

# Island Coastal Economic Trust

Summary and Evaluation of Funded  
Projects through September 2008

October 2008



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## 1. INTRODUCTION

The Island Coastal Economic Trust (ICET) was created in February 2006 with the mandate to make strategic investments in regional economic priorities in the Vancouver Island/Sunshine Coast region. The first funding announcement, for the Cape Scott North Coast Trail, was made in June 2007.

A total of 41 projects have been approved for funding by ICET through September 2008. These projects represent \$193.5 million of investment in the regional economy, of which \$32.2 million is provided by ICET. The projects are located throughout the region, in large communities and small, and represent a diverse mix of economic growth opportunities.

This report summarizes some of the key characteristics of these 41 projects, while also subjecting about a third of the projects to a more detailed economic impact evaluation. The purpose of this more comprehensive analysis of a cross-section of projects is to demonstrate the “bang for the buck” generated by ICET funding, as expressed by employment, economic value-added, and government revenue measurements.

This analysis will, in turn, provide some indication of the relative benefits of different types of projects, with the recognition that projecting future economic benefits is, by its nature, imprecise.

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### REPORT STRUCTURE

Chapter 2 of the report provides an overview of the first 41 approved projects, categorizing them by a variety of means and showing, in summary, the various sources of additional funding with which ICET leverages its contribution to the regional economy.

Chapter 3 summarizes the more detailed economic impact analysis of 13 projects and contains a discussion of the types of projects that yield the greatest economic benefits.

Chapter 4 contains the detailed results of the economic impact analysis for each of the 13 projects that were examined.

## 2. SUMMARY OF APPROVED PROJECTS

The 41 projects approved by Island Coastal Economist Trust in its first year have a combined project budget of \$193.5 million, of which \$32.2 million comes from ICET. The projects are listed in the table below.

The “Region” refers to the two sub-regions supported by ICET – these are the North Island-Sunshine Coast Region (which includes the Regional Districts of Mount Waddington, Strathcona, Comox Valley, Powell River and Sunshine Coast, as well as the northern part of the Regional District of Nanaimo) and the Central South Island Region (which includes the Cowichan Valley Regional District and the southern part of the Regional District of Nanaimo, including the City of Nanaimo).

The “Matching Regime” refers to the level of matching funding that ICET requires the project proponents to provide. This varies depending on the community. Fast-growing and less resource-reliant areas must provide matching funding equal to three times the ICET contribution (1:3 ratio), while the slowest-growing and most resource-reliant areas must provide equal matching funding (1:1 ratio). There is also a middle category with a 1:2 matching ratio.

Table 1. ICET Approved Projects through September 2008

Project	ICET Funding	Total Project Budget	Primary Type	Region	Regional District	Matching Regime
General Economic						
Nanaimo Airport Expansion	\$5,000,000	\$24,200,000	Development	South	Nanaimo	1:3
Port of Nanaimo Centre	\$5,000,000	\$75,000,000	Tourism	South	Nanaimo	1:3
Nanaimo Assembly Wharf Cruise Facility	\$3,500,000	\$18,500,000	Tourism	South	Nanaimo	1:3
Port McNeill Harbour Development	\$3,500,000	\$7,937,000	Tourism	North	Mount Waddington	1:1
Powell River South Harbour	\$2,237,830	\$4,475,659	Tourism	North	Powell River	1:1
Fishing (and						
Port Hardy Seine Float Harbour	\$1,994,000	\$6,358,722	Tourism)	North	Mount Waddington	1:1
1:3, 1:2						
Cowichan Valley Trail	\$1,743,891	\$7,897,173	Tourism	South	Cowichan Valley	(mix)
Tsu-ma-as Transformation Centre	\$1,700,000	\$3,900,000	Tourism	North	Alberni-Clayoquot	1:1
Powell River Westview Wharf	\$1,481,342	\$3,062,685	Tourism	North	Powell River	1:1
Deep Bay Field Station for Shellfish Development	\$1,000,000	\$7,111,000	Aquaculture	South	Nanaimo	1:3
Vancouver Island Discovery Centre	\$745,000	\$4,928,342	Tourism	North	Comox Valley	1:3
Vancouver Island Mountain Adventure Centre	\$555,500	\$2,222,500	Tourism	North	Comox Valley	1:3
Vancouver Island/Sunshine Coast 2010 & Beyond Strategic Plan	\$400,000	\$1,175,000	Tourism	North	Region-wide	1:1
Alert Bay Waterfront	\$324,000	\$702,755	Tourism	North	Mount Waddington	1:1
Alberni Valley Visitor Centre	\$250,380	\$996,140	Tourism	North	Alberni-Clayoquot	1:1

Project	ICET Funding	Total Project Budget	Primary Type	Region	Regional District	Matching Regime
Campbell River Downtown Revitalization	\$250,000	\$1,888,850	General Economic Development	North	Strathcona	1:2
Cape Scott North Coast Trail	\$249,920	\$699,920	Tourism	North	Mount Waddington	1:1
Port Alberni Uptown Redevelopment	\$247,000	\$494,000	General Economic Development	North	Alberni-Clayoquot	1:1
Dakota Ridge Winter Recreation Access Road	\$234,608	\$938,482	Tourism	North	Sunshine Coast	1:3
Cowichan Bay Harbour Improvement	\$187,000	\$664,358	Tourism	South	Cowichan Valley	1:2
Quatse Salmon Stewardship Centre	\$175,000	\$850,000	Tourism	North	Mount Waddington	1:1
Campbell River Harbour Revitalization Project	\$150,000	\$1,374,280	Fishing/ Aquaculture	North	Strathcona	1:2
Integrated Tourism Plan for North Island	\$137,500	\$928,000	Tourism	North	Mount Waddington	1:1
Mount Cain Infrastructure Improvement	\$118,650	\$237,300	Tourism	North	Mount Waddington	1:1
Yellow Cedar International Marketing	\$110,000	\$220,000	Forestry	North	Region-wide	1:1
Coal Harbour Dock Expansion	\$100,000	\$1,246,700	Tourism	North	Mount Waddington	1:1
North American Indigenous Games	\$100,000	\$10,320,000	Tourism	South	Cowichan Valley	1:3
2009 World Under 17 Hockey Challenge	\$100,000	\$1,126,430	Tourism	North	Alberni-Clayoquot	1:1
Wild Pacific Trail Access	\$95,000	\$285,000	Tourism	North	Alberni-Clayoquot	1:2
Mount Cain Hostel Lodge & T-Bar Upgrade	\$90,000	\$300,000	Tourism	North	Mount Waddington	1:1
Stamp River Anglers' Trail	\$84,000	\$168,200	Tourism	North	Alberni-Clayoquot	1:1
Historic Alberni Inlet CNPR Trail	\$76,000	\$152,280	Tourism	North	Alberni-Clayoquot	1:1
North Island High Speed Broadband	\$72,625	\$352,825	General Economic Development	North	Mount Waddington & Strathcona	1:1
Comox Valley Marketing & Investment Campaign	\$50,000	\$210,000	General Economic Development	North	Comox Valley	1:3
WeiWaiKum Cruise Ship Terminal Program	\$50,000	\$650,000	Tourism	North	Strathcona	1:2
Regional Film Industry Development	\$37,720	\$122,854	General Economic Development	North	Region-wide	1:2
Cumberland Village Square	\$27,225	\$108,900	General Economic Development	North	Comox Valley	1:3
Equipment for 7 Hills Golf Course	\$24,765	\$49,530	Tourism	North	Mount Waddington	1:1
West Bamfield Docks Services	\$13,000	\$26,000	Tourism	North	Alberni-Clayoquot	1:1
Mid-Island Business Retention & Expansion	\$8,500	\$45,500	General Economic Development	South	Nanaimo	1:3
Parksville & Qualicum 2010 Film Project	\$7,337	\$37,150	Tourism	South	Nanaimo	1:3
<b>Total</b>	<b>\$32,227,793</b>	<b>\$191,963,535</b>				

## 2.1. FUNDING LEVERAGE

The additional funding sources for ICET’s approved projects are shown in Table 2. ICET is contributing 16.8% of total project funding, meaning that if all projects are successful in securing matching funding that **each dollar of ICET funding will be matched by \$4.96 in funding from other sources**. This exceeds the ICET goal of having \$3 in additional funding for each dollar invested.

Table 2. Funding Summary for ICET-Supported Projects

Funding Source	Total Funding	Share of Total Funding
Applicant Equity	\$15,584,146	8.1%
Provincial Funding	\$25,398,688	13.2%
Federal Funding	\$16,437,543	8.6%
Community/Local Government	\$69,218,271	36.1%
Other Funding	\$11,956,617	6.2%
In Kind Contribution	\$3,141,287	1.6%
<b>Island Coastal Economic Trust</b>	<b>\$32,227,793</b>	<b>16.8%</b>
Funding Gaps	\$17,999,190	9.4%
<b>Total</b>	<b>\$191,963,535</b>	<b>100.0%</b>

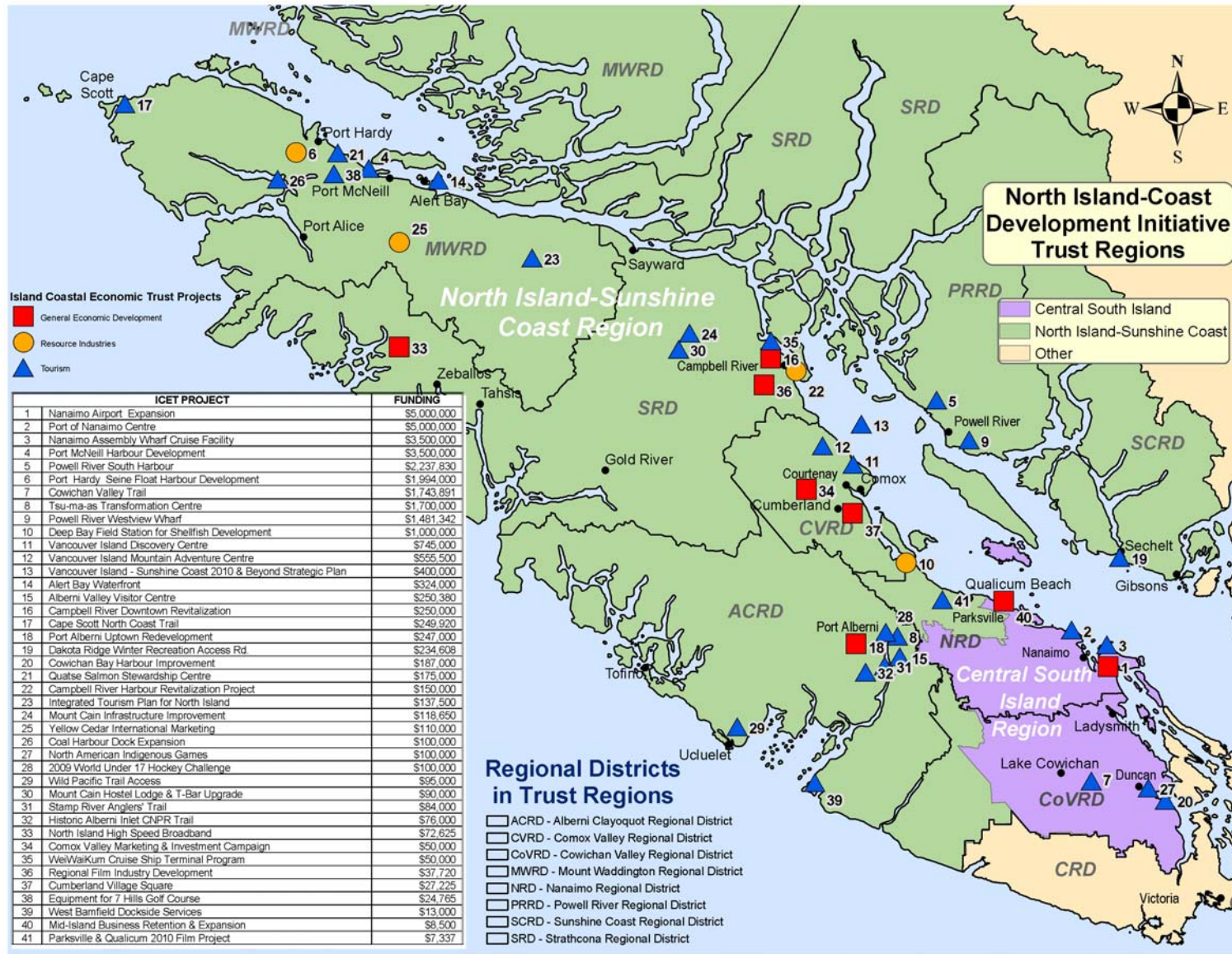
A total of seven projects, however, have not yet secured commitments for all of their project funding. The “funding gap” is nearly \$18 million, accounting for 9.4% of total project budgets. The seven projects that are currently lacking full funding are:

- Nanaimo Assembly Wharf Cruise Facility
- Deep Bay Field Station for Shellfish Development
- Nanaimo Airport Expansion
- Powell River South Harbour
- Vancouver Island Discovery Centre
- Powell River Westview Wharf
- Alberni Valley Visitor Centre

The final distribution of funding by region, project type, matching regime, etc. may therefore differ from the distributions shown in this report, depending on the final outcome of each project.

## 2.2. SUMMARY BY REGION

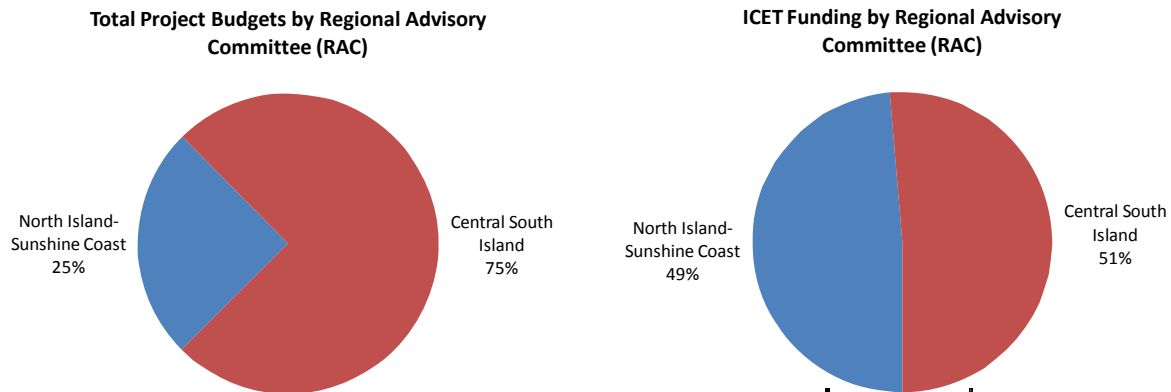
The projects approved by ICET to date are distributed throughout the region, as indicated on the map on the next page (prepared by Global Geomatics Ltd.).



## REGIONAL ADVISORY COMMITTEES

At the Regional Advisory Committee (RAC) level, funding to date has been divided evenly between the North Island – Sunshine Coast (North) region and the Central South Island (South) region, with slightly more funds (51%) being approved for projects in the South. In terms of total project budgets, however, three-quarters is located in the Central South Island Region. This result is driven by the very large Port of Nanaimo Centre, Nanaimo Airport Expansion, and Nanaimo Assembly Wharf Cruise Facility projects, which combined account for more than 60% of the total project budgets.

Another factor is the required matching level is 1:3 for the large Southern projects whereas much of the Northern region has a 1:2 or 1:1 matching ratio. So even if project budgets were the same size, it is likely that more funding would go to the more economically challenged communities covered by the Northern RAC.



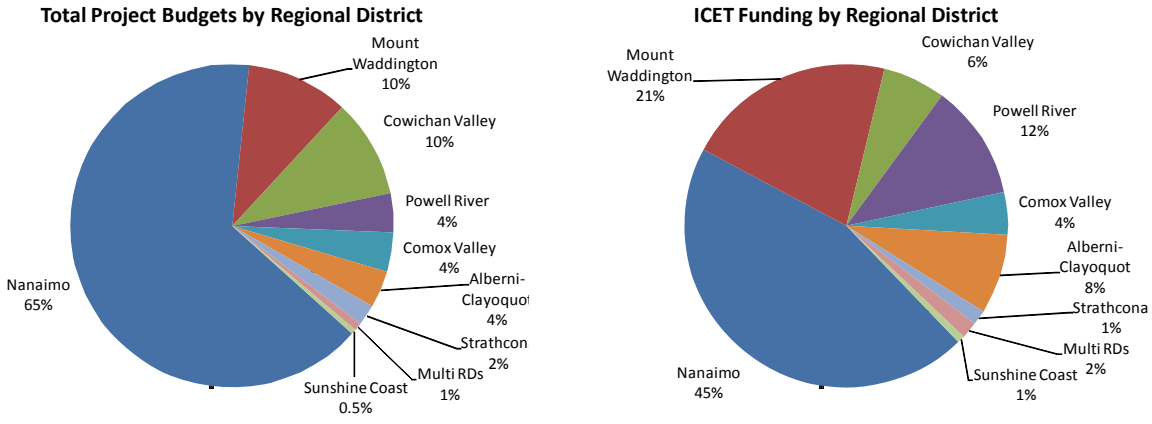
## REGIONAL DISTRICTS

The next two charts show total project budgets and ICET funding for individual Regional Districts (RDs). There are several projects that cross RD boundaries, including the North Island Broadband project, which was assumed to be two-thirds located in the RD of Mount Waddington (serving Coal Harbour and Quatsino First Nation) and one-third located in the Strathcona RD (serving Zeballos). Several other projects are less easily divided among the regional districts and are therefore referred to as “Multi RDs” in the charts below<sup>1</sup>.

As discussed earlier, the three largest budget projects are located in the Nanaimo RD, giving the RDN a 65% share of total project budgets. The RDN’s share of ICET funding is smaller at 45%. Several of the northern RDs have significantly larger shares of funding compared to their share of project budgets – the RD of Mount Waddington has 10% of total project budgets and 21% of funding, the Powell River RD has 4% of project budgets and 12% of funding, and the Alberni-Clayoquot RD has 4% of project budgets and 8% of funding.

<sup>1</sup> The multi-RD projects are Yellow Cedar International Marketing, Regional Film Industry Development, and Vancouver Island – Sunshine Coast 2010 & Beyond Strategic Plan.

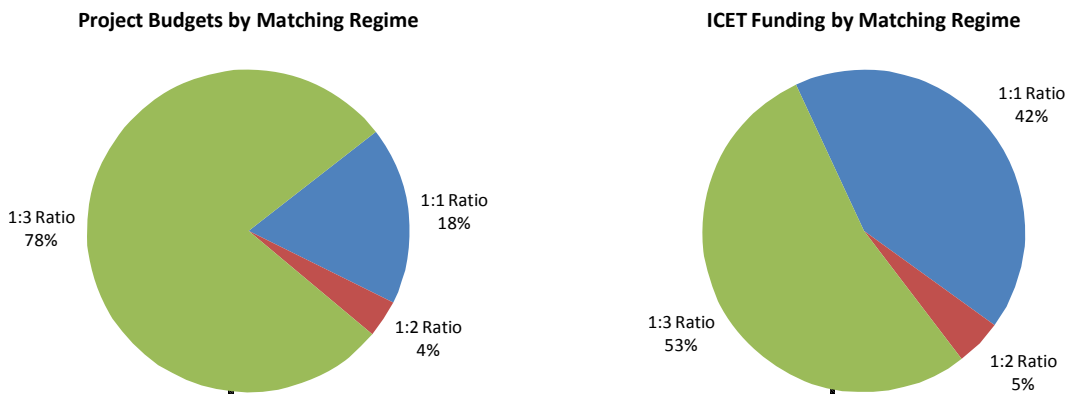




2.3. SUMMARY BY MATCHING REGIME

As discussed in the introduction to this chapter, ICET provides funding with three different requirements for matching funds, depending on the economic condition of the applicant communities. The distribution of project budgets and ICET funding by matching regime is shown in the next set of charts.

Not surprisingly, projects under the 1:1 matching regime (which covers the most economically-distressed and resource-reliant areas) have a larger share of funding than budgets – they account for 18% of the total project budgets but receive 42% of ICET funding. Conversely projects under the 1:3 matching regime have a smaller share of funding (53%) relative to their budget share (78%). There have been relatively few projects approved under the 1:2 matching regime, accounting for 4% of total budgets and 5% of ICET funding.



## 2.4. SUMMARY BY PROJECT TYPE

The ICET Strategic Plan targets investments in nine “sectors”:

- Forestry
- Transportation
- Tourism
- Mining
- Olympic Opportunities
- Small Business
- Economic Development
- Agriculture and Aquaculture
- Energy

Most of the 41 approved projects affect more than one of these “sectors”, while only mining and energy have not been addressed by any of the projects to date.

The detailed list of projects in Table 1 showed that tourism is the primary emphasis of the majority of approved projects. It is not the only focus, however, as many tourism-oriented projects also target improvements to transportation infrastructure, support for fishing and aquaculture, and the creation of growth opportunities for small business.

It is not possible to precisely allocate project budgets and ICET funding among the various sectors addressed by each project, so pie charts similar to those shown earlier cannot be prepared for this section.

### 3. SUMMARY OF ECONOMIC IMPACTS

A detailed discussion of the economic impact methodology used in this report can be found in Chapter 4. But first, some caveats on the limitations and challenges of economic impact analysis.

#### GENERAL CAVEATS

Economic impact analysis, particularly when projecting impacts into the future, is an inexact science. It depends on a series of assumptions and simplifications that may or may not apply to a given situation and often must rely on rudimentary data. The BC Stats economic impact multipliers that are used in this report are averages for a given industry in a given location, even though real-world projects may deviate from these averages for any number of reasons.

Undertaking an economic impact analysis therefore requires an assumption that the project being examined is typical of its industry and location. The economic activity that the project is expected to generate (sales, tourist spending, etc.) must be a direct consequence of the project. In other words, if the anticipated economic activity would happen anyway, then the project is not really responsible for these benefits.

This latter condition is raised with respect to the analysis of the Port Hardy Seine Floats project, which derives the majority of its substantial economic impacts from the additional offloading of commercial fishing vessels that is forecast to occur. The upgrade to the seine floats harbour is not generating an increase in the size of the provincial fish catch, it is merely diverting the economic activity from another location (likely the Lower Mainland) to the Port Hardy area. That is why the calculation of employment impacts for this project shows a substantial benefit to Port Hardy and area, but a negative impact to the rest of the province (this is not a criticism of the Port Hardy project, but rather an illustration of the difference between economic impacts that are “new” versus impacts that are merely diverted from another location).

Further to this point, it is assumed that the additional tourist visits generated by various ICET-supported projects are always a net positive, even though in reality some of them are likely being diverted from other BC locations. There is no way to estimate the size of this effect, so for simplicity it is assumed that all additional visitors are out-of-province residents and/or BC residents who have decided to travel within their home province rather than traveling outside BC.

#### ANALYSIS OF ICET-FUNDED PROJECTS

A total of 13 projects have been analyzed to determine their *projected* economic impact, based on information provided in funding applications to ICET. It is assumed that each project is feasible and will be successfully completed in the manner described in the application, with the stated increase in the number of visitors, amount of sales, etc.

Each project is analyzed using a consistent framework, which sometimes requires data provided in an application to be adjusted. For example, a consistent set of per diem tourist spending estimates is used to analyze all projects,

so if alternative figures are provided in an application (with no supporting documentation), they will be adjusted to be consistent with all of the other projects being analyzed. Other adjustments will be made if any of the application information or projections seem unreasonable, although this is generally not necessary for the 13 projects analyzed in this report.

The analysis produces estimates of employment (both local and province-wide), the amount of economic value added (gross domestic product) that is created, and the amount of government revenue generated for each of the three levels of government.

**Local employment refers to jobs in the community in which the project occurs, and the immediately surrounding area.** The additional “non-local” jobs are located elsewhere in BC, including elsewhere in the ICET service area, particularly in the larger centres such as Nanaimo and the Comox Valley that are service centres for the entire region. Other jobs will be located in Vancouver, Victoria, or other major centres in the province.

Economic value-added, calculated as gross domestic product (GDP), is the net increase in the value of all goods and services that are produced in BC as a result of the project. This is the additional wealth creation that supports jobs, income, and tax revenue.

Employment is often the focus of economic impact results, as in “the project generates X number of jobs”. Yet not all jobs are created alike. This report also shows the average value-added (GDP) generated for each project on a per-job basis.

GDP and government revenue multipliers are available only at the provincial level (which means that municipal government revenue is for all municipalities affected by the project, not just the home municipality).

### 3.1. OVERALL SUMMARY

The 13 projects analyzed in this report were chosen to represent a cross-section of the different types of projects funded by ICET. Several of the larger projects were chosen, so even though only 32% of all projects were analyzed, they represent 66% of the total project budgets (\$126.6 million) and 57% of ICET’s total funding (\$18.5 million).

The combined economic impact results for the 13 projects are shown in Table 3.

Table 3. Summary of Economic Impact Analysis for 13 Projects

	Local	Additional Non-Local	Total
Permanent Employment (jobs)	865	166	1,031
Temporary (short-term) Employment (person-years of employment)	648	631	1,278
Permanent Annual Value-added (GDP)*			\$50 million
Municipal Revenue (annual)*			\$1.1 million
Provincial Revenue (annual)*			\$4.8 million
Federal Revenue (annual)*			\$4.1 million
Permanent Jobs per \$100,000 ICET Funding	4.7	0.9	5.6
Value-added (GDP) per Permanent Job*			\$48,700

\*Not including North Island High-Speed Infrastructure project, which did not include GDP and government revenue estimates.

On average, each \$100,000 of ICET funding helps to support 4.7 jobs in local communities, and a further 0.9 jobs elsewhere in BC. Under the reasonable assumption that even 0.3 of these non-local jobs are also based in the ICET area, it can safely be stated that **Island Coastal Economist Trust helps to support five permanent full-time jobs in the Island/Coastal region for every \$100,000 of project funding.**

Of course, ICET provides only one-sixth of the total funding for its approved projects. For the projects evaluated in this report (for which ICET provided 15.1% of the total funding), the average employment impact was 0.7 permanent local jobs for every \$100,000 in project spending.

### 3.2. COMPARATIVE ECONOMIC IMPACT

This section compares the economic impact of each of the 13 projects that have been analyzed to show which types of project are expected to generate the most and least economic benefits for ICET's investment.

Caution should be used in interpreting these results as they are based on *projected* impacts only and each assessment relies on assumptions and simplifications that may or may not reflect the reality of the situation as the projects are developed. Regardless, some preliminary conclusions can be drawn from the relative benefits shown below.

Table 4. Comparison of Economic Impact Results by Project

Project	ICET Funding	Total Project Budget	Permanent Local Full-time Jobs/\$100,000 Funding	GDP/Job
Regional Film Industry Development	\$37,720	\$122,854	8.2	\$52,200
Port Hardy Seine Float Harbour Development	\$1,994,000	\$6,358,722	7.6	\$53,300
Dakota Ridge Winter Recreation Access Road	\$234,608	\$938,482	6.9	\$41,900
Quatse Salmon Stewardship Centre	\$175,000	\$850,000	6.9	\$44,900
North Island High Speed Broadband	\$72,625	\$352,825	6.3	n/a
Port of Nanaimo Centre	\$5,000,000	\$75,000,000	5.9	\$44,900
Cape Scott North Coast Trail	\$249,920	\$699,920	5.3	\$47,900
Nanaimo Airport Expansion	\$5,000,000	\$24,200,000	5.2	\$53,500
Ucluelet Wild Pacific Trail Access	\$95,000	\$285,000	4.4	\$44,900
Alert Bay Waterfront	\$324,000	\$702,755	4.0	\$44,900
Port McNeill Harbour Development	\$3,500,000	\$7,937,000	2.4	\$47,000
Cowichan Valley Trail	\$1,743,891	\$7,897,173	0.6	\$44,900
Coal Harbour Dock Expansion	\$100,000	\$1,246,700	0.5	\$49,000

The 13 projects are ranked according to the number of permanent full-time jobs they are expected to create for every \$100,000 of ICET funding. More specific details on the economic impacts of each project can be found in Chapter 4 of this report.

Observations and preliminary conclusions from these results include:

- Most projects, regardless of size, generate employment in a fairly tight range of 4 to 8 permanent jobs per \$100,000 of funding.
- The large employment benefit of the regional film project is based in part on a relatively small ICET investment of \$37,720 and relies on the uncertain assumption that film spending in the region might increase 10% as a result of the initiative.
- Most of the primarily tourism-oriented projects have similar employment impacts, regardless of whether they are smaller projects (e.g. Wild Pacific Trail Access) or very large projects (e.g. Port of Nanaimo Centre).
- Variation between the projects is due partly to the percentage of project funding provided by ICET. Clearly a project where ICET funding is a smaller percentage of the total will show more jobs per dollar of ICET funding. For example, ICET's large contribution to the Port McNeill Harbour project is the main explanation for why its per-dollar employment impact is lower, whereas ICET's relatively small contribution to the Quatse Salmon Centre (21%) is the main reason its per-dollar impact is higher.
- The Port Hardy Seine Float Harbour project has a very strong emphasis on expanding the offloading and processing of the commercial fish catch, which explains why its employment impact is higher than most similar projects and also why GDP/job is substantially higher than the mainly tourism projects.

- The Coal Harbour Dock Expansion has a small employment impact due in part to its location on the west side of Vancouver Island (meaning it will receive far fewer recreational boaters than similar projects on the east side of the Island) and because there are currently no commercial opportunities in Coal Harbour for visitors to spend money. The impact analysis assumes that some of these basic services will be developed in the next few years (e.g. small retail store, perhaps a wilderness tour operator), but the per-day spending by visiting boaters is expected to remain substantially less than in communities with more developed commercial opportunities.
- The employment impact of the Cowichan Valley Trail is also small as the per-day spending of hikers using the trails is projected to be significantly lower than for other tourists (this is based on a study performed by Grant Thornton LLP specifically for the Kinsol Trestle portion of the trail project).
- Regarding the value-added created by each project, most projects that are primarily tourism-oriented have a similar per-job impact, in the range of \$42,000 to \$45,000 per job. Projects that incorporate a more diverse employment benefit (e.g. fish processing jobs from the Port Hardy Seine Floats project, a variety of transportation and assorted jobs associated with the Nanaimo Airport Expansion, and specialized video and audio services associated with a growing film industry) consistently have a higher value-added per job. This is important because it leads to higher-paying jobs, and is also an indicator of the fundamental wealth creation of the region's economy, from which all personal and government income is generated.

## 4. DETAILED PROJECT EVALUATIONS

This chapter summarizes the economic impact analyses of the 13 projects discussed in the previous chapter. Several standard economic outputs are reported, including employment, economic value-added (GDP) and government revenue.

First, the economic impact methodology is more fully explained.

### ECONOMIC IMPACT METHODOLOGY

The analysis relies on economic impact multipliers from BC Stats, both for local impacts<sup>2</sup> and province-wide impacts.<sup>3</sup> The majority of the projects have a tourism component, requiring the use of per diem tourist expenditure estimates from several Tourism BC studies.<sup>4,5,6,7</sup> Information contained in these reports allows for per diem spending estimates to be modified based on the characteristics of the target market, such as business travelers (who spend more) or tourists who camp rather than stay in hotels (and spend less). Several projects also target the recreational boating market and per diem spending estimates for this sub-market are available from GSGislason & Associates.<sup>8</sup>

While each project is different, they must be analyzed in a consistent fashion, using similar assumptions and guidelines, including the following:

- All dollar figures are current year, meaning there are no assumptions used about inflation or discounting of future values. This is a reasonable simplification given the uncertain timing of some projects and the low-inflation environment of the British Columbia economy.
- It is necessary to determine whether goods and services that are purchased for a given product are actually produced in the local community or region. This is most relevant in the construction phase, where it is assumed that some specialized pieces of machinery or professional services are not provided by companies in the local community. These assumptions have been made on a case-by-case basis for each project.
- While impacts have been calculated based on short-term construction and project development costs, the far more important point of emphasis is the **long-term, permanent economic impacts**. After an initial development phase, most projects require a period of 3-5 years of growth before reaching their potential, so the permanent impacts are calculated based on the end of this period of growth.

<sup>2</sup> Garry Horne (January 2004), *British Columbia's Heartland at the Dawn of the 21<sup>st</sup> Century: 2001 Economic Dependencies and Impact Ratios for 63 Local Areas*.

<sup>3</sup> Garry Horne (2007), *British Columbia Provincial Economic Multipliers and How to Use Them*, published by BC Stats.

<sup>4</sup> Tourism BC (March 2006), *Value of the Victoria Visitor Info Centre*.

<sup>5</sup> Tourism BC (March 2007), *Value of the Comox Valley Visitor Centre*.

<sup>6</sup> Tourism BC (March 2007), *Value of the Campbell River Visitor Centre*.

<sup>7</sup> Tourism BC (1998), *The Report on Visitors to Vancouver Island Tourism Region*.

<sup>8</sup> GSGislason & Associates (March 2005), *Regional Benefits of Small Craft Harbours: North Vancouver Island*.



- Attempting to quantify the impact of any project is difficult, and in many cases the funding applicants have stated the expected benefits only in general terms. The projected impacts must be quantified for this study, however, so a consistent method is required to quantify the impact of each tourism-related project. The assumptions used for each project are described in the specific discussion of each project (in the rest of this chapter), but the following factors were considered:
  - Does the project create a new or improved tourist attraction, or is the projected focused only on improved marketing of existing attractions? (The impact of new attractions is assumed to be greater than simply better marketing of existing attractions).
  - Is the new attraction seasonal, meaning that new visitation will be limited to only part of the year?
  - Do tourists have sufficient opportunity to spend money in the community? In other words, are average daily spending estimates for food, accommodation, transportation, recreation/entertainment, etc. reasonable for this community?
  - Overall, what is the scale of the new attraction, and how significant is its likely impact on tourist visitation?
  - Given that growth assumptions are expressed in terms of percentage growth, is the assumption reasonable given the current size of the tourism industry in the community? (For example, a 5% growth in tourism translates into many more jobs in Parksville than it does in Port McNeill, because Parksville already has a substantially larger tourism sector).
  
- Some funding applications provide estimates of the number of additional visitors, which leads to a straightforward calculation of new spending based on the number of new visitors and their average daily expenditures. Other funding applications provide only estimates of the number of new tourism jobs or a percentage increase in tourism activity. Using the economic impact multipliers, and if necessary an estimate of tourism-reliant jobs from the 2006 Census<sup>9</sup>, the calculations can be done in reverse to provide the inferred increase in tourism spending that would be required to support the applicant's growth claims. Provided these estimates are reasonable for the size of the community and its existing tourism sector, the full range of economic impacts can be calculated.

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<sup>9</sup> These are jobs in industries such as accommodation and food services, entertainment and recreation, transportation, and retail trade that are assumed to rely on tourist spending, based on a BC Stats definition of the tourism sector.

## 4.1. CAPE SCOTT NORTH COAST TRAIL

### PROJECT SUMMARY

<b>Applicant</b>	Northern Vancouver Island Trails Society
<b>Budget</b>	\$699,920
<b>ICET Funding</b>	\$249,920 (35.7%)
<b>Funding leverage on ICET contribution</b>	1.80
<b>Description</b>	Completion of the construction of the North Coast Trail, a 46 km wilderness trail expansion of the Cape Scott Trail in Cape Scott Provincial Park.

### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	13.2	11.4	24.6
<b>Temporary (short-term) Employment</b>	4.5	3.0	7.5
<b>Permanent Annual Value-added (GDP)</b>			\$1,177,571
<b>Municipal Revenue (annual)</b>			\$24,923
<b>Provincial Revenue (annual)</b>			\$704,124
<b>Federal Revenue (annual)</b>			\$94,926
<b>Permanent Jobs per \$100,000 ICET Funding</b>	5.3	4.6	9.8
<b>Value-added (GDP) per Permanent Job</b>			\$47,854

### NOTES AND ASSUMPTIONS

- Project assumes new visitors to the trail are 4,000 in the first year of operation, and grow by 15% per year over the ensuing three years.
- Assumed that each visitor spends an average of an extra 2 days in the Port McNeill/north Island area.
- Visitors will also spend money while passing through southern parts of the Island while traveling to and from Cape Scott Provincial Park.
- Provincial revenues are substantial due to new fees of \$10 per day for access to the trail (each visitor spends an average of 5 days on the trail).

## 4.2. ALERT BAY MUNICIPAL WHARF UPGRADE & SCENIC SEASIDE

### PROJECT SUMMARY

<b>Applicant</b>	Village of Alert Bay
<b>Budget</b>	\$702,755
<b>ICET Funding</b>	\$324,000 (46.1%)
<b>Funding leverage on ICET contribution</b>	1.17
<b>Description</b>	Various infrastructure improvements to the existing municipal dock (creating moorage opportunities for pocket cruises and recreational boaters) and construction of a boardwalk linking to the BC Ferries terminal.

### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	13.0	8.2	21.2
<b>Temporary (short-term) Employment</b>	4.7	3.0	7.7
<b>Permanent Annual Value-added (GDP)</b>			\$952,849
<b>Municipal Revenue (annual)</b>			\$21,911
<b>Provincial Revenue (annual)</b>			\$82,486
<b>Federal Revenue (annual)</b>			\$77,189
<b>Permanent Jobs per \$100,000 ICET Funding</b>	4.0	2.5	6.5
<b>Value-added (GDP) per Permanent Job</b>			\$44,913

### NOTES AND ASSUMPTIONS

- Increased tourism from a variety of sources, such as picket cruises, sea kayakers, recreational boaters, and cultural tourism, is projected to increase tourism visitation by 25%.
- The estimate of 13 new tourism-reliant jobs is consistent with current tourism jobs in the Village of Alert Bay and the neighbouring First Nations communities.

### 4.3. PORT OF NANAIMO CENTRE

#### PROJECT SUMMARY

<b>Applicant</b>	City of Nanaimo
<b>Budget</b>	\$75.0 million
<b>ICET Funding</b>	\$1 million (1.3%); \$5 million (6.7%) pending further funding from senior governments
<b>Funding leverage on ICET contribution</b>	74.0; 14.0 if additional funding approved
<b>Description</b>	Construction of the Vancouver Island Conference Centre (VICC), Shaw Auditorium, new Nanaimo Museum, parking garage and a retail space with the aim of revitalizing Nanaimo's downtown and helping to establish Nanaimo and the broader region as a business and tourist destination.

#### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	294.4	93.1	387.5
<b>Temporary (short-term) Employment</b>	399.8	318.5	718.3
<b>Permanent Annual Value-added (GDP)</b>			\$17,404,351
<b>Municipal Revenue (annual)</b>			\$400,212
<b>Provincial Revenue (annual)</b>			\$1,506,647
<b>Federal Revenue (annual)</b>			\$1,409,904
<b>Permanent Jobs per \$100,000 ICET Funding</b>	5.9	1.9	7.8
<b>Value-added (GDP) per Permanent Job</b>			\$44,913

#### NOTES AND ASSUMPTIONS

- Impacts have been calculated assuming that the full request for \$5 million of ICET funding is granted. This is contingent on additional funding being secured in the next few years from the federal and/or provincial governments.
- The number of delegate-days is projected to reach 100,000 per year (as determined in a comprehensive feasibility study by Grant Thornton LLP).
- The number of tourist-nights pre and post-conference is conservatively estimated at 15,000.
- This project is expected to have significant benefits for other communities surrounding Nanaimo, particularly through additional visits by conference delegates to the broader region.

#### 4.4. REGIONAL FILM INDUSTRY DEVELOPMENT

##### PROJECT SUMMARY

<b>Applicant</b>	Island North Film Commission
<b>Budget</b>	\$122,854
<b>ICET Funding</b>	\$37,720 (30.7%)
<b>Funding leverage on ICET contribution</b>	2.26
<b>Description</b>	Website development, photography of filming locations, attendance at industry trade shows, and training with the ultimate goal of enhancing location filming in northern Vancouver Island.

##### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	3.1	0.3	3.4
<b>Temporary (short-term) Employment</b>	0.9	0.4	1.3
<b>Permanent Annual Value-added (GDP)</b>			\$180,087
<b>Municipal Revenue (annual)</b>			\$3,928
<b>Provincial Revenue (annual)</b>			\$15,865
<b>Federal Revenue (annual)</b>			\$15,474
<b>Permanent Jobs per \$100,000 ICET Funding</b>	8.2	0.9	9.1
<b>Value-added (GDP) per Permanent Job</b>			\$52,228

##### NOTES AND ASSUMPTIONS

- Average film spending in the northern Vancouver Island area covered by INFilm has averaged just under \$2.3 million for the last four years.
- It is assumed that through improved location photography, an enhanced website, and a greater presence at industry trade shows that this amount can be increased by 10% on a consistent basis.
- Many of the expenditures of visiting film crews are similar to tourists (e.g. accommodation, food services, local transportation), although additional demand is also created for industries like construction and professional services (including companies providing motion picture and sound recording services).

#### 4.5. HIGH-SPEED INFRASTRUCTURE DEVELOPMENT FOR COAL HARBOUR AND ZEBALLOS

##### PROJECT SUMMARY

<b>Applicant</b>	Ragged Edge Community Network Society
<b>Budget</b>	\$352,825
<b>ICET Funding</b>	\$72,625 (20.6%)
<b>Funding leverage on ICET contribution</b>	3.86
<b>Description</b>	Extension of Ragged Edge Community Network's existing high-speed internet service to the communities of Zeballos, Coal Harbour, and the Quatsino First Nation.

##### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	4.6	0.1	4.6
<b>Temporary (short-term) Employment</b>	0.5	0.2	0.7
<b>Permanent Annual Value-added (GDP)</b>			n/a
<b>Municipal Revenue (annual)</b>			n/a
<b>Provincial Revenue (annual)</b>			n/a
<b>Federal Revenue (annual)</b>			n/a
<b>Permanent Jobs per \$100,000 ICET Funding</b>	6.3	0.1	6.4
<b>Value-added (GDP) per Permanent Job</b>			n/a

##### NOTES AND ASSUMPTIONS

- There are assumed to be several sources of economic benefit as a result of the establishment of broadband internet service to three new communities:
  - Due to improved marketing through online methods, tourism spending expands by 1%.
  - Due to improved access to distance education (among other services delivered online), the population of residents aged 15-24 (which are typically prime years for young adults to move away from the region, many never to return) is 5% higher.
  - The population of residents aged 55-64 (prime years for active retirement and pre-retirement when many new or existing residents may wish to operate a part-time or home-based business) is 5% higher.
  - Based on studies cited in the application documenting the experience of Churchill, Manitoba, the business retention impact of broadband internet is 1.1% of all jobs in the community.
- Based on a Vann Struth Consulting Group study for the Powell River Regional District, the estimated job impact of new residents is 112 jobs created for every 1,000 residents. This ratio is used to calculate the

employment impact of maintaining/attracting more young adults and pre-retirees. Of course, some of these new jobs will be created by the residents who stay or who are attracted to the communities.

- Given the small population of these communities, the estimated population impact is an addition of 8 people, supporting 1 additional job.
- Due to the alternative methods of developing employment impacts for this project, the standard economic impact methodology was not used and consequently estimates of GDP and government revenue are not available.

## 4.6. COAL HARBOUR DOCK EXPANSION

### PROJECT SUMMARY

<b>Applicant</b>	Quatsino Community Society
<b>Budget</b>	\$1,246,700
<b>ICET Funding</b>	\$100,000 (8.0%)
<b>Funding leverage on ICET contribution</b>	11.47
<b>Description</b>	Expansion and upgrading of existing moorage at Coal Harbour Dock, and construction of new services including washrooms and laundry facilities.

### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	0.5	0.4	1.0
<b>Temporary (short-term) Employment</b>	5.2	7.0	12.3
<b>Permanent Annual Value-added (GDP)</b>			\$46,794
<b>Municipal Revenue (annual)</b>			\$840
<b>Provincial Revenue (annual)</b>			\$3,446
<b>Federal Revenue (annual)</b>			\$3,664
<b>Permanent Jobs per \$100,000 ICET Funding</b>	0.5	0.4	1.0
<b>Value-added (GDP) per Permanent Job</b>			\$48,988

### NOTES AND ASSUMPTIONS

- After several years of growth, it is estimated that an additional 300 recreational vessels will visit Coal Harbour (mirroring the projected growth in recreational traffic to Port Alice as a result of the planned marina expansion in that nearby community).
- Per diem spending estimates have been reduced in calculating the impacts of this project given the current limited opportunities for visitors to spend money. It is assumed that over the next five years some new commercial services will be developed to cater to recreational boaters (e.g. fuel sales, an adventure tourism operator, a small restaurant or retail outlet) but even after five years the spending opportunities will still be more limited in Coal Harbour relative to other coastal communities.
- The new facilities may also support the Quatsino First Nation's plans to expand their aquaculture and commercial fishing operations, although this possibility was not explicitly examined in the funding application and is not included in the economic impacts shown above.



## 4.7. WILD PACIFIC TRAIL & PARKING LOT

### PROJECT SUMMARY

<b>Applicant</b>	Ucluelet Economic Development Corporation
<b>Budget</b>	\$285,000
<b>ICET Funding</b>	\$95,000 (33.3%)
<b>Funding leverage on ICET contribution</b>	2.00
<b>Description</b>	Development of a parking area and public toilet facilities for the existing Wild Pacific Trail, increasing the accessibility of the trail and enhancing its ability to attract visitors to Ucluelet and area.

### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	4.2	1.1	5.3
<b>Temporary (short-term) Employment</b>	1.0	0.8	1.8
<b>Permanent Annual Value-added (GDP)</b>			\$239,592
<b>Municipal Revenue (annual)</b>			\$5,509
<b>Provincial Revenue (annual)</b>			\$20,741
<b>Federal Revenue (annual)</b>			\$19,409
<b>Permanent Jobs per \$100,000 ICET Funding</b>	4.4	1.2	5.6
<b>Value-added (GDP) per Permanent Job</b>			\$44,913

### NOTES AND ASSUMPTIONS

- It is assumed that this project will increase tourist visitation to Ucluelet by 2.5%, given that it is a substantial increase which translates to employment growth of more than 4 jobs.
- The short-term construction impact is somewhat larger in this case than for similarly-valued projects elsewhere because it is assumed that the parking lot construction will be labour-intensive and use mainly locally-sourced materials.

#### 4.8. DAKOTA RIDGE WINTER RECREATION AREA ACCESS ROAD

##### PROJECT SUMMARY

<b>Applicant</b>	Sunshine Coast Regional District
<b>Budget</b>	\$938,482
<b>ICET Funding</b>	\$234,608 (25.0%)
<b>Funding leverage on ICET contribution</b>	3.00
<b>Description</b>	Upgrading of 4 km of the Sechelt Dakota Forest Service Road to provide vehicle access to the parking lot for the Dakota Ridge Winter Recreation Area.

##### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	16.3	3.2	19.4
<b>Temporary (short-term) Employment</b>	1.9	0.7	2.6
<b>Permanent Annual Value-added (GDP)</b>			\$814,544
<b>Municipal Revenue (annual)</b>			\$18,592
<b>Provincial Revenue (annual)</b>			\$69,450
<b>Federal Revenue (annual)</b>			\$64,001
<b>Permanent Jobs per \$100,000 ICET Funding</b>	6.9	1.4	8.3
<b>Value-added (GDP) per Permanent Job</b>			\$41,899

##### NOTES AND ASSUMPTIONS

- Based on research by the applicant on visitation to comparable cross-country ski areas such as Manning Park, the tourism potential of the area is estimated to be \$1,115,000 in annual spending.
- This figure is based on an estimated 11,150 visitors (10% of the Lower Mainland) market spending \$100 per day.
- The GDP per job estimate is slightly lower than for other tourism-reliant projects, mainly due to an assumed different mix of tourist spending (again based on local research into similar facilities elsewhere in the province).

## 4.9. NANAIMO AIRPORT EXPANSION

### PROJECT SUMMARY

<b>Applicant</b>	Nanaimo Airport Commission
<b>Budget</b>	\$24,200,000
<b>ICET Funding</b>	\$5,000,000 (20.7%)
<b>Funding leverage on ICET contribution</b>	3.84
<b>Description</b>	Expansion of facilities at Nanaimo Airport, including a runway extension, improvements to the taxiway, apron, and lighting, expansion of the terminal building, and other improvements.

### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	258.4	68.0	326.4
<b>Temporary (short-term) Employment</b>	122.9	149.8	272.7
<b>Permanent Annual Value-added (GDP)</b>			\$17,473,518
<b>Municipal Revenue (annual)</b>			\$369,839
<b>Provincial Revenue (annual)</b>			\$1,446,651
<b>Federal Revenue (annual)</b>			\$1,482,347
<b>Permanent Jobs per \$100,000 ICET Funding</b>	5.2	1.4	6.5
<b>Value-added (GDP) per Permanent Job</b>			\$53,541

### NOTES AND ASSUMPTIONS

- Economic impact estimates are based on the projected passenger volume and related business development in 2016, as outlined in the Airport's Economic Impact Study. This timeframe is consistent with the other projects examined in this report, even though the airport's economic benefits are projected to continue growing significantly beyond 2016.
- The Airport's Economic Impact Study provided employment and economic output estimates that were used to generate the impacts shown here. According to the BC Stats-based methodology used in this report, the Airport Study's output and employment projections are not consistent with each other. Therefore the more conservative figures, based on the given output estimates, were used as the basis of the estimates shown above.

#### 4.10. QUATSE SALMON STEWARDSHIP CENTRE

##### PROJECT SUMMARY

<b>Applicant</b>	Northern Vancouver Island Salmonid Enhancement Association
<b>Budget</b>	\$850,000
<b>ICET Funding</b>	\$175,000 (25.6%)
<b>Funding leverage on ICET contribution</b>	3.86
<b>Description</b>	Development of a facility to house salmon hatchery offices, a wet and dry lab, classroom and interpretive centre that would attract new visitors to Port Hardy and the surrounding area.

##### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	12.0	7.0	19.0
<b>Temporary (short-term) Employment</b>	3.2	6.1	9.3
<b>Permanent Annual Value-added (GDP)</b>			\$851,917
<b>Municipal Revenue (annual)</b>			\$19,590
<b>Provincial Revenue (annual)</b>			\$73,748
<b>Federal Revenue (annual)</b>			\$69,013
<b>Permanent Jobs per \$100,000 ICET Funding</b>	6.9	4.0	10.8
<b>Value-added (GDP) per Permanent Job</b>			\$44,913

##### NOTES AND ASSUMPTIONS

- The project application estimated that 12 new FTE positions would be created in Port Hardy as a result of increased tourist traffic generated by the Salmon Centre. This implies an increase of approximately 10% in tourism to Port Hardy over the next few years, which is consistent with the types of tourist increases estimated for similar projects examined in this report.

#### 4.11. PORT MCNEILL HARBOUR DEVELOPMENT

##### PROJECT SUMMARY

<b>Applicant</b>	Town of Port McNeill
<b>Budget</b>	\$7,937,000
<b>ICET Funding</b>	\$3,500,000 (44.1%)
<b>Funding leverage on ICET contribution</b>	1.27
<b>Description</b>	Expansion of the Port McNeill harbour through a breakwater extension and expansion and renewal of moorage facilities, as well as improvements to upland facilities and services, including development of a new Visitor Information Centre.

##### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	82.5	25.4	107.9
<b>Temporary (short-term) Employment</b>	43.3	47.7	91.0
<b>Permanent Annual Value-added (GDP)</b>			\$5,065,964
<b>Municipal Revenue (annual)</b>			\$101,408
<b>Provincial Revenue (annual)</b>			\$396,795
<b>Federal Revenue (annual)</b>			\$399,478
<b>Permanent Jobs per \$100,000 ICET Funding</b>	2.4	0.7	3.1
<b>Value-added (GDP) per Permanent Job</b>			\$46,931

##### NOTES AND ASSUMPTIONS

- Estimates are based on the economic impact analysis prepared by Vann Struth Consulting Group. Some of the results have changed slightly due to the use of an updated set of multipliers for this study.

## 4.12. PORT HARDY SEINE FLOAT HARBOUR DEVELOPMENT

### PROJECT SUMMARY

<b>Applicant</b>	District of Port Hardy
<b>Budget</b>	\$6,358,722
<b>ICET Funding</b>	\$1,994,000 (31.4%)
<b>Funding leverage on ICET contribution</b>	1.75
<b>Description</b>	Upgrade and expansion of seine floats, development of enhanced on-shore services and expanded parking, and creation of a family fishing park, all with the goal of increasing offloading by commercial fishing vessels and expanding tourism.

### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	151.8	-54.6	97.2
<b>Temporary (short-term) Employment</b>	13.5	55.1	68.6
<b>Permanent Annual Value-added (GDP)</b>			\$5,180,152
<b>Municipal Revenue (annual)</b>			\$97,248
<b>Provincial Revenue (annual)</b>			\$428,831
<b>Federal Revenue (annual)</b>			\$431,900
<b>Permanent Jobs per \$100,000 ICET Funding</b>	7.6	-2.7	4.9
<b>Value-added (GDP) per Permanent Job</b>			\$53,299

### NOTES AND ASSUMPTIONS

- Estimates are based on the economic impact analysis prepared by Vann Struth Consulting Group. Some of the results have changed slightly because this study uses an updated set of multipliers.
- The non-local employment impact is negative due to the diversion of commercial fish offloading to Port Hardy from other locations, believed to be mainly in the Vancouver area.
- The negative provincial impact is not necessarily an employment loss relative to the present day. A better way to look at this as a comparison between two alternative scenarios in 2014. Without the Seine Floats upgrade, roughly 55 more jobs will be in fish processing and related industries in the Lower Mainland, many of which will have migrated from Port Hardy and other Island communities. Undertaking the Seine Floats upgrade therefore not only created new job opportunities, but also serves to preserve more jobs in the region that might otherwise have moved elsewhere.
- Fishing and fish processing jobs are based on specific information provided by companies in Port Hardy, through the District of Port Hardy, on their labour requirements for given quantities of offloaded fish.

#### 4.13. COWICHAN VALLEY TRAIL

##### PROJECT SUMMARY

<b>Applicant</b>	Cowichan Valley Regional District
<b>Budget</b>	\$7,897,173
<b>ICET Funding</b>	\$1,743,891 (22.1%)
<b>Funding leverage on ICET contribution</b>	3.53
<b>Description</b>	Expansion of the Cowichan Valley Trail Network through construction of an additional 55 km of trail.

##### ECONOMIC IMPACTS

	Local	Additional Non-Local	Total
<b>Permanent Employment</b>	11.0	2.6	13.6
<b>Temporary (short-term) Employment</b>	46.4	38.4	84.8
<b>Permanent Annual Value-added (GDP)</b>			\$608,604
<b>Municipal Revenue (annual)</b>			\$13,995
<b>Provincial Revenue (annual)</b>			\$52,685
<b>Federal Revenue (annual)</b>			\$49,302
<b>Permanent Jobs per \$100,000 ICET Funding</b>	0.6	0.1	0.8
<b>Value-added (GDP) per Permanent Job</b>			\$44,913

##### NOTES AND ASSUMPTIONS

- Based on extrapolation of results of the Kinsol Trestle Economic Impact Study undertaken by Grant Thornton LLP.
- Annual spending estimates for the Kinsol Trestle were multiplied by 3 to provide total annual spending estimates for the Cowichan Valley Regional District.
- According to Grant Thornton figures, per-day spending by trail users will be substantially lower than the standard per-diem estimates for tourists elsewhere on the Island.