FINAL REPORT

NANAIMO ARTS & CULTURE ECONOMIC IMPACT STUDY

Nanaimo

ECONOMIC DEVELOPMENT

Infinite Possibilities

ROSLYN KUNIN AND ASSOCIATES INC.

November 5, 2013

FINAL REPORT

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EXECUTIVE SUMMARY

Cities across Canada recognize the increasing value of a thriving arts and culture sector. The Creative City Network of Canada makes the case for culture as an economic engine by demonstrating that culture based businesses and organizations not only provide economic benefits directly through revenue generation and employment, but also indirectly. This is done through the creation of spin-off businesses, attracting skilled workers in other fields, inspiring urban revitalization, and furthering the development of a unique community identity that can be leveraged for competitive advantage as a destination city for cultural tourism.

In 2008, Nanaimo was designated a “Cultural Capital of Canada”; this honour has spurred the City of Nanaimo to make considerable investments in arts and culture programming and amenities. In this spirit, Nanaimo Economic Development Corporation commissioned Roslyn Kunin and Associates Inc. to conduct this economic impact study of the arts and culture sector in Nanaimo in order to recognize, quantify, and qualify the economic contributions of this traditionally undervalued sector.

This economic impact study was designed to capture the direct, indirect, and induced impacts of the arts and culture sector in Nanaimo, including the communities of Lantzville, Cedar, and Gabriola Island, in nine key areas:

1. Arts instruction and education
2. Newspaper, Periodical, Book and Directory Publishers and Software Publishers
3. Motion picture and sound recording
4. Radio and TV broadcasting
5. Performing arts companies
6. Promoters and presenters of performing arts and similar events
7. Independent artists, writers, and performers;
8. Heritage institutions
9. Culture service organizations and recreational arts groups

Not all of the economic impacts of the arts and culture sector are easily quantifiable. Indeed, the value of a thriving arts and culture sector goes far beyond basic economics. Arts and culture have long played a key role in facilitating social cohesion and fostering a sense of belonging, collective memory, and civic pride. Many of the most successful theatre presentations that have played in Nanaimo have dealt with the region’s history or subjects with direct implications for the region.

Arts and culture activities also bring together diverse networks of people and provide the opportunity to build intercultural and intergenerational understanding. Attention can be drawn to difficult social issues and this can lead to innovative approaches to solving problems. Arts and culture programming can spur social change, and in some instances these programs can themselves be the change.

A vibrant arts and culture sector plays a key role in attracting and retaining skilled people, and this in turn has real economic implications for the region. Young people will choose to make their homes in the Nanaimo region as long as there is a desirable lifestyle and employment opportunities. A thriving arts scene will support both of these factors. Additionally, Vancouver Island University's (VIU) arts related programming plays a role in attracting international students and interprovincial and intra-provincial students to the region.

The value of gross output produced by the arts and culture sector in Nanaimo, including indirect and induced impacts on the provincial economy is a quantifiable figure. The total direct gross output attributed to the arts and culture sector in Nanaimo is estimated at $94 million in 2012. This is equivalent to $55 million worth of contributions to the provincial GDP, 880 jobs created, and $7 million in tax revenue to all levels of governments.

In addition to direct economic impacts, the input-output model estimates that when indirect and induced impacts are included, total gross output impacts in the province are $154 million, total GDP impacts are $83 million, 1,330 jobs are supported, and $12.8 million in tax revenue is generated.

The arts and culture sector in Nanaimo has a large economic footprint that creates an indelible mark in the region. Moving forward with the support of the City of Nanaimo's highly anticipated Cultural Plan, the arts and culture sector is set to thrive and extend its roots even deeper.

FINAL REPORT

NANAIMO ARTS AND CULTURE ECONOMIC IMPACT STUDY

1.0 INTRODUCTION

1.1 The Arts and Culture Sector in Nanaimo

1.1.1 The Value of Arts and Culture

Nanaimo earned its designation as the *Cultural Capital of Canada*[1] through cultivating and promoting its vibrant arts and culture sector, and benefits from the boost to tourism and to the local economic opportunities it generates. The cultural value to the Nanaimo area, to British Columbia (BC), and to Canada can be seen as self evident, with the multi-faceted arts and culture products, services and lifestyle.

- What is the economic value of the arts and culture sector?
- What does this sector contribute to the GDP?
- How many jobs does are create and sustained in this sector?
- What does this sector contribute to the provincial tax base?

Nanaimo Economic Development Corporation (NEDC) is dedicated to building a prosperous community through economic opportunity, including supporting business start-ups, retaining and expanding established businesses, and attracting new businesses and investments to Nanaimo and region. NEDC is proactive in seizing opportunities to capitalize on Nanaimo's strengths including the vibrant arts and culture sector. Therefore, NEDC has an interest in determining the economic value of this important sector.

This study will address these questions and quantify the economic footprint of the arts and culture sector in Nanaimo. As described in the section below, this study utilizes multiple research methods: secondary research, interviews, and a survey. These methods work with the input-output analytical framework to quantify the economic impacts. Appendices 1, 2, 3, and 4 present key research sources and questions.

The study begins with background information and key definitions of the arts and culture sector, and the geographic boundaries of the economic analysis, as presented in Section 2.0. The results of interviews with key stakeholders and a survey of arts and culture employers, in Section 3.0, sheds light on how the arts and culture sector is valued. Section 4.0 presents the quantified economic impacts for gross output, total GDP impacts, total jobs created, and tax revenues. Included in Appendix 5 is an outline of an economic impact template, should the NEDC choose to pursue further research or update the study over time.

[1] In 2008, the Government of Canada designated four cities as the Cultural Capitals of Canada, including Nanaimo; see www.harbourliving.ca/nanaimoculturalcapital.php

1.1.2 Project Purpose and Scope

The primary objective of this project is to provide an Economic Impact Study to determine the regional economic impacts of the arts and culture sector in Nanaimo, including the communities of Lantzville, Cedar, and Gabriola Island. This project also encompasses the development of an Economic Impact Template that can be utilized to track the impacts of arts and culture projects, services, and facilities and project them into the future.

Another purpose of this study is to help attract industry and investment to Nanaimo and region, by providing relevant and up to date information on the condition of the regional economy, as it relates to the arts and culture sector.

This analysis focuses on the following nine key areas of the arts and culture sector in Nanaimo:

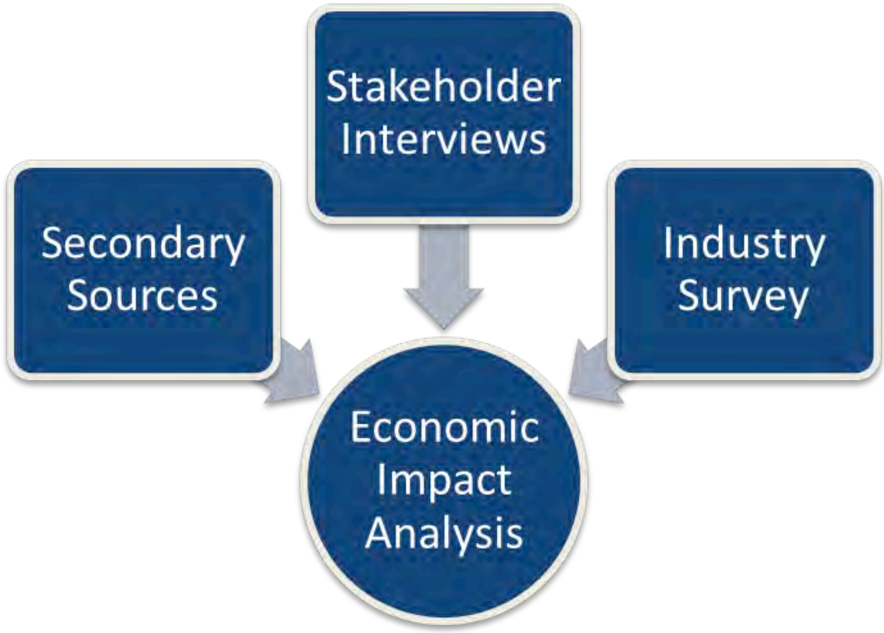
1. Arts instruction and education
2. Newspaper, Periodical, Book and Directory Publishers and Software Publishers
3. Motion picture and sound recording
4. Radio and TV broadcasting
5. Performing arts companies
6. Promoters and presenters of performing arts and similar events
7. Independent artists, writers, and performers
8. Heritage institutions
9. Culture service organizations and recreational arts groups

1.2 Research and Analytical Methodology

1.2.1 Research Approach

The research for this study was conducted using a variety of established methods: secondary review of existing reports, literature, and data; interviews with selected stakeholders, and; surveys of businesses and individuals in the arts and culture sector. Throughout the research process, NEDC served as a sounding board providing advice and direction on the research steps, providing additional reports and data, and providing critical support with the promotion of the survey. Figure 1, below, shows the main steps in the research model.

Figure 1: Economic Impact Analysis Research Model



1.2.2 Secondary Research

The secondary research for this project includes the analysis of existing labour market information from government and industry sources. This is intended to explore issues related to the regional economic impacts of the Nanaimo arts and culture sector. Websites and reports of the various stakeholder organizations proved to be other important sources of secondary research.

Relevant and current reports and documents served as the main secondary sources, supplemented by BC Stats and Statistics Canada data. These documents included:

- City of Nanaimo Cultural Strategy, 2008
- Community Plan for Public Art, 2010
- Nanaimo Cultural Mapping Project, 2013
- Parks Recreation and Culture Master Plan, 2005
- Vancouver Island Symphony Economic Impact Assessment, 2010

To create a statistical profile of the arts and culture industry in Nanaimo and to gather financial and operating data associated with the industry encompassing all the relevant sub-industry groupings, the data sources described below were thoroughly analyzed:

- Statistics Canada's *Business Register*, which includes a listing of all business establishments in the province;
- Statistics Canada's *Survey of Service Industries: Motion Picture Theatres*, which collects the financial data of establishments primarily engaged in exhibiting motion pictures;
- Statistics Canada's *Survey of Service Industries: Performing Arts*, which

collects information on the financial performance and characteristics of the performing arts industry;

- Statistics Canada's *Survey of Spectator Sports, Event Promoters, Artists and Related Industries* for financial data relevant to these industries;
- Statistics Canada's *Survey of Heritage Institutions*, which collects financial and operating data from various heritage institutions;
- Statistics Canada`s *Annual Survey of Service Industries: Sound Recording and Music Publishing*; and
- Statistics Canada's *Annual Survey of Services Industries: Film, Television and Video Production*.

Appendix 1 provides a full list of secondary sources used in this study.

1.2.3 Qualitative Methodology

Interviews with key stakeholders and a broad-based online survey of arts and culture practitioners were conducted to gather qualitative data, and to validate the quantitative data.

1) Stakeholder Interviews

Structured interviews were conducted with two main groups of community stakeholders. The first group comprised representatives from prominent arts organizations, including executive directors, artistic directors, managers, and owners. The second group of respondents included arts and culture experts from government, Vancouver Island University, and various councils and committees. These stakeholders were identified through consultation with NEDC, secondary research, and the interview process, during which each respondent was asked to recommend other key stakeholders to be interviewed.

The same interview guide was used for both sets of respondents. However, adjustments were made as necessary with the addition of probing questions used to achieve a satisfactory level of depth.

A total of twenty-three interviews were completed by telephone. For a complete list of interview subjects, see Appendix 2. For the Interview Guide, see Appendix 3.

2) Arts & Culture Survey

A survey of the arts and culture sector was developed to capture the thoughts and opinions of individuals and business establishments including for profit, non-profit, and public enterprises that create, produce, distribute, and/or conserve arts and culture products and services. The draft survey was reviewed by the NEDC, with comments incorporated into the final survey. See Appendix 4 for the survey questions.

The Arts and Culture Survey was launched using the online research tool Survey Monkey, on Monday, August 12, and closed Friday, September 13, after a two-week extension. Survey requests were sent directly to 124 arts and culture businesses and individual artists using the contact list compiled using the City of Nanaimo list of Art, Dance and Social Organizations, the

Gabriola Arts Council member list, and NEDC Business License information. Survey requests were sent out directly through the Gabriola Arts Council email list, and survey request information was also included in the Nanaimo Art Gallery newsletter.

The target of 110 responses was achieved through several interventions on behalf of NEDC to the arts and culture community encouraging responses. The final total was 140 responses, which more than satisfied the research purposes.

1.2.4 Quantitative Methodology

Economic impact studies provide information on the amount and nature of spending generated by an agency/organization, facility, program, or event and are completed for a variety of purposes. Most often the impact figures generated measure the results of the proposed development, existing program, or event. They can also help determine which specific actions or plans will provide the most benefit to a community or region.

The program or event expenditures made by users are recycled throughout the area and often contribute significantly to the local economy.

Beyond the direct expenditures, economic impact models can be utilized to analyze additional benefits to the local economy. This includes businesses providing goods and services to entities where direct expenditures occur. In addition, as a result of increased local household income, there may be further increases in overall expenditure. The latter is considered as a spin-off impact, which can also be captured by economic impact models.

Information derived from direct expenditure estimates still needs to be converted into values of macroeconomic variables, such as Gross Domestic Product (GDP) and employment, to gauge the magnitude of the impact and make meaningful comparisons of such impacts against other sectors of the economy. In addition to direct impacts, indirect and induced impacts will also need to be estimated. To accomplish this, the appropriate model to use is an *input-output model.*

In standard regional economic impact analysis, an input-output analysis is appropriate to quantify the direct, indirect, and associated spin-off (induced) effects of an initial investment brought to a local economy.

Input-Output Model

The *input-output model* is built based on the input-output structure of the economy, which is essentially a set of tables describing the flows of goods and services amongst the various sectors of the economy.[2] Such a model is useful in determining how much additional production is generated by a change in the demand for one or more commodities or by a change in the output of an industry.

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[2] A simple example of relating to the input-output structure of an economy is the process of making a cake. The final product is the cake, and the ingredients for making it include eggs, flour, milk, and energy (electricity, natural gas, wood), etc., which are in turn outputs of other processes. For example, eggs are produced by chickens, which are produced by grains and labour input. If there is a new plant being set up to produce a certain number of cakes to meet population growth in a town, it will produce the chain effects of increasing output levels of the chicken farms, mills, etc.

- **Direct impact** measures the increase in industrial output and the increase in an industry's labour force created by the demand for culture goods and services within the province on a yearly basis. The increase in government revenue can also be measured.
- **Indirect impact** measures the change in industrial output and employment demand in sectors that supply goods and services to the arts and culture sector in the province.
- **Induced impact** measures the changes in output and employment demand over all sectors of the economy as a result of an income increase in households impacted both directly and indirectly.

Overall economic impact is the sum of direct, indirect, and induced impacts.

Direct Impacts	+	***Indirect Impacts***	+	***Induced Impacts***	=	***Total Economic Impacts***

BC Input-Output Model

For the purposes of this study, the input-output model from which results are derived is the *BC Input-Output Model* (BCIOM). The BCIOM can be viewed as a snapshot of the BC economy It is derived from the *2004 Interprovincial Input-Output Tables* developed by Statistics Canada and includes details on 727 commodities, 303 industries, 170 "final demand" categories, and a set of computer algorithms utilized to do the calculations required for the solution of the model.

In this study of the economic impact generated by the arts and culture sector, it is first determined which expenditure items to include in order to estimate the impact. The list of industries included in the study can be found in Section 2.2 below.

1.2.5 Limitations of the Input-Output Model

Some of the limitations of the input-output model include:

- Input-output models are linear. They assume that a given change in the demand for a commodity or for the outputs of a given industry will translate into a proportional change in production.
- Input-output models do not take into account the amount of time required for changes to occur. Economic adjustments resulting from a change in demand are assumed to happen immediately.
- There are no capacity constraints and an increase in the demand for labour will result in an increase in employment (rather than simply in a re-deployment of workers).
- The BCIOM is based on a "snapshot" of the BC economy in 2004. Relationships between industries are assumed relatively stable over time, so the 2004 structure of the economy continues to be applicable in 2012. However, employment estimates have been adjusted to reflect wage levels for the year 2007.

The proportion of direct, indirect, and induced impacts occurring within Nanaimo (as defined in Section 2.2.1) is not directly measurable as the BCIOM measures impacts at the provincial level. The impacts can be allocated within the region based on the region's share of industry employment within the province.

2.0 THE ARTS & CULTURE SECTOR & THE REGION – KEY DEFINITIONS

2.1 Arts and Culture Definition

2.1.1 Challenges Defining Arts and Culture

Traditionally, the culture sector has been recognized for its multi-faceted role in contributing to individual and community development, social cohesion, and quality of life; however, in recent decades there has been growing understanding and examination of the substantial economic contributions of arts and culture industries and of their central role in the "creative economy".[3]

Existing literature has shown that there is clear empirical evidence that Canada's culture sector, encompassing arts and culture industries, generates a wealth of contributions to Canada's cultural, social, and economic fabric.

The initial challenge with the study of the arts and culture sector is of course the definition of what constitutes the measurable components of the arts and culture economic activities, as these can cross many other sectors and industries. NEDC presented a list of fifteen areas of interest as the beginning of the definition process.

1. Arts Instruction & Education
2. Art Galleries & Dealers
3. Commercial Creative Industries
4. Cultural Facilities
5. Events & Festivals
6. Film / Video production
7. Heritage Institutions (including museums)
8. Literary Arts
9. Performing Arts
10. Radio / TV broadcasting
11. Service & Material Providers
12. Societies & Organizations
13. Software/Video Games
14. Sound Recording (including music recording and distribution)
15. Visual Arts

Statistics Canada has developed both the *Canadian Framework for Culture Statistics (Framework)* and the "working" definition, which was adopted for this study. The *Framework* includes a definition of culture that encompasses written media, the film industry, broadcasting, sound recording and music publishing, performing arts, visual arts, crafts, architecture, photography, design, advertising, museums, art galleries, archives, libraries, and culture education. It also includes, to some degree, government support for culture, and activities by unions and associations related to culture.

The definition of culture and cultural industries set out in the *Framework* covers most of the economic activity in the arts and culture sector. However, the *Framework* was developed in the 2000's, and industry development in certain segments of the sector has grown substantially.

[3] Conference Board of Canada, Valuing Culture: Measuring and Understanding Canada's Creative Economy.

In the *Framework*, Statistics Canada notes that there are establishments in Canada that define their products as "digital interactive media." However, these activities are not defined as a separate industry under the North American Industry Classification System (NAICS), nor under any international classification system. Some of the culture commodities produced by establishments involved in interactive digital media are integrated with other industries in the *Framework* – for example, digital video, audio, animated images, computer graphics, and arts products.[4]

Interactive media products such as video games are classified in two industry sectors. The content creation portion, which includes activities related to factors such as animation, music, audio, characterization, art direction, script, special effects, acting, design and motion-capture photography, already resides within culture in the film industry, while the middleware or specialized software used to bring the effects together is considered part of the information and communications technology (ICT) sector. The result is that the activities are difficult to measure and do not have a separate NAICS identity.[5]

The *Canadian Framework for Culture Statistics 2011*, built upon the framework of the 2004 study, presents the conceptual framework, including a definition of culture, domains and sub-domains, and criteria for their inclusion in culture. The 2011 study is also a guide that maps the conceptual framework to selected standard classification system. As industries continue to evolve, there is room to further fine-tune the framework.

Most of the industries in the *Framework* fall under two broad NAICS industries:

- Information and Culture industry (NAICS 51)
- Arts, Entertainment and Recreation industry (NAICS 71)

However, it is noted that artisanal crafts are not defined within culture by the *Framework*, but are considered part of the manufacturing sector.

The *Framework* distinguishes between core and non-core culture goods and services. Core culture goods and services are defined as "those where the entire creative chain is in scope for culture. They have as their primary purpose the transmission of an aesthetic or intellectual concept, and are intended to elicit an emotional or cognitive response, and contain intellectual property rights." [6]

Examples include broadcast programming and services, festivals, and heritage services. Non-core culture goods and services are "those where only part of the creative chain is in scope for culture. They are also the result of a creative artistic activity, but either do not have as their primary purpose the transmission of an aesthetic or intellectual concept (e.g., a building) or are the mass reproduction of visual art." An example of a non-core culture service is advertising services.[7] [8]

While the concept is clear and intuitive, the applicability of this framework in valuation does present challenges, especially at the level required for

4 Statistics Canada, the Canadian Framework for Culture Statistics.
5 Statistics Canada, the Canadian Framework for Culture Statistics.
6 Statistics Canada, the Canadian Framework for Culture Statistics.
7 Statistics Canada, the Canadian Framework for Culture Statistics.
8 Readers interesting in the complete mapping of culture concepts and standard classifications can refer to the publication for more details. www.statcan.gc.ca/pub/87-542-x/87-542-x2011002-eng.htm.

communities. Statistics published for the culture sector are for Canada only, and no provincial estimates are available. While statistics recording economic activities in all industries such the gross output and GDP for provinces and territories are available, industry aggregation does not allow sufficient detail to apportion the shares to account for core and non-core culture products.

2.1.2 Defining the Sector

For the purposes of this study, the definition of the arts and culture sector is *one in which individuals and business establishments (including for profit, non-profit, and public enterprises) create, produce, distribute, and/or conserve arts and culture products and services.*

This simplified definition accommodates for data availability as used in Statistics Canada's *Framework*. This definition of the sector can also be framed within the North America Industry Classification Systems (NAICS), taking advantage of the statistical data available from the National Household Survey and the Labour Force Survey.

The definition includes the following nine subsectors:

1) Arts Instruction and Education (NAICS 6113)

Establishments in this segment of the culture sector refer to economic activities associated with music, drama and art teachers, music schools, dance, and acting schools.

This alone does not have its own NAICS code. For the current study, this subsector includes the teaching staff in the Arts and Design Department as well as the Music Department of Vancouver Island University, for the purposes of estimating employment in this subsector.

It should be noted that the educational activities associated with most arts instruction and education outside the university venue have been captured in the classification for independent artists, writers, and performers.

2) Newspaper, Periodical, Book and Directory Publishers and Software Publishers (NAICS 5111 & 5112)

The newspaper, periodical, book and dictionary industry group comprises establishments primarily engaged in publishing (or publishing and printing) newspapers, periodicals, books, maps, directories, databases, and other works, such as calendars, catalogues, and greeting cards.

Software publishers are establishments primarily engaged in publishing computer software, usually for multiple clients and generally referred to as packaged software. Establishments in this industry carry out operations necessary for producing and distributing computer software, such as designing, providing documentation, assisting in installation, and providing support services to software purchasers. These establishments may design and publish, or publish only.

3) Motion Picture and Sound Recording (NAICS 5121 & 5122)

The motion picture industry includes establishments primarily engaged in the following: producing and/or distributing motion pictures, videos, television programs, or commercials; exhibiting motion pictures, or; providing post-production and related services.

The sound recording industry includes establishments primarily engaged in producing and distributing music recordings, publishing music, or providing sound recording and related services.

4) Radio and TV Broadcasting (NAICS 5151 & 5191)

The radio and TV broadcasting industry represents establishments primarily engaged in operating broadcasting studios and facilities for the transmission of a variety of radio and television broadcasts, including entertainment, news, talk shows, and other programs. These establishments produce, purchase, and schedule programs and generate revenues from the sale of air-time to advertisers, from donations and subsidies, or from the sale of programs.

Other information services are establishments, not classified within any other industry, primarily engaged in providing other information services. The main components include news syndicates, libraries and archives, and other information search services provided on a contract basis.

5) Performing Arts Companies (7111)

Performing arts companies are establishments primarily engaged in producing live presentations that involve the performances of actors and actresses, singers, dancers, musical groups and artists, and other performing artists. Examples of establishments in this industry group include theatre companies, dance companies, musical groups and artists, circuses, and ice-skating shows.

6) Promoters and Presenters of Performing Arts and Similar Events (NAICS 7113)

This industry represents establishments primarily engaged in organizing and promoting performing arts productions, sports events, and similar events, such as festivals. Establishments in this industry group may operate arenas, stadiums, theatres, or other related facilities, or may present these events in facilities operated by others.

7) Independent Artists, Writers and Performers (NAICS 7115)

Independent individuals (free-lance) are primarily engaged in performing in artistic productions, creating artistic and cultural works or productions, or providing technical expertise necessary for these productions. Independent celebrities, such as athletes, engaging in endorsement, public speaking, and similar services, are included.

8) Heritage Institutions (NAICS 7121)

This industry group comprises establishments primarily engaged in preserving and exhibiting objects, sites, and natural wonders of historical, cultural, and educational value.

9) Cultural Service Organizations and Recreational Arts Groups (NAICS 8132 & 8133

These organizations and groups are part of the broader Grant-Making and Giving Services and Social Advocacy Organizations industries.

Grant-making and giving services are establishments primarily engaged in awarding grants from trust funds, or in soliciting contributions on behalf of others, to support a wide range of health, educational, scientific, cultural, and other social welfare activities.

Social advocacy organizations are establishments primarily engaged in promoting a particular social or political cause intended to benefit a broad or specific constituency. Organizations of this type may also solicit contributions or sell memberships to support their activities.

2.1.3 Limitations of the Definition

There are limitations inherent to defining an industry sector. As described above, in defining the arts and culture sector for this project, the decision was made to use the *Framework* and corresponding NAICS industry codes to facilitate the most accurate statistical and economic information for the input-output model. However, it is important to note that these categories are neither naturally discreet nor definitive of the arts and culture sector as a whole.

Some businesses have had to be excluded that would otherwise be intuitively included under the umbrella of “creative industries” or the arts and culture sector. For example, technical occupations like engineers, architects, and landscapers were excluded. However, other directly artistic occupations such as graphic designers and computer graphic animators are included.

Arts and culture stakeholders have expressed concern that this industry definition may serve to inflate the impact of the technology sector, reinforce misconceptions about the value of technology versus arts and culture, and obscure the deeply knit interconnections between these two inherently creative sectors. Efforts have been made in the course of this study to address any imbalance by highlighting the important contributions made by the arts and culture sector as presented by our interview subjects.

2.2 Regional Profile

2.2.1 Geographic Boundaries

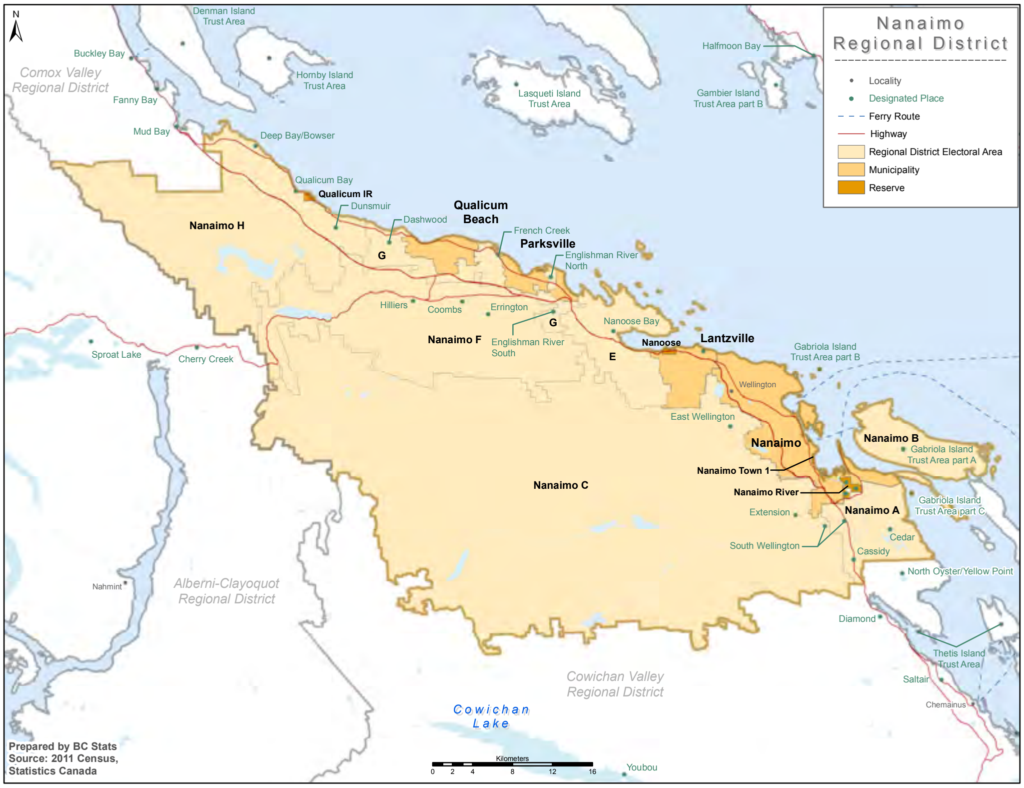
The geographic area under analysis for the purposes of this study is the City of Nanaimo and surrounding communities. Specifically the area includes:

- City of Nanaimo
- Nanaimo B Electoral Area (Gabriola Island)
- Lantzville District Municipality
- Nanaimo A electoral area (where Cedar is located)

See the map of the Nanaimo Regional District (below) for the locations of these communities. For the purposes of this study, the term “Nanaimo” to refers to the entire geographic area under analysis.

The Nanaimo study area has a total population (age 15 and over) of 88,700 in 2012. Total labour force was estimated at 52,000, accounting for 2.1% of the provincial total.[9]

Figure 2: Map of the Nanaimo Regional District



(Source: BC Stats)

1) City of Nanaimo

Incorporated in 1874, the City of Nanaimo has an area of 91.3 square km[10], located about 110 km north of the provincial capital of Victoria and about 150 km south of Campbell River. The population in the City of Nanaimo grew from 78,692, in 2006, to 83,810, in 2011, up 6.5%. By comparison, the Regional District of Nanaimo's population increased from 138,631, in 2006, to 146,574, in 2011, up 5.7%. In BC, the total provincial population grew from 4,113,487, in 2006, to 4,400,057, by 2011, up by 7.0%.[11]

Comparison of the population by age indicates that the population of the City of Nanaimo has an average age higher than that of BC as a whole. This is accounted for by the fact that the share of youth population (age 0 to 14 years) is smaller than the provincial average (14.3% vs. 15.4%), while the

[9] Statistics Canada, Labour Force Survey (Table 282-0115).

[10] 2011 Census

[11] 2006 & 2011 Census

share of older population (age 65 plus) is larger than the provincial average (19.7% vs. 15.7%).[12]

2) Gabriola Island – "The Isle of the Arts"

The Nanaimo Electoral Area B is Gabriola Island, 20 minutes by ferry to the southeast of the City of Nanaimo. Known as "The Isle of the Arts", it is blessed with a temperate climate, quiet beaches, forested parks, and an abundance of wildlife. Gabriola is one of the most populous of the Gulf Islands and its residents enjoy a relaxed lifestyle and a strong sense of community.[13]

Gabriola Island has an area of 57.73 square km, and a population of 4,045 in 2011, essentially unchanged from 2006.[14]

Tourism plays a role in the island's economy and a number of Gabriola's residents commute to Nanaimo on a daily basis for work. In addition, the Island is known for its many artisans, with thriving cottage industries in pottery and other arts and crafts.

Gabriola is home to a large number of artists and artisans inspired by its natural setting. The Gabriola Arts Council, a multi-disciplinary umbrella organization, supports the island's artists, produces events, and sponsors community education in the arts. Both private studios and commercial galleries can be found on the Island.[15]

3) Cedar

The Nanaimo A Electoral Area, where Cedar is located, is south of the City of Nanaimo and has an area of 59.70 square km. It has a population of 6,908 in 2011, up 2.3% from 2006 when it was 6,751. [16]

4) Lantzville

The District Municipality of Lantzville has an area of 27.66 square km. It has a population of 3,601 in 2011, down 1.6% from 2006. It is located north of the City of Nanaimo.[17]

2.2.2 Regional Economy

This section of the report provides an overview of the general economic background of the broader geographic area the study subject belongs to, and describes how the information, culture and recreation sector has grown compared with the rest of the economy. Nanaimo, as defined for the purposes of this study, is in the Nanaimo Regional District (NRD), which in turn is part of the Vancouver Island/Coast Development Region.

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[12] 2006 & 2011 Census
[13] www.viha.ca/NR/rdonlyres/485D1487-037C-4759-AF46-AA35E382CF73/0/CommunityProfileGabriola.pdf
[14] 2006 & 2011 Census
[15] www.viha.ca/NR/rdonlyres/485D1487-037C-4759-AF46-AA35E382CF73/0/CommunityProfileGabriola.pdf
[16] 2011 Census
[17] 2006 & 2011 Census

The NRD has a population of 151,510 in 2012, about 3.3% of the provincial total. Similar to what has been described of the population in the City of Nanaimo, the regional district has a smaller than average share of youth (15.8% of those aged 0-17 years vs. 18.3% in the province), and a larger than average share of the older population (23.8% of those aged 65 and over vs. 15.9% in the province).[18]

Of all the families in the NRD, 52.9% indicate that they do not have children at home, compared with the provincial average of 41.3%.[19] This could have positive implications for the arts and culture sector as families with no children at home may be more likely to spend a higher proportion of their disposable income on arts and culture products.

In terms of income dependency, the proportion of the population residing in the regional district depending on government transfers and income other than from employment is higher than the provincial averages (14.1% vs. 9.6%, and 19.5% vs.13.4% respectively).[20] This is consistent with the older age profile of the population.

While traditionally the NRD's economy was dependent upon resource extraction, today the service-producing industries account for a larger than provincial average share of the total labour force. [21]

Figure 3: Labour Force Distribution by Industry, Nanaimo and BC

	Nanaimo	BC
Goods Producing Industries		
Primary	3.5%	4.1%
Construction	8.5%	7.6%
Manufacturing	3.4%	6.4%
Services Producing Industries		
Non-Government	78.6%	75.5%
Government	6.0%	6.4%
All Industries	100.0%	100.0%

Source: Statistics Canada, 2011 National Household Survey.

[18] Population estimates produced by BC Stats, www.bcstats.gov.bc.ca/StatisticsBySubject/Demography/PopulationEstimates.aspx
[19] Statistics Canada, 2006 Census
[20] Statistics Canada, 2006 Census.
[21] Note that in Figure 3 and Figure 4, the geographic area of Nanaimo refers to the Nanaimo Census Agglomeration, which is smaller than the Regional District of Nanaimo.

Figure 4: Labour Force Distribution by Occupation, Nanaimo and BC

	Nanaimo	BC
Management		
Occupations	10.6%	11.8%
Professional Occupations		
Business/Finance	2.0%	3.2%
Natural/Applied Science	2.5%	3.6%
Health	3.8%	3.3%
Social Science except Teachers	2.3%	2.7%
Teachers	4.0%	3.9%
Arts/Culture	1.1%	1.3%
Other High Skilled Occupations		
Finance/Admin	1.6%	1.8%
Natural/Applied Science	3.3%	3.2%
Techs. In Health	2.4%	1.8%
Paral. Profs in Sco Sci Edu, etc.	2.2%	2.2%
Techs. In Arts, Culture, Rec	1.5%	2.1%
Sales/Service	3.8%	4.0%
Trades		
All Skill Levels	18.1%	16.2%
Intermediate/Lesser Skilled Occupations		
	40.7%	39.0%
All Occupations	100.0%	100.0%

Source: Statistics Canada, 2011 National Household Survey

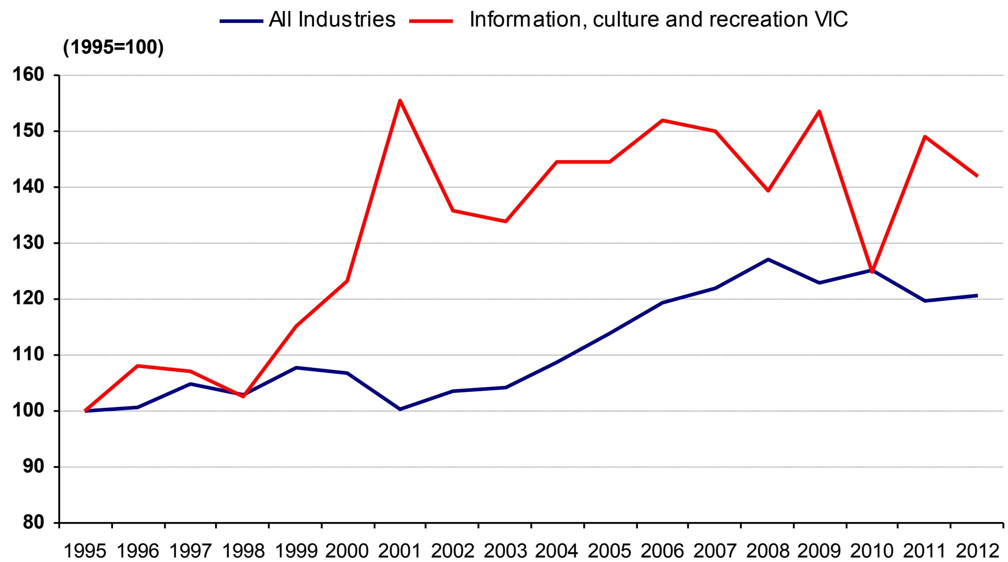
Occupational distribution in Nanaimo is similar to the provincial averages in many ways, except in the category of professional occupations. Nanaimo has a smaller than average share of professional occupations (15.7% vs. 17.9%).[22]

Due to data availability, employment growth in the arts and culture sector as defined in Section 2.1.2 above is described in the broader Information, Culture and Recreation Sector, and in the context of the broader Vancouver Island/Coast Development Region (VIC). Due to the availability of skills and the environment to foster growth, the information, culture and recreation sector in VIC has experienced strong employment growth over the past two decades, as shown in Figure 5 below. While general employment has increased by approximately 20% from 1995 to 2012, employed individuals in this sector has grown by more than 40% over the same period.

[22] Statistics Canada, 2011 National Household Survey.

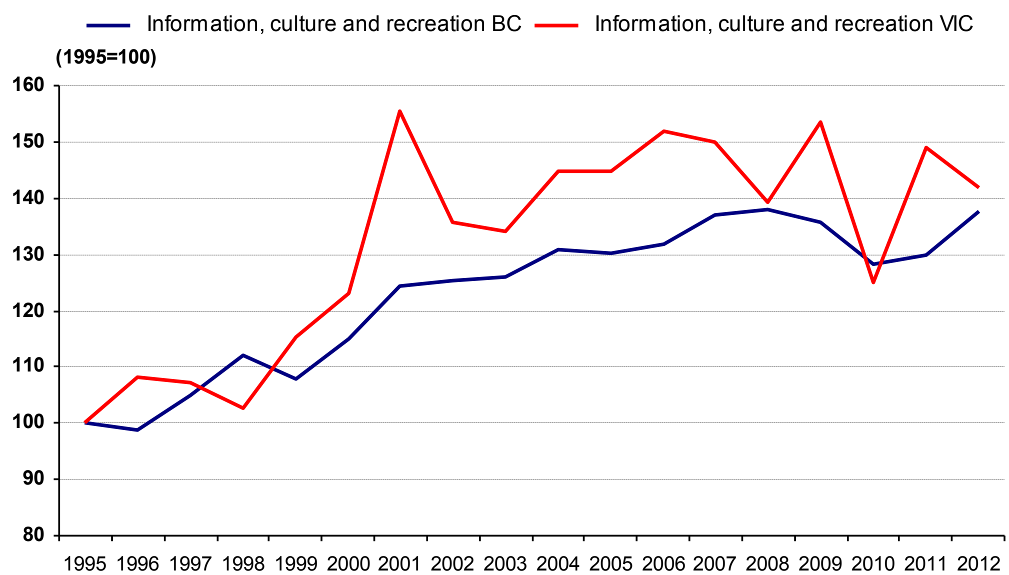
Compared with their provincial counterparts, the workforce in the information, culture and recreation sector has fared slightly better during the period from 1995 to 2012; this is also shown in Figure 6 below.

Figure 5: Employment Growth in VIC, All Industries and Information, Culture & Recreation



Source: Statistics Canada, Labour Force Survey

Figure 6: Employment Growth in Information, Culture & Recreation Sector, VIC and BC



Source: Statistics Canada, Labour Force Survey

To estimate the current level of employment for the arts and culture sector, as defined in section 2.1.2 above, the 2011 National Household Survey data published by Statistics Canada is used. The estimate of individuals employed in Nanaimo's arts and culture sector, by sub-industry is detailed in Figure 7 below.

Figure 7: Employment - Nanaimo Arts & Culture Sector by Sub-Industry

Industry	Employed in 2012
Newspaper, periodical, book and director publishers	290
Software publishers	20
Motion picture and video industries	90
Sound recording industries	0
Radio and television broadcasting	20
Other information services	150
Performing arts companies	80
Promoters (presenters) of performing arts, sports and similar events	0
Agents and managers for artists, athletes, entertainers and others	0
Independent artists, writers and performers	190
Heritage institutions	40
Grant-making and giving services	5
Social advocacy organizations	4
Total, Arts and Culture Sector	890

Source: RKA; Statistics Canada, 2011 NHS and Labour Force Survey

Another way of estimating the size of the sector is by examining employment of major occupational groups. Below is a table detailing estimates of the number of employed (both employees and self-employed) of those in the arts and culture sector.

Figure 8: Employment - Nanaimo Arts & Culture Sector by Occupation

Occupation	Employed in 2012
Library, archive, museum and art gallery managers	30
Conference and event planners	20
Librarians, archivists, conservators and curators	30
Writing, translating and related communications professionals	170
Creative and performing artists	350
Technical occupations related to museums and art galleries	20
Photographers, graphic arts technicians and technical and co-ordinating occup	80
Graphic designers and illustrators	130
Theatre, fashion, exhibit and other creative designers	30
Artisans and craftspersons	50
Total: Arts and Culture Sector	910

Combining the information from Figure 5 through Figure 8, it is shown that the arts and culture sector in Nanaimo is relatively small, (accounting for about 1.8% of the total workforce in Nanaimo) but that the workforce has experienced strong growth over the past two decades.

2.2.3 Volunteers

The economic benefit contributed by those volunteering in the arts and culture sector is substantial, although the valuation of volunteer activity is not specifically covered in this study due to a lack of data.

As one of the Arts and Culture Sector Survey respondents pointed out, "… (Where) are the economic benefits of volunteering? Many volunteers use this experience to get paid employment. We also give a $ value to our volunteer hours that you are not measuring - this $ value, if we had to pay for these services is huge. …"[23]

Based on our survey results, 53% of the respondents indicated that they utilize the help of volunteers in the operation of their businesses and organizations. While a smaller percentage of those in the "independent artists, writers, and performers" category utilize the help of volunteers, all those in the "Heritage Institutions" indicate that volunteer help is extensively utilized.

Of those businesses and organizations who indicate that they utilize volunteers, the average ratio of employees to volunteers is 1:6. Applying this ratio to the entire sector, it can be conservatively estimated that there are between 1,500 to 3,000 volunteers in total in the Nanaimo arts and culture sector.

[23] Nanaimo Arts and Culture Survey.

3.0 VALUING ARTS AND CULTURE IMPACTS

3.1 Arts and Culture

Cities across Canada recognize the increasing value of a thriving arts and culture sector. The Creative City Network of Canada makes the case for culture as an economic engine by demonstrating that culture based businesses and organizations not only provide economic benefits directly through revenue generation and employment, but also indirectly through the creation of spin-off businesses, attracting skilled workers in other fields, inspiring urban revitalization, and furthering the development of a unique community identity that can be leveraged for competitive advantage as a destination city for cultural tourism.[24]

According to the Canada Council for the Arts, 99.7% of Canadians 15 years or older participated in at least one arts, culture or heritage activity in 2010.[25] The federal government's investment in arts and culture in 2009/10 was $4.2 billion, and the investment across all three levels of government in the same time period was $10.1 billion.[26] All of that money went into communities, making a significant impact on organizations large and small.

The City of Nanaimo has acknowledged the important role of the arts and culture sector by establishing "cultural vitality" as a pillar of sustainability in its Corporate Strategic Plan. As a part of this, Nanaimo confirms:

> *It is understood that cultural vitality is a major driver in building prosperous and successful cities. To this end we are embarking on a municipal cultural planning process to leverage local cultural assets and resources for supporting economic prosperity and overall creative community building.* (City of Nanaimo, 2013) [27]

The City is also working on developing a new Nanaimo Cultural Plan, which is intended to function as a powerful tool for building the local economy. The Cultural Plan is highly anticipated by the arts and culture community, and it is expected to establish the arts and culture as a priority, and to confirm its value to the economy of the region as well.

3.2 Community Impacts

Not all of the economic impacts of the arts and culture sector are easily quantifiable. Indeed, the value of a thriving arts and culture sector goes far beyond quantitative economics. Arts and culture have long played a key role in facilitating social cohesion and fostering a sense of belonging, collective memory, and civic pride. Many of the most successful theatre presentations that have played in Nanaimo have dealt with the region's history or subjects with direct implications for the region.

[24] www.creativecity.ca/database/files/library/culture_economic_engine.pdf
[25] http://canadacouncil.ca/en/council/research/find-research/2012/culture-and-heritage-activities-2010
[26] Canada Council for the Arts, 2012
[27] www.nanaimo.ca/EN/main/departments/parks-recreation-culture/Culture/NanaimoCulturalPlan/cultural-plan-background-information.html

Arts and culture activities also bring together diverse networks of people and provide the opportunity to build intercultural and intergenerational understanding. Attention can be drawn to difficult social issues and this can lead to innovative approaches to solving problems. Arts and culture programming can not only spur social change, in some instances these programs are the change. For example, the Gabriola Arts Council offers art therapy programs free to community members living with chronic pain and cancer diagnoses, as well as for youth at risk and parents of young children.

In Nanaimo, the arts and culture sector has also played a key role in the revitalization of the downtown core. Commercial Street, long Nanaimo's "main street," has struggled since the 1960's slowly losing its position as the city's commercial hub due to competition from commercial areas outside the downtown core. Throughout these difficulties, however, Commercial Street's "role as a focus for entertainment, special events and culture has remained, and been reinforced over the past two decades as a result of revitalization initiatives."[28] The role of arts and culture in the downtown core is expected to grow in the coming years with the Nanaimo Art Gallery's expansion and the emerging theatre district centered around Nanaimo Centre Stage.

It isn't just the large organizations making an impact on downtown Nanaimo: small players also have the potential to spur positive change. For example, last year Kismet Theatre Academy took over an empty storefront in a building that also houses a methadone clinic (among other social service agencies) in an area long considered "rough." By all reports, the presence of the theatre school has effected a remarkable change in the energy of the neighborhood, encouraging a co-operative of artists to open next-door. Now community events are regularly hosted in an area where people were previously fearful.

The contributions of the arts and culture sector to a community can't be overestimated. The arts are a force for meaningful positive change in all communities, and Nanaimo is no exception. As one arts and culture stakeholder pointed out, "Nanaimo has an active and vibrant arts community whose members are engaged in all areas of civic life. While we artists may often wear different hats in the course of our work, the magic comes from actually creating. From imagining something better and seeing it through. Every city needs that magic." This "magic" is attractive to people who may not be employed in the arts and culture sector, but rather enjoy the fruits of the sector.

A vibrant arts and culture sector plays a key role in attracting and retaining skilled people in the region, and this in turn has real economic implications for the region. Young people will choose to make their homes in the Nanaimo region if it can continue to offer them a desirable lifestyle, as well as employment opportunities. A thriving arts scene will support both of these factors. Additionally, Vancouver Island University's (VIU) arts related programming plays a role in attracting international students, foreign immigrants, and interprovincial and intra-provincial students to the region.

Small communities face unique challenges retaining young people and attracting new people to settle there. In light of an ageing population, retaining youth in the community and attracting new young people and families is necessary to ensure

[28] City of Nanaimo, 2013, www.nanaimo.ca/EN/main/departments/Community-Planning/heritage/HeritageNewsAndInitiatives.html

the prosperous future of the community. Being able to offer families top quality arts education and entertainment will play a role in attracting people to settle in Nanaimo.

3.3 Sector Challenges

Every interviewee for this study acknowledged funding as a considerable challenge. In 2009/10, provincial per capita spending on arts and culture averaged $90, with BC ranking last across Canada with $54 in per capita in arts funding. Likewise, provincial grants, transfers, and contributions to the arts averaged $9 in 2009/10, with BC tying Ontario for the lowest amount at $5 per capita.[29]

Arts and culture is often considered an undervalued and underfunded sector in Canada, and British Columbia provides the lowest level of funding of any of the provinces and territories. While low levels of government funding pre-date the economic crisis in 2008, the recession has resulted in record low levels of private funding finding its way into the coffers of the non-profits and business organizations that make up the bulk of this sector.

In this climate, municipalities play a critical role in filling the gap in arts and culture funding. The City of Nanaimo's commitment to arts and culture was acknowledged by seventeen of the twenty-three people interviewed (73%). This endorsement of the city's efforts is especially meaningful, given that it was not prompted by the interviewer, nor by the survey questions. Unfortunately, even with this commitment, the arts and culture sector is suffering from chronic underfunding.

A common theme throughout the interviews with arts and culture organizations was that an increasing amount of energy and resources have to be funneled into fundraising efforts. This takes away from the primary tasks of creating, performing, showcasing, and educating, and drains the energy and resources of volunteers and supporters. One arts and culture stakeholder lamented that, "We do everything we can to get people out to fundraisers: we pull out all the stops, but unfortunately that means that when it comes time to get people out to the actual shows they may not be interested." As long as funding is a significant challenge, energies will be split between fundraising and the actual work of arts and culture. This is especially true for smaller organizations although it appears to be a factor across the board.

3.4 Sector Strengths

The arts and culture sector in Nanaimo is characterized by several well-established organizations with long histories in the area. Not only do these organizations have deep roots, but many of their staff members also have remarkably long histories within their organizations. For example, eight (35%) of the people interviewed had been with their organization for over ten years, and five of those for over fifteen years. This kind of continuity within organizations is invaluable when it comes to addressing challenges of any kind.

[29] Hill Strategies Research, 2012.
http://hillstrategies.com/content/provincial-government-spending-arts-and-culture-saskatchewan-200910

Volunteers also constitute a unique strength of the arts and culture sector. All of the larger organizations have small armies of volunteers, allowing them to function at the highest capacity. Small and medium for profit businesses also tend to rely on volunteer labour on occasion. The value of volunteerism goes far beyond a simple monetization of hours worked: people who lend their talents to arts and culture organizations and endeavors also generate healthy connections within the community that carry over into other aspects of civic life. Additionally, many volunteers use their experience to get paid employment and improve their educational options.

The human capital – both paid and volunteer – is a multi-faceted strength in the arts and culture sector. As arts and culture organizations face challenges, especially around funding, it is the creative thinking and flexibility of people that helps drive things forward. Innovative approaches to fundraising, new technological applications, creative approaches to offsetting costs, and unique partnerships with industry make the sector resilient. One arts and culture stakeholder emphasized this point saying, “because arts are a passion-driven enterprise people are unstoppable. For many of us, art isn’t a choice; it is a way of life. With this kind of will, there will always be a way.”

4.0 ECONOMIC IMPACTS

4.1 Gross Economic Output

This section presents the estimates of the value of economic impacts to the provincial economy by Nanaimo's arts and culture sector; it also compares these impact values with other studies in the related topic.

Figure 9, below, presents values of gross output attributed to the arts and culture sector as defined in this report. Detailed datasets are available for BC, through Statistics Canada's *Input-Output Structure of the Canadian Economy in Current Price*, for values in 2009. Gross output represents the sum of goods and services produced in the economy or, to put it another way, the sum of the costs of all the goods and services produced in the economy.

Figure 9: Estimated Gross Output Directly Attributed to Arts & Culture Industries in BC[30]

	2009	*2010*	*2011*	*2012*
Publishing	2,503.6	2,659.4	2,740.6	2,826.8
Motion picture and sound recording industries	880.5	868.5	978.6	1,002.2
Broadcasting (except internet)	829.9	821.3	831.7	838.1
Performing arts, related industries and heritage institutions	988.7	1,263.9	1,219.7	1,186.9
Grant-making, civic, and professional and similar organizations	113.3	113.3	113.3	113.3
Total (in millions of dollars)	**5,316.0**	**5,726.5**	**5,883.8**	**5,967.3**

Source: see detailed footnote.

[30] Statistics Canada, Table 381-0013, Provincial gross output, by sector and industry, annual.
Statistics Canada, Table 379-0030, GDP at basic prices, by North America Industry Classification System (NAICS), provinces and territories, annual
Statistics Canada, Table 361-0003 - Newspaper publishers, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0010 - Periodical publishers, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0007 - Book publishers, summary statistics, by NAICS, annual
Statistics Canada. Table 354-0005 - Software development and computer services, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0012 - Motion picture theatres, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0016 - Film, television and video production, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0014 - Film and video distribution, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0011 - Film, television and video post-production, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0005 - Sound recording and music publishing, summary statistics, by NAICS, annual
Statistics Canada. Table 357-0002 - Radio broadcasting industry, by NAICS, Canada, provinces, territories and selected census metropolitan areas, annual
Statistics Canada. Table 361-0009 - Performing arts, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0013 - Spectator sports, event promoters, artists and related industries, summary statistics, by NAICS, annual
Statistics Canada. Table 361-0008 - Heritage institutions, summary statistics, by NAICS, annual

To bring the values in 2009 up to the most current year, data available from Statistics Canada has been used. This data pertains to changes in operating costs of goods and services produced in different industries, as well as changes in real GDP in provinces in 2010, 2011, and 2012.

From the provincial estimates, further values are derived that are applicable to the Nanaimo arts and culture sector by applying employment shares by industry in Nanaimo. The resulting estimates of gross output attributed to the sector in Nanaimo are shown in Figure 10 below.

Figure 10: Estimated Gross Output Directly Attributed to Nanaimo Arts & Culture Sector, 2012[31]

	2012
Arts education	1.8
Publishing	54.6
Motion picture and sound recording industries	7.9
Broadcasting (except internet)	5.0
Performing arts, related industries and heritage institutions	22.9
Grant-making, civic, and professional and similar organizations	1.7
Total (in millions of dollars)	**94.1**

Source: see detailed footnote.

4.2 Total Economic Activity

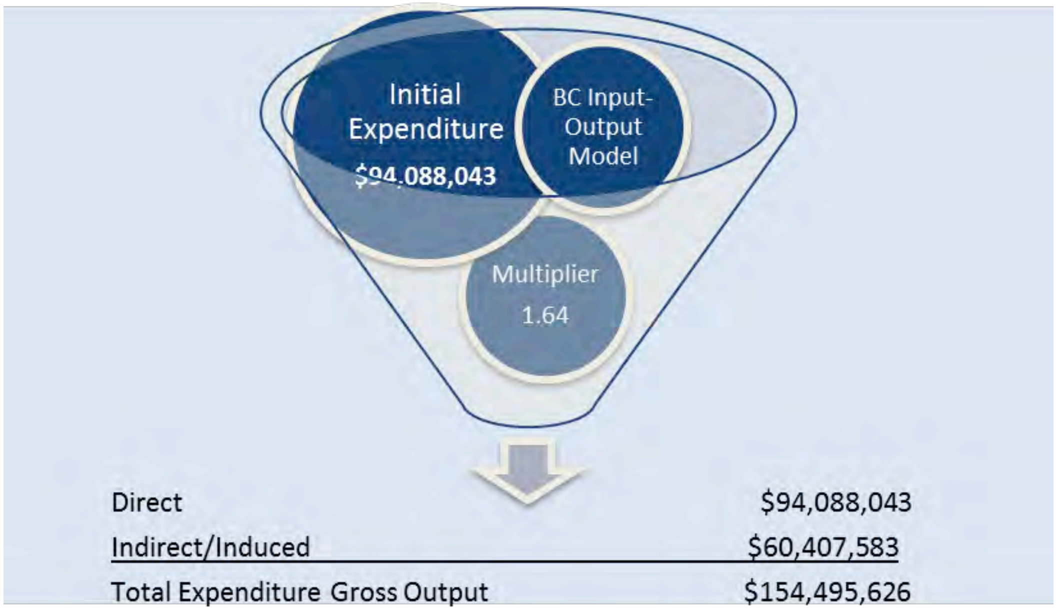
As described in the Methodology section, a total impact estimation approach is applied in valuing the contribution made by the arts and culture sector in Nanaimo. Total impacts represent the sum of the direct, indirect, and induced impacts generated by an economic activity.

- Direct impact measures the increase in industrial output and the increase in an industry's labour force created by the demand for culture goods and services to the province on a yearly basis. The increase in government revenue can also be measured.
- Indirect impact measures the change in industrial output and employment demand in sectors that supply goods and services to the arts and culture sector in the province.
- Induced impact measures the changes in output and employment demand over all sectors of the economy as a result of an income increase in households impacted both directly and indirectly.

[31] Detailed data sources include: Statistics Canada, 2011 National Household Survey; Statistics Canada, Labour Force Survey (Table 282-0115), and Vancouver Island University

Consider the chain of impact analysis as the primary, secondary, and spin-off impacts from a single investment or activity. Figure 11 below presents estimates of the direct, indirect, and induced impacts. From the initial gross output value of $94 million, indirect and induced impacts add another $60 million to the provincial economy, resulting in a total impact value of $154 million. This implies that for every $1 of arts and culture product or services produced, another 64 cents of additional economic activities flow through the economy, resulting in a total of $1.64 in total impact.

Figure 11: Total Gross Output Impact - Nanaimo Arts & Culture Sector, 2012



4.2.1 Total Gross Domestic Product Impacts

A comparison of goods and services produced in one sector in the province with other sectors in the economy, needs to translate those total expenditure values (i.e., the gross output shown above) into GDP, employment, and government revenue contribution.[32]

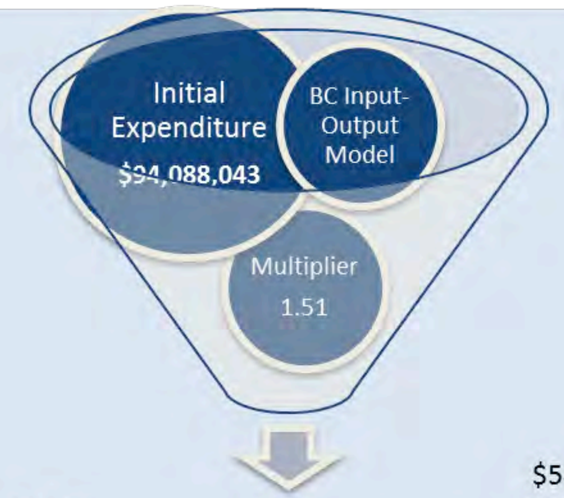
In Figures 12, 13, and 14 below, economic multipliers are used, as derived from the provincial Input-Output Tables, to estimate the arts and culture sector's contribution to the province's GDP, employment, and government revenue.[33]

[32] Total expenditure (or industrial output) refers to the value of outputs produced, whether the products are used as an intermediate product (think of a log cut down from a tree for the purposes of building houses, for example) or used as a final product (think of a beam in a completed house). If gross domestic product is calculated at the provincial level, or GDP at the provincial level, in this manner, the cost of the log will be counted many times, as it moves from a raw product to its eventual use as a beam, producing an incorrect value. The actual value of total industrial output includes both the value of intermediate inputs and primary inputs - the latter being the labour and the capital in production. It is the sum of the latter, which is also referred to as the value added, that is equal to gross domestic product at the provincial level.

[33] The specific provincial input-output multipliers are produced by BC Stats, in the published *2004 British Columbia Provincial Economic Multipliers and How to Use Them*.

In Figure 12, a direct gross output of $94 million attributed to the Nanaimo arts and culture sector contributes $55 million to the provincial GDP. In addition to direct GDP, indirect and induced GDP values are almost $28 million, resulting in a total GDP impact of $82.6 million.

Figure 12: Total GDP Impact - Nanaimo Arts & Culture Sector, 2012



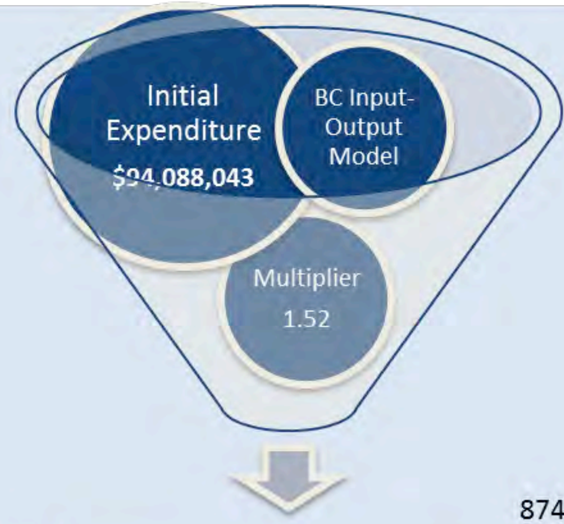
Direct	$54,865,126
Indirect/Induced	$27,804,213
Total GDP (Value Added)	$82,660,339

4.2.2 Total Employment Impacts

Gross output value of $94 million attributed to the arts and culture sector in Nanaimo is estimated to have generated a total of 874 jobs in the BC economy, as shown in Figure 13 below. Note that the jobs are measured as person years of employment, meaning that each job is equivalent to one person employed for a full year.

From the direct employment impact, it is also estimated that an additional 453 jobs have been created due to secondary and spin-off impacts, resulting in a total employment impact of 1,326 jobs in the provincial economy.

Figure 13: Total Employment Impact - Nanaimo Arts & Culture Sector, 2012



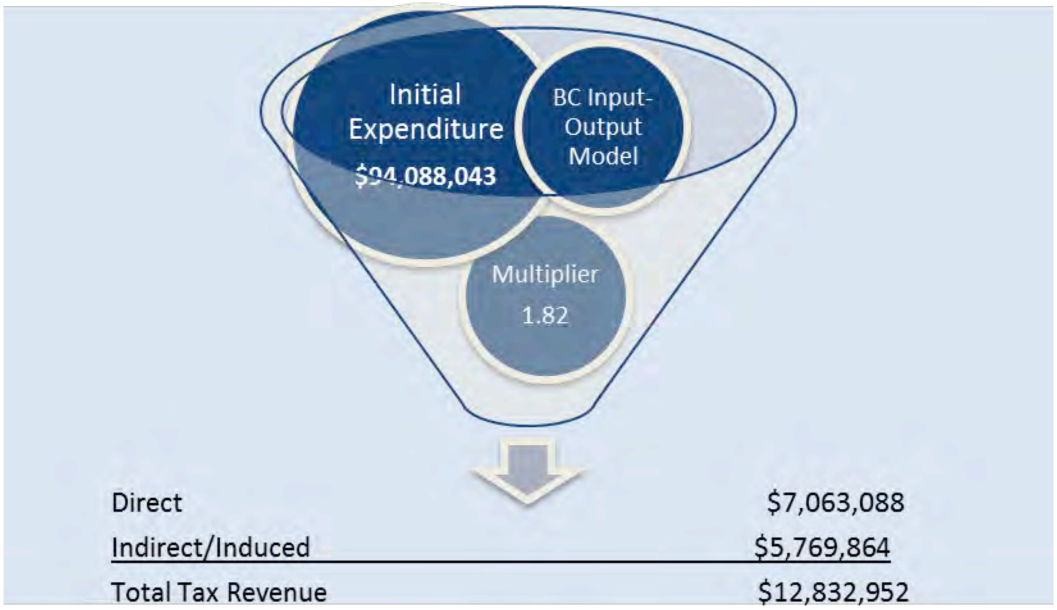
Direct	874
Indirect/Induced	453
Total Jobs (Person Years)	1,326

4.2.3 Total Government Revenue Impacts

Finally, consider the inclusion of the estimate of the tax revenue impacts that can be attributed to Nanaimo's arts and culture sector. Tax revenue in this model includes personal income taxes, corporate income taxes, indirect taxes net of subsidies, and natural resource royalties.

From the $94 million gross output attributed to the arts and culture sector in Nanaimo, it is estimated that $7 million worth of taxes has been generated to all levels of governments. In addition to the $7 million generated directly by the arts and culture sector, another $5.8 million in taxes has been generated from industries providing goods and services to the arts and culture sector, and the overall increase in purchasing power in the economy. In total, $12.8 million in taxes are estimated to go to different levels of governments.

Figure 14: Total Tax Revenue Impact – Nanaimo Arts & Culture Sector, 2012

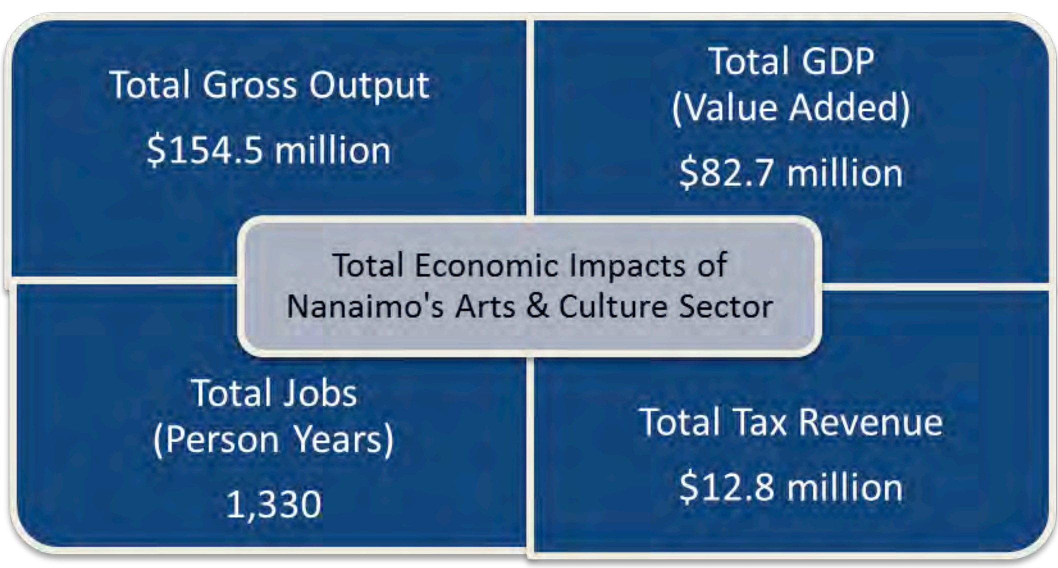


4.3 Comparison With Similar Arts and Culture Sector Studies

In total, it is estimated that direct gross output attributed to the arts and culture sector in Nanaimo was valued at $94 million in 2012. It is equivalent to $55 million worth of contributions to the provincial GDP, 874 jobs created, and $7 million worth of tax revenue to all levels of governments.

In addition to direct economic impacts, it is estimated that when indirect and induced impacts are included, total gross output impacts in the province are $154 million; total GDP impacts are $83 million; total number of jobs supported is 1,326; and $12.8 million in tax revenue is generated.

Figure 15: Total Economic Impacts – Nanaimo Arts & Culture Sector, 2012



This amalgamated model provides a reasonably accurate estimate of the economic impact values. As discussed in the Methodology section, it closely follows the guidelines as set out in Statistics Canada's Framework for Culture Statistics, although due to data unavailability, the model is not able to estimate portions of some sectors of the economy that also produce core-culture products (e.g., the local architects in an architectural firm who have contributed to a cultural project).

We have also compared the current analysis and valuation of the economic assessment to similar studies conducted in other cities of similar size. Although some studies are not comparable because the concept and approaches differ considerably, this analysis compares reasonably well with studies conducted using a similar approach. See, for example, an economic assessment of the "Creative Sector" in Kelowna conducted in 2009.[34] The study estimated that direct employment impact of the City's creative sector was 1,199 jobs, or 870 FTEs. Total employment impacts were estimated at 1,763 jobs, or 1,279 FTEs. Value of direct gross output (in 2009) was $76.9 million, and direct GDP was estimated at $40.1 million.

[34] Momer, B., *The Creative Sector in Kelowna, British Columbia: an economic impact assessment.*

5.0 Conclusions

5.1 Summary

In 2008, Nanaimo was designated a "Cultural Capital of Canada". This honour has spurred the City of Nanaimo to make considerable investments in arts and culture programming and amenities. In this spirit, NEDC commissioned Roslyn Kunin and Associates Inc. to conduct this economic impact study of the arts and culture sector in Nanaimo in order to recognize, quantify, and qualify the economic contributions of this commonly undervalued sector.

This economic impact study was designed to accurately measure the direct, indirect, and induced impacts of the arts and culture sector in Nanaimo, including the communities of Lantzville, Cedar, and Gabriola Island. The *Canadian Framework for Culture Statistics* was employed to provide a clear definition of the arts and culture sector using nine key areas:

1. Arts instruction and education
2. Newspaper, Periodical, Book and Directory Publishers and Software Publishers
3. Motion picture and sound recording
4. Radio and TV broadcasting
5. Performing arts companies
6. Promoters and presenters of performing arts and similar events
7. Independent artists, writers, and performers
8. Heritage institutions
9. Culture service organizations and recreational arts groups

The research methodology for this study involved complimentary qualitative and quantitative elements including a comprehensive literature review; twenty-three semi-structured interviews completed by telephone; a survey of 140 individuals and business establishments including for profit, non-profit, and public enterprises who create, produce, distribute, and/or conserve arts and culture products and services; and the deployment of the *BC input-output model* to calculate the effects of an initial investment brought to the local economy.

The interviews and surveys were effective tools for bringing the voice of Nanaimo's arts and culture community to bear on both the economic impacts and the wider impacts of the sector in the region. The value of a thriving arts and culture sector was shown to go far beyond strict economics to encompass the creation and maintenance of social cohesion, collective memory, and civic pride.

The arts and culture community also identified several challenges faced by the sector in Nanaimo, specifically reduced funding and resources. However, because Nanaimo's arts and culture sector has extremely deep roots and is made up of exceptionally tenacious and passionate people, most organizations are rising to the challenges of current economic conditions with innovative approaches to fundraising, new technological applications, creative approaches to offsetting costs, and unique partnerships with industry.

The *input-output model* was able to complete the picture by providing concrete quantification on the actual economic value of the arts and culture sector in Nanaimo to the region and province. Specifically, the model revealed that the total direct gross output attributed to the arts and culture sector in Nanaimo was valued at $94 million in 2012. It is equivalent to $55 million worth of contributions to the provincial GDP, 874 jobs created, and $7 million in tax revenue to all levels of governments.

In addition to direct economic impacts, the model estimates that when indirect and induced impacts are included, total gross output impacts in the province are $154 million, total GDP impacts are $83 million, 1,330 jobs are supported, and $12.8 million in tax revenue is generated.

This confirms that the arts and culture sector in Nanaimo has a large economic footprint that creates an indelible mark in the region. Moving forward with the support of the City of Nanaimo's highly anticipated Cultural Plan, it seems clear that the arts and culture sector is set to thrive and extend its roots even deeper.

APPENDIX 1: SOURCES

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APPENDIX 2: INTERVIEW RESPONDENTS

Julie Bevan, Executive Director
Nanaimo Art Gallery

Holly Bright, Artistic Director
Crimson Coast Dance

Bonnie Catterson, Owner
Kismet Theatre Academy

Kathleen Darby, Executive Director
Nanaimo Conservatory of Music

Eliza Gardiner, Instructor
Theatre Dept., Vancouver Island University

Bruce Halliday, Manager
The Port Theatre

Gerald Haukenfrers, President
Nanaimo Blues Society

Margot Holmes, Executive Director
Vancouver Island Symphony

Bob Kuhn, Manager
Recreation and Culture, Nanaimo

Grant Leier, Proprietor
Barton and Leier Gallery

Frank Moher, Artistic Producer
Western Edge Theatre

Robb Mowbray, Director
Nanaimo Theatre Group

Daurel Neve, Manager
Theatre One

Kathy Ramsey, President
Gabriola Arts Council

Aramë Robillard, Manager
Nanaimo Centre for the Arts

Wendy Smitka, Member
Nanaimo Cultural Committee

Kim Smythe, Acting Chief Executive Officer
Nanaimo Chamber of Commerce

Gina Sufrin, Former Executive Director
Assembly of BC Arts Council

Michael Taugher, Theatre Manager and
Theatre Department Chair
Vancouver Island University

Sandra Thomson, Proprietor
Sandra Thomson Consulting

Debbie Trueman, General Manager
Nanaimo Museum

Marianne Turley, Member
Nanaimo Cultural Committee

APPENDIX 3: INTERVIEW GUIDE

INTERVIEW SUBJECTS

Interview targets are key stakeholders in the arts and culture sector in Nanaimo (including Cedar, Lantzville, and Gabriola Island) including but not limited to representatives from businesses, committees, and industry and community organizations.

INTERVIEW METHOD

These interviews will be conducted via telephone. Where scheduling a telephone interview proves difficult, an email version of the interview guide will be provided.

INTERVIEW INTRODUCTION

These Interviews are being conducted as a part of Nanaimo Economic Development Corporations Arts and Culture Economic Impact Analysis study. Interview are expected to take no more than 20 minutes, and responses will be kept confidential and presented only as amalgamated data.

RESPONDENT INFORMATION

- Name, Organization, Title:

INTERVIEW QUESTIONS

1. How long has your organization operated in the Nanaimo area?
2. How many people does your organization employ?
3. How often do you have performances / events / exhibitions?
4. How many people do your events attract?
5. How much does it cost to attend your events?
6. Which performances / events / exhibitions attract the largest audiences?
7. Which performances / events / exhibitions involve the largest number of performers and staff?
8. What type of performances / events / exhibitions have the largest economic impacts in the community.
9. Can you tell us what you see as the spin-off impacts of your organizations operations (for eg. How many of your patrons will visit a local restaurant before or after a performance?)
10. How do your predict the arts and culture sector will change in the years to come?
11. How do you hope the arts and culture sector will grow and change over the next decade?
12. Is there anyone else in the Arts and Culture sector that you think we should speak to?

APPENDIX 4: SURVEY QUESTIONS

The City of Nanaimo recognizes the importance and the contribution of the Arts and Culture Sector to the community, and we want to know its economic value. And we need your help.

This survey is on behalf of the Nanaimo Economic Development Corporation as a part of the Arts and Culture Economic Impact Study. Your input is important in order to accurately assess the contribution of the arts and culture sector to the economy in Nanaimo and BC.

The survey includes 22 questions and should take 10-15 minutes to complete. Your survey responses will be coded and kept strictly confidential, and data from this research will be reported only in a combined format.

The Economic Impact Assessment Research Report will be made available to all in the arts and culture community by November 2013.

If you have questions at any time about the survey or the procedures, please contact Jordan Watters (778) 977-2309 or at jordan@izen.ca.

Please note, that for the purposes of this survey, the term "Arts and Culture Sector" refers to individuals and business establishments (including for profit, non-profit, and public enterprises) who create, produce, distribute, and/or conserve arts and culture products and services:

1. Arts instruction and education;
2. Motion picture and sound recording;
3. Radio and TV broadcasting;
4. Performing arts companies;
5. Promoters and presenters of performing arts and similar events;
6. Independent artists, writers, and performers;
7. Heritage institutions; and
8. Culture service organizations and recreational arts groups.

1. Which of the following areas of business activity best describes you or your organization's work. You may select only one. If your business is providing goods and services in more than one area please identify the primary business activity.

Arts instruction and education Motion picture and sound recording Radio and TV broadcasting Performing arts companies Promoters and presenters of performing arts and similar events Independent artists, writers, and performers Heritage institutions Culture service organizations and recreational arts groups.

Other, please specify the business activity best describes your or your organization's work

2. Which one of the following applies to you or your organization?

Self-employed Unincorporated Incorporated
Not for profit Public enterprise

3. Does your organization employ paid help?

Yes No

4. How many people do you employ annually?

5. Does your organization use volunteer labour?

Yes No

6. How many volunteers do you employ annually?

7. Do you or your organization operate full time or part time?

Full time Part time

8. Do you or your organization operate year round, or seasonally?

Year round Seasonally Not applicable

9. Please indicate the percentage of your employees who work:

Full time Part time Not applicable

10. Please indicate the percentage of your FULL TIME employees who work:

Year round Seasonally Not applicable

11. Please indicate the percentage of your PART TIME employees who work:

Year round Seasonally

12. Please identify the region where your primary business activity(ies) is/are located:

City of Nanaimo, Gabriola Island, Lantzville,
Cedar, Other

13. How many years has your business been in operation?

14. If your business's financial statements are in the public domain, please specify the venue to access it:

15. Please indicate which of following ranges best represents you or your organization's arts and culture related annual income:

0 - $49,999 $50,000 - $99,999 $100,000 - $249,999 $250,000 - $499,999 $500,000 - $999,999 $1,000,000 - $1,999,999 $2,000,000 - $4,999,999 $5,000,000 + Other (please specify)

16. Please indicate what percentage of your annual operating expenses is allocated to:

(%) wages, salaries and other labour costs

(%) purchase of materials and/or services

17. Please indicate what percentage of your annual labour costs are:

(%) spent for labour locally

(%) spent for labour within the province

(%) spent for labour outside of the province

18. Please indicate what percentage of your annual costs incurred on the purchase of goods and materials and services are:

(%) spent for goods, materials and services locally

(%) spent for goods, materials and services within the province

(%) spent for goods, materials and services outside of the province

19. Please indicate what percentage of your products and/or services that are sold to clients are:

(%) locally (%) within the province (%) within Canada (%) internationally

20. Do you have any comment on the economic value of the Arts and Culture sector to Nanaimo?

21. How do you predict the arts and culture sector in Nanaimo will change over the next ten years?

22. How do you hope Nanaimo's arts and culture sector will grow over the next ten years?

Thank you for your time and efforts in completing this survey.

If you have questions at any time about the survey or the procedures, please contact Jordan Watters (778) 977-2309 or at jordan@izen.ca.

APPENDIX 5: ECONOMIC IMPACTS TEMPLATE

Economic impact analysis is about examining the economic benefits of an investment or a program to an economy. A new investment or a program being introduced to an area means a certain amount of money is injected to the "status quo", so that additional goods and services need to be produced. As the production units (for example, a firm or a plant) produce the goods and services that are required, other industries benefit from producing more goods or services to the production unit in the first place. Impact assessment is therefore a tool used to quantify these chain events and to valuate the dollars associated with such additional economic activities.

The first step in the process is to define the industry or sector where the investment or program is being examined. In the case of the arts and culture sector, the chosen definition of the sector includes

1) Arts instruction and education;
2) Publishing, including newspaper, periodic, books, and software;
3) Motion picture and sound recording;
4) (Radio and TV) broadcasting;
5) Performing arts companies;
6) Promoters (presenters) of performing arts and similar events;
7) Independent artists, writers, and performers;
8) Heritage institutions; and
9) Culture service organizations and recreational arts groups.

Once the industry, or industries, has been defined, the next step is to collect data pertaining to economic activities produced by the industry. There are a number of approaches to collect the data.

The most comprehensive approach is to map out all business entities in the area that provide goods and services in the industry under analysis and collect data on the cost of goods and services sold, i.e., the operating costs of all businesses.

If the primary data collection is not accomplishable, due to time and/or budget constraint or un-cooperation on the part of the business entities, it is time to use the approach of secondary data collection.

Statistics Canada publishes annual data on estimates on operating revenue and operating expenses in many industries. Sometimes only national data is available, while in other industries provincial level data is available. Beware of the extent of potential under-count or data exclusion in using this method.

Statistics Canada also publishes annual gross output data by industry; although there is often considerable time lag rendering much of the information dated. However, since this dataset is compiled by the input-output division of Statistics Canada, industry level data is most detailed and best serves our data requirement.

In the analysis, the most recent year where data is available is 2009, and therefore requires an estimate of values in 2012 by using changes in provincial GDP by industry, which is also published by Statistics Canada. Further note that as the published GDP by industry is expressed in constant dollars (chained 2007 dollars), values need to be converted to nominal dollar values.

Once gross output values in industries at the provincial level have been estimated, they need to be further allocated to values in a smaller sub-provincial area. In this case the area is Nanaimo as defined in Section 2.2, and includes the application of the area's employment shares by industry as derived from Statistics Canada's 2011 National Household Survey.

To estimate the direct, indirect, and induced impacts of the gross output, GDP, employment, and tax revenue, one needs to use the provincial input-output tables and industry multipliers, which are essentially coefficients linking inputs in the production process to the final product.