

APPENDIX 7

The Economic Value of Tourism on the Lower Sunshine Coast

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We have estimated a conservative total value of visitor expenditures on the lower Sunshine Coast to be approximately \$58.6 million in 2001. This figure is based on the results of the SCTP March 2002 operator survey with some adjustments based on Tourism BC's 1998 Visitor Survey. The estimated accommodation expenditures for the region, drawn from our survey results, are approximately \$12.3 million annually.¹ According to Tourism BC, this would indicate total visitor expenditures of approximately \$59 million, as shown in the following table.² Using 2000 data for an indirect comparison, this would give the lower Sunshine Coast slightly more than 0.6 % share of the total BC tourism expenditures (\$9.5 billion in 2000). As well, the lower Sunshine Coast accounts for 0.6 % share of the population of BC.

Tourism Expenditures	\$'000	PYs Employment
Accommodation	12,300	157
Food and Beverage	16,986	316
Local Transportation	15,228	170
Recreation (outdoor and events/attractions)	8,200	129
Retail	2,343	35
Other	3,514	-
Total	\$58,571	807

*1PYE equals 1800 hours per year

The table also provides an estimate of employment of 807, utilizing the BC Input-Output Model (BCIOM). The model has produced a set of industry multipliers that allows us to calculate employment levels per million dollars of visitor expenditures.³ Using BCIOM's direct employment multipliers for accommodation service industries would give us 157 person-years of employment, based on the above visitor expenditures.⁴ Our operator survey indicated slightly more than 170 person-years of employment for the accommodation sector, once adjustments were made for part-time and seasonal jobs. In order to double-check the reliability of these employment estimates, we compared the estimated accommodation, food and beverage employment of 473 person-years of employment with the 1996 Ministry of Finance estimate of 465 jobs in the accommodation, food and beverage sector for the study area. If we account for job growth during the five-year period between 1996 and 2001, and net out residential spending on food and beverage services, we believe the soon-to-be released labour force figures for 2001 will corroborate the above-noted job estimates.

¹ This total is believed to be conservative and has accounted for occupancies attributable to residents.

² Visitor '96 Vancouver Coast & Mountains Region, Vancouver Island Region, Tourism BC, 1998.

³ *BC Provincial Economic Multipliers and How to Use Them*, Garry Horne and Teresa Qing Shuang, BC Ministry of Finance, May 2001.

⁴ Expenditures are net of front-end taxes such as GST, PST and other consumption taxes.

The income attributable to this employment is estimated to be \$20.4 million annually, based on average tourism industry wage rates drawn from our operator survey and average annual incomes for the transportation and retail sectors.

There are also indirect economic impacts flowing to the community from tourism activity. According to the Ministry of Finance's economic dependency estimates, for every direct tourism job on the Sunshine Coast, there are additional 0.19 jobs in supporting industries.⁵ Thus, direct and indirect jobs totalled 960 in 2001, while employment income totalled \$26 million. Other impacts accruing from tourism include federal (GST, income tax), provincial (PST, personal and corporate tax, room tax) and local government revenues (property tax).

Potential Economic Impacts of the DMO

In establishing the DMO, the community would expect to gain some increased tourism impacts, either through an increased number of visitors, higher visitor spending, longer stays or any combination of the above. This would be accomplished through improved product development, better infrastructure, more targeted marketing and better awareness and exposure for the Sunshine Coast among key visitor markets.

Expectations for the DMO would be for a 20% increase in visitor spending by the second year of operation. The criteria used to measure this objective would be either through occupancies or RevPar estimates, of which the existing operator database has reliable estimates. We have compared the costs and economic benefits of the DMO should it meet the 20% objective.

The estimated economic impact of a 20% increase in occupancy would lead to an increase in overall visitor spending of \$12 million annually, assuming that visitation is incremental and that average spending amounts do not increase. This would generate 164 direct jobs with an annual payroll of \$4 million. There would be 195 total direct and indirect jobs, while direct and indirect income would total \$5.4 million. Some operators could increase their occupancies without incurring additional labour costs by becoming more efficient. Even if we adjust our impacts by one third to account for this reduced slackening, the community is still left with 130 new jobs and \$3.6 million in employment income. All these benefits accrue annually.

There are many other qualitative benefits accruing to the community. As noted previously, local government could see increased tax revenues from both property and business licence sources. But there would be other benefits as well, including further diversification of the tax base that would lessen the burden on the residential component, increased social and community stability arising from more employment (which may translate into lower policing and social service costs) and more opportunities for local youth to enter the local labour force.

The costs of operating the DMO would be approximately \$157,000 annually, a relatively modest price to pay for 195 new jobs and \$5.4 million annually in payroll.

⁵ *British Columbia Local Area Economic Dependencies and Impact Ratios* – 1996, Garry Horne, BC Stats and Ministry of Finance and Corporate Relations, May 1999.