

Economic Impact of Tourism in Greater Victoria, BC



PREPARED FOR
Destination Greater Victoria

PREPARED BY
InterVISTAS Consulting Inc.

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Economic Contribution of Greater Victoria's Tourism Industry

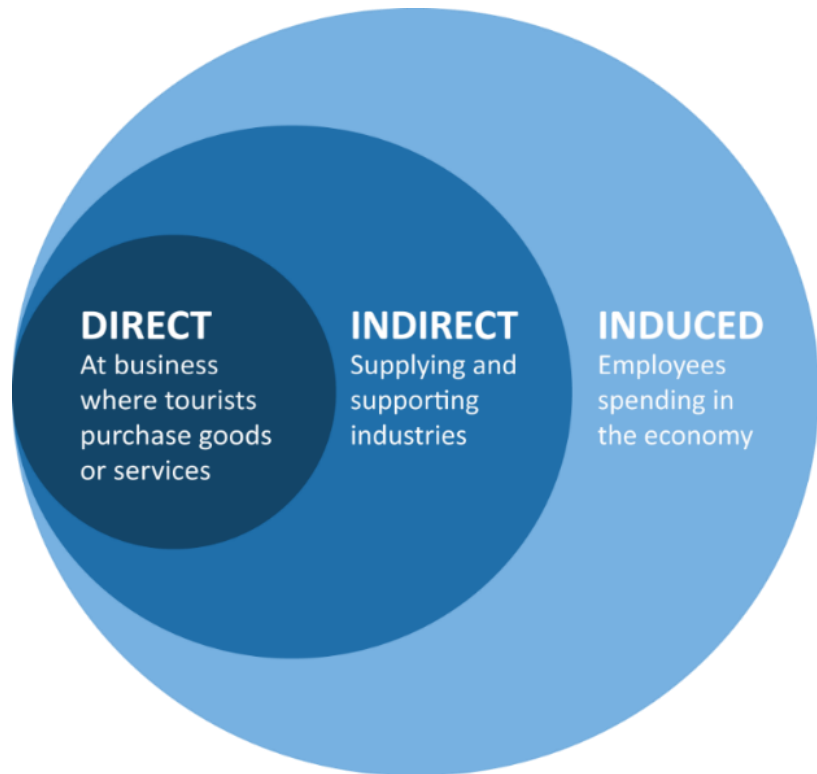
Tourism in Greater Victoria, British Columbia,¹ thrives on a combination of stunning landscapes, rich history, and vibrant culture. Thus, the tourism industry is a significant driver of employment and economic growth in the region and beyond, thanks to the activities and operations of businesses offering products and services to visitors. This report provides an overview of the economic impact of tourism based on visitor spending, which provides direct, indirect, and induced impacts on the economy.

By assessing visitor spending in Greater Victoria in 2023, this report seeks to provide a holistic overview of the economic contribution of the tourism sector in the region. Economic impact measures the spending and employment associated with a sector of the economy, such as tourism. This report specifically assesses visitor expenditures on food/beverage, retail, accommodations, ground transportation, attractions, entertainment, and other related activities in Greater Victoria.

Economic impact is commonly measured and reported as employment (jobs), wages (salaries), Gross Domestic Product (GDP), and economic output.

The economic impact of this study is divided into three key components: *direct*, *indirect*, and *induced* impacts. Together, these categories capture the overall economic benefits of the region's tourism industry on both the local and provincial economies. A graphical representation of the direct, indirect, and induced aspects of economic impact are illustrated in **Figure 1**. Each of these components will be assessed individually in this report.

Figure 1: Categories of Economic Impact





¹ Greater Victoria is defined to comprise Victoria CMA (Census Metropolitan Area), which includes the Township of Esquimalt, District of Oak Bay, District of Saanich, City of Victoria, Town of View Royal, District of Central Sannich, District of North Saanich, Town of Sidney, City of Colwood, District of Highlands, City of Langford, District of Metchosin, and District of Sooke. ([https://www.crd.bc.ca/docs/default-source/crd-document-library/maps/census/victoria-census-metropolitan-area-\(cma\).pdf](https://www.crd.bc.ca/docs/default-source/crd-document-library/maps/census/victoria-census-metropolitan-area-(cma).pdf))

Visitors to Greater Victoria, 2023

In 2023, there were nearly 5 million person-visits to the Greater Victoria region. Total expenditures by these visitors amounted to more than \$1.9 billion. This includes overnight, same-day (non-cruise), and cruise visitors (passengers and crew members). **Figure 2** provides a breakdown in visits and expenditures between overnight, same-day, and cruise visitors. The breakdown of visitation and visitor spending by visitor type is as follows:

- Overnight visitors comprise just over 2.8 million person-visits and \$1.7 billion expenditures. The average spend per person-visit for overnight visitors is approximately \$610.
- Same-day (non-cruise) visitors account for 1.3 million person-visits and \$125 million in expenditures, with an average spend per person-visit of more than \$90.
- Cruise visitors, including both passengers and crew, amount to 838,400 person-visits and \$90 million in expenditures. The average spend per person-visit for cruise passengers and crew members is close to \$110. Local cruise line operating expenditures amount to \$124 million.

Figure 2: Summary of Person-Visits and Visitor Spending in Greater Victoria, by Visitor Type, 2023

Visitor Type	Person-Visits	Visitor Expenditures (\$ Millions)	Average Spending
Overnight	2,813,500	\$1,708	\$610
Same-Day (Non-Cruise)	1,326,600	\$125	\$90
Cruise (Passenger & Crew)	838,400	\$90	\$110
Total	4,978,500	\$1,922	\$390

Notes:

- Totals may not sum due to rounding.
- Includes all modes of travel to Greater Victoria.



Source:

- Statistics Canada's National Travel Survey (NTS) and Visitor Travel Survey (VTS), 2023.
- Statistics Canada's VTS did not have data for the Victoria CMA for U.S. and overseas visitors in 2023. U.S. visitation and visitor spending were estimated based on data for B.C., adjusted using 2019 Victoria CMA data. Overseas visitation and visitor spending were estimated using Statistics Canada's Air Exit Survey data for the Victoria CMA.
- Cruise visitors based on 2019 BREA Study for Victoria, adjusted using 2023 statistics from Greater Victoria Harbour Authority. Cruise visitors are generally same-day visitors.

The Greater Victoria region is a popular destination attracting a mix of domestic, U.S., and other overseas visitors. In 2023, 3.7 million domestic travelers from across Canada visited the region, spending close to \$1.2

billion. The Greater Victoria region welcomed 926,500 U.S. visitors and 352,000 overseas visitors the same year, spending approximately \$488 million and \$270 million, respectively. These figures include 214,000 U.S. visitors arriving by air and spending almost \$139 million in the region. A summary of visitation and visitor spending by sector is shown in **Figure 3**.

Figure 3: Summary of Person-Visits and Visitor Spending in Greater Victoria, by Sector, 2023

Sector	Person-Visits	Visitor Expenditures (\$ Millions)
Domestic	3,700,000	\$1,164
U.S.	926,500	\$488
Overseas	352,000	\$270
Total	4,978,500	\$1,922

Notes:

- Totals may not sum due to rounding.
- Includes all visitors (including cruise passengers and crew members).
- Includes all modes of travel to Greater Victoria.

Source:

- Statistics Canada's National Travel Survey (NTS) and Visitor Travel Survey (VTS), 2023.
- Statistics Canada's VTS did not have data for the Victoria CMA for U.S. and overseas visitors in 2023. U.S. visitation and visitor spending were estimated based on data for B.C., adjusted using 2019 Victoria CMA data. Overseas visitation and visitor spending were estimated using Statistics Canada's Air Exit Survey data for the Victoria CMA.
- Cruise visitors based on 2019 BREA Study for Victoria, adjusted using 2023 statistics from Greater Victoria Harbour Authority. Cruise visitors are generally same-day visitors.

Cruise Activity in Greater Victoria, 2023

Victoria experienced a high volume of passengers in their cruise season and reported a record number of cruise visitors in 2023, amounting to nearly 702,900 cruise passenger onshore visits and 135,500 crew member onshore visits. Given the growth of this subsector of the industry, it is worthwhile to closely examine the impact of cruise lines and cruise passengers in Greater Victoria in 2023. The results from the 2019 Business Research & Economic Advisors (BREA) study on *The Economic Contribution of the Cruise Industry in Victoria, Canada* were adjusted utilizing data from the Greater Victoria Harbour Authority to determine 2023 spending associated with cruise activities.²

Figure 4 illustrates the estimated spending from cruise-related activities in the Greater Victoria region in 2023, equivalent to a total of \$214 million. This includes local operating expenditures by cruise lines (on transportation and storage, travel agent commissions, machinery and equipment, etc.) of \$124 million. In

² <https://gvha.ca/wp-content/uploads/2021/11/BREA-Victoria-Economic-Impact-Estimates-2019.pdf>

addition, onshore visitor spending by cruise passengers and crew members on tours and transportation, food and beverage, and retail amounted to \$71 million and \$19 million, respectively, in 2023.

Figure 4: Cruise Spending in Greater Victoria, 2023



Category	Total Expenditures (\$ Millions)	Average Spending
Cruise Line Spending	\$124	\$381,600 per ship
Passenger Spending	\$71	\$100 per passenger
Crew Member Spending	\$19	\$140 per crew member
Total Cruise Spending	\$214	

Notes:

- Totals may not sum due to rounding.

Source:

- Based on 2019 Business Research & Economic Advisors (BREA) Study for Victoria, adjusted using 2023 statistics from Greater Victoria Harbour Authority. Cruise visitors are generally same-day visitors.

Overall Economic Impact of Tourism in Greater Victoria, 2023

Overnight visitors and same-day visitors to the Greater Victoria region have distinct impacts on the local economy. Overnight visitors typically stay longer, contributing more to the economy through extended stays at hotels, dining at local restaurants, and participating in various activities and attractions. Spending by overnight visitors directly supports 15,310 jobs and directly contributes \$920 million in GDP to B.C.'s economy.





On the other hand, same-day visitors, usually spend less time and money in the region due to the limited duration of their visit. While they still contribute to the local economy, their spending is generally concentrated in specific areas such as shopping or dining. The direct impacts of same-day (non-cruise) visitor spending includes 1,260 jobs and \$60 million in provincial GDP.

Cruise operations and visitors also play a significant role in Victoria's tourism economy. The influx of spending attributed to cruise-related activities supports local businesses, creates jobs and helps sustain the vibrant tourism industry in Greater Victoria. Cruise activities in the region directly facilitates 1,390 jobs and \$109 million in GDP.

Combining economic impacts of both visitor spending (by overnight and same-day visitors) and cruise operations (including cruise passenger and crew spending, as well as cruise line operations spending) in Greater Victoria in 2023 provides us with total spending and total economic impacts, as depicted in **Figure 5**. In total (including indirect and induced multiplier impacts), tourism on the region supports roughly 25,000

jobs (which provide \$1.1 billion in wages), \$2 billion in GDP, and \$3.5 billion in economic output across the Province of B.C.

Figure 5: Summary of Overall Tourism Impacts in Greater Victoria, 2023

				
Impact	Employment (Jobs)	Wages (\$ Millions)	GDP (\$ Millions)	Output (\$ Millions)
Overnight Visitor Impacts				
Direct	15,310	\$571	\$920	\$1,708
Indirect	3,380	\$205	\$387	\$663
Induced	2,420	\$133	\$351	\$513
Total	21,110	\$909	\$1,659	\$2,884
Same-Day (Non-Cruise) Visitor Impacts				
Direct	1,260	\$47	\$60	\$125
Indirect	280	\$16	\$33	\$54
Induced	200	\$11	\$29	\$42
Total	1,740	\$75	\$121	\$221
Cruise (Passengers & Crew) Visitor Impacts				
Direct	900	\$34	\$49	\$90
Indirect	170	\$11	\$22	\$38
Induced	140	\$8	\$21	\$30
Total	1,210	\$53	\$92	\$158
Cruise Line Operations Impacts				
Direct	490	\$43	\$60	\$124
Indirect	260	\$18	\$30	\$55
Induced	190	\$11	\$27	\$40
Total	950	\$71	\$117	\$219
Overall Tourism Impacts				
Direct	17,960	\$695	\$1,090	\$2,047
Indirect	4,090	\$250	\$472	\$809
Induced	2,950	\$163	\$428	\$626
Total	25,000	\$1,108	\$1,990	\$3,482

Notes:

- Totals may not sum due to rounding.

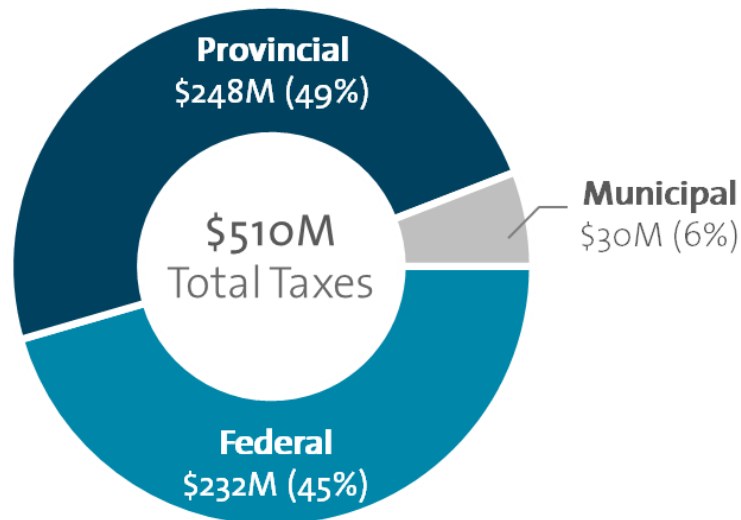
Taxation Impacts of Tourism in Greater Victoria, 2023

Activities by visitors to the Greater Victoria region is a significant source of government revenues, contributing millions in taxes and fees. These funds are crucial for supporting public services, infrastructure development, and community projects. Tax revenues from the region’s tourism industry assist in enhancing residents' quality of life, upgrading amenities for future visitors, and increasing the destination’s global appeal and competitiveness. Thus, underscoring the importance of tourism to the Greater Victoria region’s economic health and sustainability.

Using Statistics Canada data on Government Revenue Attributable to Tourism (GRAT) in 2023, it is estimated that a total of \$510 million in taxes was collected from all levels of government presiding over Greater Victoria because of economic activity from the region’s tourism industry. As illustrated in **Figure 6**, the tax impacts of Greater Victoria’s tourism industry, divided by each level of government, are as follows:

- The federal government received \$232 million, amounting to 45% of total tax revenue impacts.
- The provincial government received \$248 million, totalling 49% of total tax revenue impacts.
- Municipal governments received \$30 million in tax revenues, amounting to 6% of total tax revenue impacts.

Figure 6: Annual Estimated Tax Revenues by Level of Government in Greater Victoria, 2023



Notes:

- Totals may not sum due to rounding.

Source:

- - Statistics Canada, Government Revenue Attributable to Tourism, 2023.

- Based on Victoria CMA share of Canada’s total tourism expenditures, which amounted to 1.7% in 2023

Government revenue from tourism in the Greater Victoria region is influenced by various visitor segments, each generating distinct fiscal contributions. Overnight visitors significantly impact government revenue through their spending on accommodation, dining, and entertainment; thereby generating substantial tax contributions via sales taxes and lodging fees. Same-day (non-cruise) visitors contribute to tax revenues through their spending on dining, shopping, and attractions. Cruise passengers and crew members provide revenue primarily through excursions, dining, and local shopping during their short stays. Each visitor type is integral to the tourism economy, and recognizing their distinct contributions is essential for effective planning and policymaking to optimize economic benefits.

A breakdown of government revenues attributable to tourism in the region by visitor type is provided in **Figure 7**, as follows:

- Overnight visitors contributed \$454 million, equivalent to 89% of total tax revenue.
- Same-day (non-cruise) visitors contributed \$33 million, accounting for 6% of total tax revenue.
- Cruise visitors, including both passengers and crew, contributed \$23 million, comprising 5% of total tax revenue.

Figure 7: Annual Estimated Tax Revenues in Greater Victoria, by Visitor Type, 2023

Visitor Type	Federal (\$ Millions)	Provincial (\$ Millions)	Municipal (\$ Millions)	Total (\$ Millions)
Overnight	\$206	\$221	\$27	\$454
Same-Day (Non-Cruise)	\$15	\$16	\$2	\$33
Cruise (Passenger & Crew)	\$11	\$11	\$1	\$23
Total	\$232	\$248	\$30	\$510

Notes:

- Totals may not sum due to rounding.

Source:

- - Statistics Canada, Government Revenue Attributable to Tourism, 2023.

- Based on Victoria CMA share of Canada's total tourism expenditures, which amounted to 1.7% in 2023

Appendix A: Economic Impact Methodology

Categories of Economic Impact

This study estimates the economic impact of Greater Victoria's tourism related activities and operations in 2023. The three major components of economic impact of this study are classified as *direct*, *indirect*, and *induced* impacts, which collectively capture the economic benefits of the region's tourism industry to the local and provincial economy.

- **Direct Tourism Related Impacts** – These are impacts directly associated with employment in tourism in Greater Victoria. This includes employment in all types of accommodation, as well as related tourism-oriented services such as restaurants, attractions, tours and transportation.
- **Indirect Economic Impacts** – These are impacts associated with employment in industries that depend on tourism. For example, wholesalers that supply food to Greater Victoria area restaurants that serve visitors are providing indirect employment. Indirect employment is generated within industries that supply or provide services to support direct employment.
- **Induced Economic Impacts** – These impacts stem from expenditures by individuals employed either directly or indirectly. This is often referred to as the “household spending effect”. For example, if a hotel employee expands or re-models his/her home using wages earned directly in the tourism industry, this would result in additional (induced) employment in the general economy. The home renovation project would support induced employment hours in the construction industry, the building materials industry, and so forth.

Estimating Direct Visitor Spending

The primary source for estimating direct tourism visitor spending is data from Statistics Canada's National Travel Survey (NTS) and Visitor Travel Survey (VTS), which provide insights into person-visits and expenditures. These datasets, specifically for the Victoria Census Metropolitan Area (CMA), were analyzed where available.

Destination Greater Victoria acquired NTS and VTS data from Statistics Canada, detailing visit volumes by type (overnight and same-day) and related expenditures within the Victoria CMA. Domestic visitor data was based on 2023 NTS data for the Victoria CMA. VTS data for U.S. visitors was not available for the Victoria CMA in 2023, as such this was estimated based on the change in B.C. visitation and visitor spending in 2019 compared to 2023. Overseas visitation and visitor spending was conservatively estimated using Statistics

Canada's Air Exit Survey data for the Victoria CMA, which is a component of the VTS data and captures travellers entering Canada by commercial air services only.³

Expenditures by same-day cruise visitors (passengers and crew) and cruise lines in the region is based on the 2019 Business Research & Economic Advisors (BREA) study on *The Economic Contribution of the Cruise Industry in Victoria, Canada*.⁴ Results from this report were adjusted using 2023 statistics from the Greater Victoria Harbour Authority obtained by Destination Greater Victoria.

Modelling Economic Impacts

Direct Economic Impacts

Statistics Canada Input-Output multipliers are used to estimate the impacts generated by visitor spending in Greater Victoria. Visitor spending is assessed by expenditure category (including accommodation, food/beverage, retail, ground transportation) and then economic multipliers for each industry are applied to determine the associated jobs, wages, GDP, and economic output associated with every dollar of visitor spending. GDP is a measure of the monetary value of final goods and services produced as a result of economic activity, while economic output is the dollar value of industrial output produced.

Indirect and Induced Economic Impacts

Measurement of indirect and induced economic activity is difficult. While it might be possible to conduct a survey of such employers, the survey would need to cover thousands of firms for indirect employment. For induced employment, the entire economy would need to be scrutinised. In addition to the time and financial resources needed to conduct such surveys, the quality of responses would be suspect.

As an alternative to costly and inaccurate surveys, indirect and induced impacts are typically measured using economic multipliers derived from economic, statistical, and/or accounting models of the general economy. Because multipliers can differ in definition and application, care must be exercised in choosing the appropriate set of multipliers to use. Factors affecting the use of multipliers in analysis, and taken into account in this study, include:

- accuracy of the structure and parameters of the underlying model;
- level of unemployment in the economy;
- assumption of constant returns to scale in production;
- assumption that the economy's structure is static over time; and
- assumption that there are no displacement effects.

³ For the purposes of analysis, it is assumed that all overseas visitors to the Victoria CMA arrive in Canada by air, as it is uncommon for a non-U.S. foreign visitor to fly into the United States, and subsequently travel to Victoria by international ferry or cross the land border to visit Victoria.

⁴ <https://gvha.ca/wp-content/uploads/2021/11/BREA-Victoria-Economic-Impact-Estimates-2019.pdf>

Multiplier impacts must be interpreted with caution since they may be illusory when the economy experiences high employment and output near industry capacity. When they are reported, it is recommended that the reader should be aware of the limitations on the use of multipliers. Mindful of these limitations, this study has undertaken multiplier analysis to estimate indirect and induced employment.

2019 Statistics Canada Input-Output Multipliers

The multipliers used for the analysis are based on Statistics Canada economic multipliers for British Columbia from the 2019 Interprovincial Input-Output model, which is recommended by Statistics Canada as the most appropriate to capture impacts associated with current economic conditions.⁵ These multipliers were updated with Consumer Price Indices to account for inflation to 2023. Multiplier impacts are presented at the provincial level.

Assessing Tax Revenue Impacts

Tourism tax impacts in Greater Victoria are allocated according to the region's share of national tourism expenditures, since Statistics Canada data on Government Revenue Attributable to Tourism (GRAT) is only available at a national level.

In 2023, Canada saw a total of \$110.8 billion in tourism expenditures,⁶ and thus Greater Victoria total visitor expenditure of approximately \$1.9 billion accounts for roughly 1.7% of total Canadian tourism expenditures. According to Statistics Canada, Canada's total GRAT to federal, provincial, and local governments amounted to more than \$29.4 billion in 2023.⁷ The Greater Victoria region's share equates to a total of \$510 million in government revenue attributable to tourism across all levels of government.

⁵ While multipliers and ratios are available for the year 2020, guidance from Statistics Canada is to only use the 2020 data for assessments that occur within that year, due to the extraordinary circumstances of the COVID-19 global pandemic.

(<https://www150.statcan.gc.ca/n1/daily-quotidien/231208/dq231208f-eng.htm>)

⁶ Destination Canada Quarterly Reports, 2023 (https://www.destinationcanada.com/sites/default/files/archive/1840-Quarterly%20Tourism%20Snapshot%20-%20Q1%202023/DC_Quarterly%20Tourism%20Snapshot_Q1%202023_EN.pdf, https://www.destinationcanada.com/sites/default/files/archive/1891-Quarterly%20Tourism%20Snapshot%20-%20Q2%202023/DC_QuarterlyTourismSnapshot_Q2_2023_EN.pdf, https://www.destinationcanada.com/sites/default/files/archive/1900-Quarterly%20Tourism%20Snapshot%20-%20Q3%202023/DC_QuarterlyTourismSnapshot_Q3%202023_FINAL_EN.pdf, https://www.destinationcanada.com/sites/default/files/archive/1921-Quarterly%20Tourism%20Snapshot%20-%20Q4%202023/DC_QuarterlyTourismSnapshot_Q4%202023_FINAL_EN.pdf)

⁷ Statistics Canada. Table 36-10-0462-01 Government revenue attributable to tourism, by level of government (x 1,000,000) (<https://www150.statcan.gc.ca/t1/tbl/en/tv.action?pid=3610046201>)



Prepared by

InterVISTAS Consulting Inc.

450 Southwest Marine Drive
18th Floor
Vancouver, BC, V5X 0C3

Telephone: +1-604-717-1800
www.intervistas.com