18,268
May	28,457	3,476	2,161	34,094	29,303
June	42,665	4,909	8,526	56,100	44,680
July	54,242	3,855	3,557	61,654	55,354
August	60,131	4,531	4,107	68,769	61,427
September	35,938	2,278	2,866	41,082	36,710
October	26,553	2,185	2,161	30,899	27,205
November	23,759	2,548	3,253	29,560	24,629
December	31,615	3,174	5,754	40,543	32,954
January	18,670	1,676	1,749	22,095	19,184
February	14,374	12,487	3,485	30,346	16,770
March	<u>25,958</u>	<u>5,335</u>	<u>4,682</u>	<u>35,975</u>	<u>27,461</u>
Total	379,849	51,393	42,571	473,813	393,944
Total for Analysis	379,849	7,709	6,386	393,944	
Summer Season (May - Sept)					227,473
Spring/Winter Season (Oct- Apr)					166,471

Notes:

Includes all paid attendance and the estimated 15% non-local portion of Complimentary and Membership categories.

Visitors Origins

Visitors to the RBCM come from around the world. Eight origin categories have been used for analysis based on findings from the two visitor surveys. During the summer “tourist” season the proportion of non-resident visitors is the highest with persons living outside of the SVI region comprising about two-thirds (65.7%) of the visitation. In the winter/spring survey period, non-BC residents represented just over one-third (37.8%) of visitors.

The tabulations produce estimates of the local visitors, non-local visitors, and visitors to the museum from outside BC. The analysis further provides tallies of the number of visitors who were attracted to the region mainly to visit the museum and those from outside the province whose main purpose of trip was to visit the RBCM. The findings are reported below.

² Complimentary and member admissions reduced to 15% of totals to represent non-local/SVI residents.

Table 6: Museum Visitor Origins - Fiscal Year 2018/19

Origin of Visitors	Summer Season		Winter/Spring Season	
	Visitor Estimate	Percent	Visitor Estimate	Percent
Greater Victoria	69,834	30.7%	93,224	56.0%
Vancouver Island South of Nanaimo	8,189	3.6%	10,321	6.2%
Vancouver Island Nanaimo & North	12,056	5.3%	12,485	7.5%
Greater Vancouver	35,031	15.4%	20,642	12.4%
Other BC	16,833	7.4%	5,826	3.5%
Other Canada	20,018	8.8%	7,824	4.7%
USA	34,576	15.2%	9,489	5.7%
International/Offshore	<u>30,936</u>	<u>13.6%</u>	<u>6,659</u>	<u>4.0%</u>
Total Visitors	227,473	100.0%	166,471	100.0%
Local Visitors from SVI	78,023	34.3%	103,545	62.2%
Visitors from Outside SVI	149,450	65.7%	62,926	37.8%
Visitors from Outside BC	85,530	37.6%	23,972	14.4%
Visitors Attracted to SVI Mainly to visit Museum	48,138	32.2%	27,216	43.3%
Visitors from Outside BC Attracted to SVI Mainly to visit Museum	6,887	8.1%	2,592	10.8%

Sources:

Summer Season: Eventcorp Services July 27 to August 9, 2018 (Season: May -Sept)

Winter/Spring Season: Eventcorp Services survey February 15 to April 10, 2019

Notes:

Visitors Attracted to SVI mainly to visit Museum from Q75: Only reason + Main reason + 10% of Small part

Visitors from Outside BC Attracted to SVI Mainly to visit Museum: As above x 25% (estimate based on FY17 ratio)

Purpose of Visit

Out-of-region survey respondents were asked about the purpose of their visit to the RBCM. One question asked if the respondent was aware of the RBCM before making their decision to visit the Victoria area. Three-quarters of summer season visitors stated that they were aware of the museum, while 85% of the winter/spring visitors were aware.

The visitor survey data included the answers from three categories of trip purpose responses. It included those who stated that visiting the museum was either the “only reason”, the “main reason”, and a portion (10%) of those who stated visiting the museum was a “small part of their decision” for their visit to the Victoria area.

In the summer season, about three in ten visitors (28.8%) cited the RBCM as being the reason for their visit. The draw of the museum was even higher, representing four in ten (40.2%) during the winter/spring season.

In the summer season, a total of nearly 150,000 out-of-region persons visited the museum, of which just over 48,000 visitors came to the Victoria area specifically to see the RBCM.

In winter/spring season, nearly 167,000 out-of-region persons visited the museum, and 72,000 came specifically to see the museum.

Summer season survey results are tabulated in Table 7 below followed by winter/spring findings in Table 8.

Table 7: Summer Season: Estimate of Visitors Attracted to SVI Mainly to see RBCM

<i>Question 74: Were you aware of the Royal BC Museum before you made your decision to visit the Victoria area?</i>			
<i>Asked only of Out-of-Region Visitors</i>	Survey Responses	Percent	Number of Visitors
Yes	233	74.9%	111,938
No	<u>78</u>	<u>25.1%</u>	<u>37,512</u>
Total	311	100.00%	149,450

<i>Question 75: To what extent did the Royal BC Museum influence your decision to visit the Victoria area?</i>				
<i>Asked only if respondent was from out-of-region and knew about the Museum before deciding to visit the Victoria area.</i>	Survey Responses	Percent	Number of Visitors	No. of Visitors Attracted by RBCM
Only reason	14	6.0%	8,967	8,967
Main reason	53	22.8%	34,075	34,075
Small part of decision	79	34.1%	50,962	<u>5,096</u>
Would have come anyway	<u>86</u>	<u>37.1%</u>	<u>55,446</u>	
Total	232	100.0%	149,450	48,138

Source: Questions 74 and 75 from summer season EventCorp visitor survey.

Table 8: Winter/Spring Season: Estimate of Visitors Attracted to SVI Mainly to see RBCM

<i>Question 82: Were you aware of the Royal BC Museum before you made your decision to visit the Victoria area?</i>			
<i>Asked only to Out-of-Region Visitors</i>	Survey Responses	Percent	Number of Visitors
Yes	285	85.1%	141,667
No	<u>50</u>	<u>14.9%</u>	<u>24,804</u>
Total	335	100.00%	166,471

<i>Question 83: To what extent did the Royal BC Museum influence your decision to visit the Victoria area?</i>			
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Asked only if respondent was from out-of-region and knew about the museum before deciding to visit the Victoria area.	Survey Responses	Percent	Number of Visitors	No. of Visitors Attracted by RBCM
Only reason	42	14.8%	24,706	24,706
Main reason	72	25.4%	42,353	42,353
Small part of decision	84	29.7%	49,412	4,941
Would have come anyway	<u>85</u>	<u>30.0%</u>	<u>50,000</u>	
Total	283	100.0%	166,471	72,000

Source: Questions 82 and 83 from winter/spring season EventCorp visitor survey.

Visitor Expenditures by Category

Visitor spending is a key element in estimating economic impact. Visitor spending is the product of the number of visitors times spending per day or per trip. The visitor spending estimates also correct for spending by local/SVI residents and captures only persons who live outside the region. The analysis also reflects only the spending of those persons whose reason for visiting the region was to go to the museum.

Survey respondents residing outside the SVI region were asked a series of questions about their spending in a number of categories. This information produced an overall total per person trip spending estimate. However, this raw survey data has been adjusted to more accurately reflect actual average expenditures. Considerations of type of accommodation used, family composition, length of stay were used to make these adjustments, which resulted in a blended average per person spending estimate on the trip to SVI. These adjustments are described below:³

Accommodation: This category was adjusted to include visitors who stayed with family or friends or made other arrangements and did not answer the money spent on accommodation question. Also, visitors who said they were on a day trip to the SVI region (15.5% and 17.3% of visitors for Summer and Winter/Spring Season, respectively) were blended into the average accommodations cost.

<u>Adjustments</u>	<u>Summer Season</u>	<u>Winter/Spring Season</u>
Staying with friends/family	18.9%	20.5%
Other accommodations	13.1%	11.8%
Day Trippers	14.5%	17.3%

These adjustments reduced the \$532 raw reported accommodations cost of the trip to \$285 for summer season visitors and from \$467 spent on accommodations to \$250 for winter/spring season visitors, representing an average paid by all visitors for their trip.

Child Visitors: Visitors aged 11 years and under were assigned \$0 spending, as all their spending is assumed to be included in the estimates provided by their parent / guardian. The

³ Excerpted from C.E. Wetton Associates, *The Economic Impacts of the Royal BC Museum Operations*, p. 25, June 2017,

average per person cost is blended to include the zero spending of these children – representing some 17% of the visitors in summer season and 13% of the visitors in winter/spring 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 survey by age groups was examined in previous studies. The visitor spending data provided by Youth (14% of visitors in the summer season and 6% in winter/spring season) have been retained in the blended average spending.

Average number nights in SVI: Questions concerning average number of nights spent in SVI were only answered by respondents who said their trip away from home was at least one night. Respondents who were on a day-trip (15% and 17% of visitors for summer and winter/spring seasons, respectively) have been blended into the responses to produce an average 4.1 nights in SVI for summer season and 4.6 nights in SVI for winter/spring season.

Table 9: Visitor Spending Estimates - Summer and Winter/Spring Seasons

Average per person spending on trip to SVI Region	Summer Season		Winter/Spring Season	
	Exist Survey Visitor Spending	Adjusted Visitor Spending	Exist Survey Visitor Spending	Adjusted Visitor Spending
Accommodation	\$532	\$285	\$467	\$250
Restaurant, Bars, Lounges	\$324	\$269	\$278	\$236
Food, Liquor, Tobacco	\$153	\$127	\$143	\$122
Shopping	\$192	\$159	\$192	\$163
Recreational Activities	\$193	\$160	\$148	\$126
Transportation	\$217	\$180	\$195	\$166
Other	\$161	\$134	\$112	\$95
Average per person spending on trip to SVI Region	\$1,772	\$1,314	\$1,535	\$1,158
Survey Responses	220	220	261	261
Average Nights - on trip	6.4	6.4	4.2	4.2
Average Nights - on SVI visit	4.1	4.1	4.6	4.6
Percent of Visitors on Day Trips to SVI	14.5%	14.5%	17.3%	17.3%
Average Party Size on trips to SVI	3.6	4.6	2.8	2.8

Sources: Eventcorp surveys of Museum visitors July 27 to August 9, 2018 and February 15 to April 10, 2019

Note: Survey responses adjusted to reflect no spending by children and youth utilizing reduction of 17% in summer season and 15% in winter/spring as per FY17 analysis.

Total Visitor Spending

Total visitor spending has been estimated for those persons attracted to SVI mainly to see the RBCM. Separate tallies are provided for spending by All Visitors and by Non-BC residents.

Spending by All Visitors totalled just over \$63.2 million in the summer season and just over \$31.5 million in the winter/spring season, for a total of nearly \$94.7 million. Spending by non-BC visitors

to the museum was estimated to be \$9.0 million in the summer season and \$3.0 million in the winter/spring season for a total spending of just over \$12.0 million. The allocation is as follows:

Table 10: Total Visitor Spending by All Visitors and Non-BC Residents

Spending by All Visitors Attracted to SVI	Spending by All Visitors Attracted to SVI Mainly to see RBCM	Spending by Non-BC Visitors Attracted to SVI Mainly to see RBCM
<u>Summer Season</u>		
Visitor Count	48,138	6,887
Visitor Spending per person per trip	\$1,314	\$1,314
Total Spending Summer Season	\$63,244,335	\$9,048,657
<u>Winter/Spring Season</u>		
Visitor Count	27,216	2,592
Visitor Spending per person per trip	\$1,158	\$1,158
Total Spending Winter/Spring Season	\$31,506,487	\$3,000,618
Total Spending FY19	\$94,750,822	\$12,049,275

Source: Visitor counts from RBCM, Visitor spending from EventCorp survey

3.2 ECONOMIC IMPACT OF ALL VISITOR SPENDING

Total economic impact estimates – including multiplier effects of indirect and induced spending – are produced using the BC Input Output Model. Inputs to the model are the visitor spending estimates tabulated above in Table 10 for spending by All Visitors and by Non-BC Visitors.

Estimates of total economic impacts have been prepared for spending by All Visitors and for Non-BC Visitors. For both categories, estimates have been provided for impacts accruing throughout BC and for the SVI region. In all cases, the spending has been restricted to persons who resided outside the SVI region. That is, spending by local residents on transportation, parking, food & beverage, etc. has not been included. This spending would be a legitimate impact created by visits to the museum, but no spending data is collected on local resident visits in the visitor surveys. Furthermore, this visitor category had not been included in earlier economic impact analysis and is omitted here to maintain consistency.

3.2.1 All Visitors Economic Impact in BC

The initial spending by visitors of \$94.8 million produced an additional \$106.2 million of supplier industry and induced effects. GDP impact was estimated at \$55.1 million. The spending created or supported an estimated 1,040 jobs – the equivalent of 950 FTEs. Total tax revenue to all levels of government was estimated at approximately \$18.1 million.

Table 11: All Visitors Economic Impact in BC

Economic Impact of Visitor Spending - Fiscal 2018/19 - \$94.750 million	Direct	Other suppliers	Total Indirect*	Induced**	Total impact
Total project expenditures, Visitor Spending (\$M)	94.75				
Supplier industry & induced impacts (\$M)	65.263	31.455	96.718	9.489	106.207
GDP at basic prices (\$M)					
Visitor Spending***					
Supplier industry & induced impacts	34.695	14.444	49.138	5.917	55.056
Employment (#)****	0				1040
Visitor Spending (Model estimate)					
Supplier industry & induced impacts	806	176	981	58	1040
Employment (FTES)					950
Visitor Spending (Model estimate)					
Supplier industry & induced impacts	728	168	896	53	950
Household income (\$M)					39.093
Visitor Spending					

Supplier industry & induced impacts	25.374	9.447	34.821	4.271	39.093
<hr/>					
Average annual wage (\$ per employee)					
Visitor Spending					
Supplier industry & induced impacts	59321	101256	66826	138314	70829
<hr/>					
Tax revenue (\$M)					18.056
Visitor Spending	6.561				6.561
Supplier industry & induced impacts	7.234	3.212	10.446	1.049	11.495

Notes:

- * The total indirect impact is the sum of the effect on direct suppliers and other supplier industries .
- ** Assumes a social safety net is in place. Includes effects generated by project spending and activities of supplier industries.
- *** Project expenditure data provided by clients may not include all components of GDP (e.g., operating surplus).
- **** Employment estimates are based on average annual wages in 2015.

Total visitor spending expenditures (\$M)	94.750
<hr/>	
minus leakages:	
imports from other countries	9.484
imports from other provinces	13.100
other leakages (e.g. withdrawals from inventory)	
<hr/>	
Equals:	
Purchases of goods & services (including labour and profits) produced in BC (\$M)	71.823
Of which:	
Wages, benefits, mixed income and operating surplus (\$M)	
Taxes on products net of subsidies (\$M)	6.561
Taxes on factors of production net of subsidies (\$M)	
Direct BC supply (\$M)	65.263
<hr/>	
(the change in BC supplier industry output associated with visitor spending)	

Source: BCIO Model as pro-rated from analysis done for FY17 analysis

The output of initial visitor spending of \$94.8 million plus supplier spending of \$65.3 million produced a total direct output of \$160.0 million. Including other suppliers in the supply chain and induced effects, the total impact was an estimated \$201.0 million.

Table 12: Economic Impact of All Visitor Spending in BC

Economic Impact of All Visitor Spending in BC—based on \$94.750 million initial spending	Direct suppliers	Other suppliers	Total indirect impact (all suppliers)	Induced	Total indirect & induced
Total Output (\$M)	160.013	31.455	191.468	9.489	200.957
Total GDP (\$M)	34.695	14.444	49.138	5.917	55.056
Total Employment (FTES)	805	175	981	58	1039
Total Employment (# jobs)	728	167	896	53	949
Total household income (\$M)	25.374	9.447	34.821	4.271	39.093
Tax Revenue (\$M)					
Federal	8.096	1.747	9.844	0.506	10.349
Provincial	4.891	1.145	6.036	0.338	6.374
Municipal	0.808	0.319	1.127	0.206	1.333
Total Taxes (\$M)	13.795	3.212	17.007	1.049	18.056

Source: BCIO Model as pro-rated from analysis done for FY17 analysis

3.2.2 All Visitors Economic Impact in SVI

Most of the economic effects of this spending are felt in the SVI region, representing \$142 million of the \$210 million total. Employment in the region was estimated at 621 FTEs and 531 jobs. Total taxes generated was as per the BC total category.

Table 13: Economic Impact of All Visitor Spending in SVI

Economic Impact of All Visitor Spending in SVI—based on \$94.750 million initial spending	Direct suppliers	Other suppliers	Total indirect impact (all suppliers)	Induced	Total indirect & induced
Total Output (\$M)	139.494	2.082	141.575	0.696	142.271
Total GDP (\$M)	24.069	0.948	25.016	0.421	25.438
Total Employment (FTES)	604	12	616	4.	621
Total Employment (# jobs)	527	4	531	-0.2	531
Total household income (\$M)	17.619	0.653	18.272	0.302	18.574
Tax Revenue (\$M)					
Federal	8.096	1.747	9.844	0.506	10.349
Provincial	4.891	1.145	6.036	0.338	6.374
Municipal	0.808	0.319	1.127	0.206	1.333
Total Taxes (\$M)	13.795	3.212	17.007	1.049	18.056

Source: BCIO Model as pro-rated from analysis done for FY17 analysis

3.3 Economic Impact of Non-BC Resident Visitor Spending

Non-BC resident spending in the province brings new money to the province. These visitors spent an estimate \$12.0 million during their visit to the museum. The combined incremental direct, indirect and induced effects of this spending was an additional \$13.5 million. The GDP impact was estimated at \$7.0 million while 132 jobs were created with an FTE of 120. The total taxes were an estimated \$2.3 million.

Table 14: Economic Impact of Spending by Non-BC Visitors

Visitors Attracted from Outside BC - Spending \$12.049 Million	Direct	Other suppliers	Total Indirect*	Induced* *	Total impact
Total project expenditures, Visitor Spending (\$M)	\$12.049				
Supplier industry & induced impacts (\$M)	8.299	4.000	12.300	1.207	13.506
GDP at basic prices (\$M)					
Visitor Spending***					
Supplier industry & induced impacts	4.412	1.837	6.249	0.753	7.001
Employment (#)****					132
Visitor Spending (Model estimate)					
Supplier industry & induced impacts	102	22	124	7	132
Employment (FTEs)	0.000	0.000	0.000	0.000	120
Visitor Spending (Model estimate)					
Supplier industry & induced impacts	92	21	113	6	120
Household income (\$M)	0.000	0.000	0.000	0.000	4.971
Visitor Spending					
Supplier industry & induced impacts	3.227	1.201	4.428	0.543	4.971
Average annual wage (\$ per employee)					
Visitor Spending					
Supplier industry & induced impacts	25807	44051	29072	60173	30814
Tax revenue (\$M)					2.296
Visitor Spending	0.834				0.834
Supplier industry & induced impacts	0.920	0.408	1.328	0.133	1.462

Notes:

* The total indirect impact is the sum of the effect on direct suppliers and other supplier industries.

** Assumes a social safety net is in place. Includes effects generated by project spending and activities of supplier industries.

*** Project expenditure data provided by clients may not include all components of GDP (e.g., operating surplus).

**** Employment estimates are based on average annual wages in 2015.

Allocation of Expenditures	
Visitors Attracted from Outside BC - Spending \$12.049 Million	
Total visitor spending expenditures (\$M)	12.049
minus leakages:	
imports from other countries	1.206
imports from other provinces	1.666
other leakages (e.g. withdrawals from inventory)	0.044
Equals:	
Purchases of goods & services (including labour and profits) produced in BC (\$M)	9.134
Of which:	
Wages, benefits, mixed income and operating surplus (\$M)	0.000
Taxes on products net of subsidies (\$M)	0.834
Taxes on factors of production net of subsidies (\$M)	0.000
Direct BC supply (\$M)	8.299
(the change in BC supplier industry output associated with visitor spending)	

Source: BCIO Model as pro-rated from analysis done for FY17 analysis

3.3.1 Economic Impact of Non-BC Resident Spending in BC

The total economic impact of the initial visitor expenditures combined with the supplier based indirect and induced spending was approximately \$25.6 million in BC. This spending produced \$7.0 million in GDP, and produced 132 FTEs representing 121 jobs. Total tax revenue to governments was an estimated \$2.3 million.

Table 14: Economic Impact of Non-BC Visitor Spending in BC

Spending by Visitors Attracted from Outside BC - BC Total Impacts	Direct suppliers	Other suppliers	Total indirect impact (all suppliers)	Induced	Total indirect & induced
Total output (\$M)	20.349	4.000	24.349	1.207	25.556
Total GDP (\$M)	4.412	1.837	6.249	0.753	7.001
Total Employment (FTEs)	102	22	125	8	132
Total Employment (# jobs)	93	21	114	7	121
Total household income (\$M)	3.227	1.201	4.428	0.543	4.971
Tax Revenue (\$M)					
Federal	1.030	0.222	1.252	0.064	1.316
Provincial	0.622	0.146	0.768	0.043	0.811
Municipal	0.103	0.041	0.143	0.026	0.169
Total Taxes (\$M)	1.754	0.408	2.163	0.133	2.296

Source: BCIO Model as pro-rated from analysis done for FY17 analysis

3.3.2 Economic Impact of Non-BC Resident Spending in SVI

The total economic impact of the initial visitor expenditures combined with the supplier based indirect and induced spending was approximately \$18.1 million in SVI. This spending produced \$3.2 million in GDP, and produced 79 FTEs representing 67 jobs. Total tax revenue to governments was an estimated \$2.3 million.

Table 15: Economic Impact of Non-BC Visitor Spending in SVI

Spending by Visitors Attracted from Outside BC - SVI Impacts	Direct suppliers	Other suppliers	Total indirect impact (all suppliers)	Induced	Total indirect & induced
Total output (\$M)	17.739	0.265	18.004	0.088	18.092
Total GDP (\$M)	3.061	0.121	3.181	0.054	3.235
Total Employment (FTES)	76	1	78	1	79
Total Employment (# jobs)	67	0	67	0	67
Total household income (\$M)	2.241	0.083	2.324	0.038	2.362
Tax Revenue (\$M)					
Federal	1.030	0.222	1.252	0.064	1.316
Provincial	0.622	0.146	0.768	0.043	0.811
Municipal	0.103	0.041	0.143	0.026	0.169
Total Taxes (\$M)	1.754	0.408	2.163	0.133	2.296

Source: BCIO Model as pro-rated from analysis done for FY17 analysis